

**CITY OF PARKSVILLE**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**McGORMAN**  
**MacLEAN**

**CITY OF PARKSVILLE**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

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**CITY OF PARKSVILLE  
MANAGEMENT REPORT  
2010 FINANCIAL STATEMENTS**

The preparation of these Financial Statements is the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility.

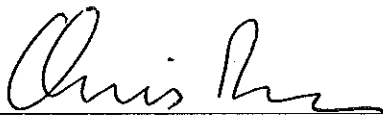
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of Council. The Audit Committee meets with the external auditors two times per year.

The external auditors, McGorman MacLean, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the city's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Audit Committee of Council.

On behalf of City of Parksville

  
G. Lucky Butterworth, BBA, CGA  
Director of Finance

  
Chris Burger  
Acting Mayor

## INDEPENDENT AUDITORS' REPORT

To the Acting Mayor and Council of the  
City of Parksville

### Report on Financial Statements

We have audited the accompanying consolidated statement of financial position of the City of Parksville as at December 31, 2010 and the consolidated statements of operations, cash flows and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2010 and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Parksville, Canada  
May 16, 2011



CHARTERED ACCOUNTANTS

CITY OF PARKSVILLE  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2010**

**STATEMENT A**

	2010	2009
<b>FINANCIAL ASSETS</b>		
Cash	\$ 12,091,606	\$ 17,309,876
Investments (Note 2)	13,996,545	7,764,220
Accounts receivable (Note 3)	2,629,371	2,307,462
	28,717,522	27,381,558
<b>FINANCIAL LIABILITIES</b>		
Accounts payable (Note 4)	2,063,848	1,653,149
Deferred revenue	37,092	11,175
Deposits and other liabilities (Note 5)	3,396,605	3,797,215
Employee benefit accrual (Note 6)	423,689	462,789
Deferred revenue - capital (Note 7, Schedule 2)	6,547,039	6,631,555
Long term debt (Note 8)	3,717,311	4,128,170
	16,185,584	16,684,053
<b>NET FINANCIAL ASSETS</b>	<b>12,531,938</b>	<b>10,697,505</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	24,139	86,076
Inventory	17,297	46,745
Tangible capital assets (Note 9)	146,549,449	143,490,418
	146,590,885	143,623,239
<b>ACCUMULATED SURPLUS (Note 10)</b>	<b>\$ 159,122,823</b>	<b>\$ 154,320,744</b>

Contingent liabilities (Note 11)  
MFA debt reserve fund (Note 12)

  
G. Lucky Butterworth, CGA  
Director of Finance

The accompanying notes are an integral part of these financial statements

**CITY OF PARKSVILLE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2010**

**STATEMENT B**

	2010 Budget (unaudited)	2010 Actual	2009 Actual
<b>REVENUE</b>			
Taxation	\$ 10,224,516	\$ 10,223,339	\$ 9,921,560
Water and sewer user fees	3,395,876	3,569,644	3,082,529
Services provided to other governments	468,560	468,618	422,869
Sale of services	1,212,575	1,257,946	1,219,215
Interest	219,000	287,951	277,862
Other revenue from own sources	138,050	261,273	83,289
Government transfers	85,000	569,937	1,191,584
Capital grants	2,276,395	2,128,772	841,562
Developer contributions of capital	-	312,583	2,570,308
Transfer from deferred revenue	1,871,968	670,765	166,118
Loss on disposal of tangible capital assets	-	(443,819)	(395,592)
	<u>19,891,940</u>	<u>19,307,009</u>	<u>19,381,304</u>
<b>EXPENSES</b>			
General government services	1,969,160	1,915,048	1,850,413
Protective services	3,067,230	2,814,211	2,791,079
Transportation services	3,669,957	3,500,965	3,403,029
Planning	905,718	699,359	746,177
Environmental health services	554,576	557,972	523,410
Parks and cultural services	2,162,939	2,192,247	2,062,824
Water services	2,283,408	1,828,603	1,876,324
Sewer services	1,092,128	996,525	943,228
	<u>15,705,116</u>	<u>14,504,930</u>	<u>14,196,484</u>
<b>ANNUAL SURPLUS</b>	4,186,824	4,802,079	5,184,820
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<u>154,320,744</u>	<u>154,320,744</u>	<u>149,135,924</u>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<u>\$ 158,507,568</u>	<u>\$ 159,122,823</u>	<u>\$ 154,320,744</u>

The accompanying notes are an integral part of these financial statements

CITY OF PARKSVILLE  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2010**

STATEMENT C

	2010	2009
<b>CASH PROVIDED BY OPERATIONS</b>		
Annual surplus	\$ 4,802,079	\$ 5,184,820
Items not involving cash:		
Amortization	3,161,399	3,033,087
Loss on disposal of tangible capital assets	443,819	395,592
Developer contribution of tangible capital assets	(312,583)	(2,570,308)
Actuarial reduction to long term debt	(96,867)	(84,658)
Changes in non-cash operating working capital:		
Increase in accounts receivable	(321,909)	(262,397)
(Increase) decrease in prepaid expenses	61,937	(55,804)
(Increase) decrease in inventory	29,448	(46,745)
(Decrease) increase in accounts payable	410,699	(261,274)
(Decrease) increase in deferred revenue	25,917	(37,268)
(Decrease) in performance bonds and deposits	(400,611)	(841,623)
(Decrease) increase in employee benefits accrual	(39,100)	9,989
(Decrease) increase in deferred revenue	(84,515)	498,937
Cash provided by operating transactions	7,679,713	4,962,348
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(6,423,666)	(2,727,334)
Proceeds from the sale of tangible capital assets	72,000	53,243
Cash applied to capital transactions	(6,351,666)	(2,674,091)
<b>FINANCING TRANSACTIONS</b>		
Long term debt repayment	(313,992)	(253,135)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,014,055	2,035,122
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	25,074,096	23,038,974
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 26,088,151	\$ 25,074,096
<b>CASH AND CASH EQUIVALENTS CONSISTS OF:</b>		
Cash	\$ 12,091,606	\$ 17,309,876
Investments	13,996,545	7,764,220
	\$ 26,088,151	\$ 25,074,096
<b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>		
Cash paid for interest on debt	\$ 204,816	\$ 300,480

The accompanying notes are an integral part of these financial statements

CITY OF PARKSVILLE  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2010**

**STATEMENT D**

	<u>Budget</u> (unaudited)	<u>2010</u>	<u>2009</u>
<b>ANNUAL SURPLUS</b>	\$ 4,186,824	\$ 4,802,079	\$ 5,184,820
Acquisition of tangible capital assets	(11,600,278)	(6,736,249)	(5,297,642)
Amortization of tangible capital assets	3,045,000	3,161,399	3,033,087
Loss on disposal of tangible capital assets	-	443,819	395,592
Proceeds on sale of tangible capital assets	-	72,000	53,242
	<u>(4,368,454)</u>	<u>1,743,048</u>	<u>3,369,099</u>
Acquisition of supply inventory	-	(17,297)	(46,745)
Acquisition of prepaid expenses	-	(24,139)	(86,076)
Consumption of supply inventory	-	46,745	-
Use of prepaid expenses	-	86,076	30,271
	<u>-</u>	<u>91,385</u>	<u>(102,550)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(4,368,454)	1,834,433	3,266,549
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	<u>10,697,505</u>	<u>10,697,505</u>	<u>7,430,956</u>
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	<u>\$ 6,329,051</u>	<u>\$ 12,531,938</u>	<u>\$ 10,697,505</u>

The accompanying notes are an integral part of these financial statements



**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

The City of Parksville operates under the authority of the Local Government Act of British Columbia. The City's principal activities include the provision of services to residents of Parksville. These include protective services, engineering and public works, parks, community planning, general government, water, sewer, and solid waste.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of presentation

Consolidated financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting and Auditing Board (PSAAB) of the Canadian Institute of Chartered Accountants. The consolidated statement of financial position includes all assets and liabilities of the City. Interfund transactions and balances have been eliminated.

b) Cash and investments

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary. At various times during the term of each individual investment, market value may be less than cost. Such declines in value are considered temporary for investments with known maturity dates as they generally reverse as the investments mature and therefore an adjustment to market value of these market declines is not recorded.

c) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Inventories

The City maintains a minimal level of parts and supplies on hand. Larger inventory items are included on the statement of financial position and are recorded at cost at year end. Spare parts and supplies are expensed when purchased.

**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisitions, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 - 50 years
Buildings	50 years
Vehicles, machinery and equipment	5 - 20 years
Information technology	5 - 25 years
Roads, sidewalks and lighting	20 - 75 years
Storm sewer systems	15 - 70 years
Water systems and AWS dam	15 - 80 years
Sanitary sewer systems	15 - 60 years

A full year of amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are initially recorded as work in progress and not amortized until the asset is available for productive use.

d) Basis of accounting

Except as noted below, the basis of accounting followed in the financial statements is the accrual basis. Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue, and expenses are recorded in the period the goods and services are acquired and a liability is incurred or transfers are due.

Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the City discharges the obligations that led to the collection of funds.

Revenues or receipts with respect to capital, which are subject to external restrictions, are deferred and reported as deferred revenue capital. When qualifying expenditures are incurred, restricted revenues are brought into revenues in order to fund the expenditures. The one exception to this is for federal gas tax receipts which are recorded into revenues as received.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results may differ from these estimates.

In 2009, the City's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful remaining lives of tangible capital assets. Actual results could differ from these estimates.

**2. INVESTMENTS**

		<u>2010</u>	<u>2009</u>
Short-term notes and deposits	Cost	\$ 9,963,049	\$ 3,710,627
Long-term notes and deposits	Cost	4,033,496	4,053,593
		<u>\$ 13,996,545</u>	<u>\$ 7,764,220</u>
Short-term notes and deposits	Market value	\$ 9,963,049	\$ 3,710,627
Long-term notes and deposits	Market value	4,188,640	4,263,639
		<u>\$ 14,151,689</u>	<u>\$ 7,974,266</u>

Short-term notes and deposits have interest rates varying from 1.35% to 1.75% (2009 - .75% to 1.15%) and mature in less than one year. Long-term notes and deposits have effective interest rates varying from 4.35% to 4.61% (2009 - the same) with maturity dates in September 2012.

**3. ACCOUNTS RECEIVABLE**

	<u>2010</u>	<u>2009</u>
Property taxes and utilities receivable	\$ 893,110	\$ 709,342
Accrued utilities receivable	875,750	846,550
Receivable from Provincial Government	213,098	385,500
Receivable from Federal Government	239,613	83,459
Receivable from other government agencies	98,830	79,661
Trade accounts receivable	189,119	110,274
Accrued interest receivable	119,851	92,676
	<u>\$ 2,629,371</u>	<u>\$ 2,307,462</u>

**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**4. ACCOUNTS PAYABLE**

	<b>2010</b>	<b>2009</b>
Payable to Federal Government	\$ 533,223	\$ 481,726
Payable to Provincial Government	162,525	114,664
Payable to other government agencies	113,615	133,871
Trade accounts payable	914,581	716,255
Accrued payroll and vacation payable	339,904	206,633
	<u>\$ 2,063,848</u>	<u>\$ 1,653,149</u>

**5. DEPOSITS AND OTHER LIABILITIES**

	<b>2010</b>	<b>2009</b>
Prepaid property taxes and utilities	\$ 1,486,275	\$ 1,377,325
Development security deposits	1,660,300	1,714,968
Developer contributions and grant deposits	246,951	560,938
Building permit advance deposits	3,079	143,984
	<u>\$ 3,396,605</u>	<u>\$ 3,797,215</u>

**6. EMPLOYEE BENEFIT ACCRUAL**

	<b>2010</b>	<b>2009</b>
Retirement benefits payable	\$ 337,306	\$ 377,552
Sick time accrual	86,383	85,237
	<u>\$ 423,689</u>	<u>\$ 462,789</u>

Retirement benefits - Employees who retire may qualify for a payout of their accumulated unused sick leave bank. Union employees may qualify for a payout of up to 60 days and non-union staff qualify for a payout of up to 261 days if certain restrictions are met. The City calculates the value of this liability based on a statistical analysis of the age and length of service of its workforce. The liability reflects the likelihood that employees will reach the age of 60, retire and become eligible for this benefit.

**7. DEFERRED REVENUE - CAPITAL (Development Cost Charges)**

	<b>2010</b>	<b>2009</b>
Balance at beginning of year	\$ 6,631,555	\$ 6,132,618
Contributions from developers	487,829	486,107
Interest	98,421	109,886
Parkland disposal reimbursed	-	69,062
Transfer to revenue	(670,766)	(166,118)
Balance at end of year (Schedule 2)	<u>\$ 6,547,039</u>	<u>\$ 6,631,555</u>

Deferred revenue - capital includes statutory reserves set up for capital purposes by bylaw under the authority of the Community Charter which are required to be spent for the purposes specified in the Community Charter. In 2009 the City donated to Habitat for Humanity parkland that was purchased using funds included in deferred revenue - capital in 1998. The fair market value of the land donated, \$69,062, has been added back into deferred revenue - capital.

**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**8. LONG TERM DEBT**

**General Revenue Fund**

<u>Debenture Debt</u>	Maturity	Interest		
<u>Purpose</u>	<u>Date</u>	<u>Rate</u>	<u>2010</u>	<u>2009</u>
Civic and Technology Centre	Dec. 2021	5.69%	\$ 699,854	\$ 746,771
Civic and Technology Centre	Dec. 2021	5.69%	544,076	576,630
Northwest Bay Road				
Local Improvement	Apr. 2025	5.10%	636,047	670,509
Total General fund long term debt			<u>1,879,977</u>	<u>1,993,910</u>

**Water Utility Fund**

<u>Debenture Debt</u>				
<u>Purpose</u>				
Water	Mar. 2018	4.65%	622,350	684,420
Water	Sep. 2018	4.65%	1,021,691	1,123,589
Water	Jun. 2021	5.55%	193,293	206,251
			<u>1,837,334</u>	<u>2,014,260</u>

Five Year Capital Borrowing

Springwood reservoir roof			-	120,000
Total Water fund long term debt			<u>1,837,334</u>	<u>2,134,260</u>

Total long term debt			<u>\$ 3,717,311</u>	<u>\$ 4,128,170</u>
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Five year capital borrowing interest is payable at bankers' acceptance rate plus 0.425%, adjusted daily.  
Principal due over the next five years on long term debt is as follows:

	General <u>Fund</u>	Water <u>Fund</u>	<u>Total</u>
2011	\$ 90,231	\$ 104,639	\$ 194,870
2012	91,133	104,639	195,772
2013	92,057	104,639	196,696
2014	93,005	104,639	197,644
2015	93,977	104,639	198,616
	<u>\$ 460,403</u>	<u>\$ 523,195</u>	<u>\$ 983,598</u>

**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**9. TANGIBLE CAPITAL ASSETS**

	<u>2010</u>	<u>2009</u>
Land and land improvements	\$ 50,624,070	\$ 49,750,573
Buildings	6,986,470	6,871,685
Vehicles, machinery and equipment	4,181,891	3,996,509
Infrastructure		
Roads, sidewalks and lighting	50,518,673	48,434,109
Storm sewer systems	23,595,394	23,165,808
Water systems and Arrowsmith Dam	35,670,494	33,784,255
Sanitary sewer systems	16,023,025	15,836,348
Work in progress	<u>2,007,227</u>	<u>2,440,973</u>
	189,607,244	184,280,260
Less: Accumulated amortization	<u>43,057,795</u>	<u>40,789,842</u>
Net book value (Schedule 1)	<u>\$ 146,549,449</u>	<u>\$ 143,490,418</u>

Land and land improvements includes the cost of land under roads recognized at fair market value at the date of acquisition.

Contributed tangible capital assets are recognized at fair market value at the date of contribution. In 2010, \$312,583 (2009 - \$2,570,308) of tangible capital assets were contributed and included in infrastructure.

**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**10. ACCUMULATED SURPLUS**

	<u>2010</u>	<u>2009</u>
Restricted Surplus		
General revenue fund reserves for future expenditures	\$ 4,018,676	\$ 2,805,945
Water utility fund reserves for future expenditures	117,500	538,638
Sewer utility fund reserves for future expenditures	24,500	141,650
Equity in Arrowsmith Water Services Joint Venture reserves	<u>98,831</u>	<u>79,660</u>
	4,259,507	3,565,893
General fund capital reserve	171,036	168,461
Water utility fund capital reserve	146,970	221,982
Sewer utility fund capital reserve	638,535	628,921
Statutory reserve funds (Schedule 3)	<u>2,758,295</u>	<u>2,514,841</u>
	<u>7,974,343</u>	<u>7,100,098</u>
Unrestricted Surplus		
General revenue fund	2,768,811	4,075,790
Water utility fund	2,790,679	1,239,821
Sewer utility fund	<u>2,756,852</u>	<u>2,542,787</u>
	<u>8,316,342</u>	<u>7,858,398</u>
Equity in tangible capital assets		
General revenue fund	106,099,565	103,059,202
Water utility fund	25,489,792	25,019,432
Sewer utility fund	<u>11,242,781</u>	<u>11,283,614</u>
	<u>142,832,138</u>	<u>139,362,248</u>
	<u>\$ 159,122,823</u>	<u>\$ 154,320,744</u>

The restricted surplus represents reserves to be used to fund specified future expenditures, as authorized by Council. It includes both statutory reserves set up by bylaw under the authority of the Community Charter and reserve accounts, for which Council is not restricted by external parties in providing for the use of funds.

The unrestricted surplus represents the accumulated operating surpluses of the City.

**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**11. CONTINGENT LIABILITIES**

- a) The City is responsible, as a member of the Regional District of Nanaimo and the Nanaimo Regional Hospital District, for its proportion of any operating deficits or capital debt related to functions in which it participates.
- b) The City has issued demand notes to the Regional District of Nanaimo totalling \$197,998. These notes are callable only if required by the Regional District.
- c) The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has approximately 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The City of Parksville paid \$286,557 for employer contributions to the Plan in fiscal 2010.

- d) Other contingent liabilities consisting of routine claims will be accounted for as an expense in the period in which the costs are incurred. It is not possible to determine the City's liability, if any, with respect to these other matters.

**12. MFA DEBT RESERVE FUND**

The Municipal Finance Authority requires the City to establish a reserve fund equal to one half the annual instalment of principal and interest of debentures issued. The cash portion of the fund is equal to one percent of the total principal with the remainder to be covered by a non-interest bearing promissory note. The balance of the MFA debt reserve fund is as follows:

	<b>2010</b>	<b>2009</b>
Cash	\$ 97,083	\$ 94,028
Demand note	197,998	197,998
	\$ 295,081	\$ 292,026



**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**13. SEGMENTED INFORMATION**

The City of Parksville provides a diverse range of services to its citizens including water and sewer, fire, police, bylaw, building inspections and park maintenance among others. The City maintains three separate funds (general revenue, water revenue and sewer revenue) to account for the services. Each fund is expected to cover its expenditures through its own revenue collections.

City services are provided by departments and their activities are reported in one of these funds. Certain departments have been amalgamated to reduce the number of segments and provide information along the following related functional lines:

**Protective Services**

Includes the provision of police, fire, bylaw and emergency services. The City shares costs in a regional police force that serves Parksville, Qualicum Beach, French Creek, Errington and other local areas within the Regional District of Nanaimo. The City of Parksville has an allocation of 16 police officers. The Parksville volunteer fire department includes three full time officers and 36 volunteer members and provides first responder services in addition to fire protection to Parksville and part of the Regional District of Nanaimo (half of French Creek, San Paniel, and Martindale Road). Bylaw enforcement is provided part time by 2 bylaw officers, one of which also acts as the emergency program coordinator.

**Engineering and Public Works**

Responsible for the delivery of municipal public works services including the planning, development and maintenance of roads, sidewalks, street lighting, traffic signals, snow removal and facilities. The engineering department also contracts itself to the water and sewer revenue funds for the planning and development of the City's water and sewer infrastructure.

**Parks and Cultural Services**

Parks maintains the City's numerous parks and roadside greenery. It also maintains the recreational sportsfield: hard courts, dog park and children's playgrounds.

Cultural services includes the costs paid to the Vancouver Island Regional Library and Parksville community centres.

**Community Planning**

Manages urban development for environmental concerns, local neighbourhoods and the downtown through City planning, community development, parks and sustainability planning. It ensures acceptable quality of building construction and property maintenance through enforcement of construction and building codes and standards. It also assists economic development through review and approval of land development plans, application of zoning by-laws and processing of building permit applications.

**General Government**

Provides services for legislative and general administration as well as financial management, revenue collection, human resources and information technology.

**Other Services**

Includes activities which do not easily fit into any of the above segment categories including unallocated common service costs, hotel tax, and economic development.

**CITY OF PARKSVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**13. SEGMENTED INFORMATION (continued)**

**Water, Sewer, and Solid Waste**

Water and Sewer are each accounted for in their own funds and are consolidated for segmentation purposes. The water fund is responsible for providing drinking water to the citizens of Parksville including the maintenance of the water distribution and supply system. The sewer fund is responsible for the maintenance of the sanitary sewer collection system. The planning and development of the systems is provided by the Engineering department. Solid waste collection and disposal is contracted out by the City to the Regional District of Nanaimo.

See Schedule 4 for a detailed summary of the revenues and expenses of each segment for 2009 and 2010.

**14. EXPENSES BY OBJECT**

The CICA Public Sector Accounting Guidelines require the disclosure of the expenses by object (type of expense).

<u>Expense Object</u>	<u>2010</u>	<u>2009</u>
Wages and benefits	\$ 4,992,446	\$ 4,828,956
Consulting and contract services	4,058,817	3,958,691
Materials and supplies	1,346,698	1,383,520
Office and insurance	452,569	417,099
Amortization of tangible capital assets	3,161,399	3,033,087
Interest	204,816	222,361
Grants	288,185	292,252
Other	-	60,518
	<u>\$ 14,504,930</u>	<u>\$ 14,196,484</u>

**15. ANNUAL BUDGET**

The financial statements include unaudited budget data from the Annual Budget as adopted by Council on May 12, 2010.

**16. COMPARATIVE FIGURES**

Certain 2009 comparative figures have been changed to reflect financial statement presentation adopted in the current year.

CITY OF PARKSVILLE  
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31, 2010

	ASSET COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE
	Balance December 31, 2009	2010 Additions	2010 disposals	Balance December 31, 2010	Balance December 31, 2009	2010 Additions	2010 disposals	Balance December 31, 2010	
Land	\$ 45,750,365	\$ -	\$ -	\$ 45,750,365	\$ -	\$ -	\$ -	\$ -	\$ 45,750,365
Land improvements	4,000,208	873,497	-	4,873,705	1,437,453	200,071	-	1,637,524	3,236,181
Buildings	6,871,685	114,785	-	6,986,470	1,271,961	148,384	-	1,420,345	5,566,125
Vehicles and equipment	3,996,509	517,752	332,370	4,181,891	2,111,585	365,265	183,019	2,293,831	1,888,060
Roads	48,434,109	2,837,770	753,206	50,518,673	17,545,913	1,179,238	543,867	18,181,284	32,337,389
Drainage systems	23,165,808	543,160	113,574	23,595,394	5,806,763	394,670	62,831	6,138,602	17,456,792
Water system & AWS dam	33,784,255	2,018,065	131,826	35,670,494	8,063,433	595,606	53,073	8,605,966	27,064,528
Sewer system	15,836,348	264,965	78,288	16,023,025	4,552,734	278,164	50,655	4,780,243	11,242,782
Work in progress	2,440,973	(433,746)	-	2,007,227	-	-	-	-	2,007,227
	\$ 184,280,260	\$ 6,736,248	\$ 1,409,264	\$ 189,607,244	\$ 40,789,842	\$ 3,161,398	\$ 893,445	\$ 43,057,795	\$ 146,549,449

AS AT DECEMBER 31, 2009

	ASSET COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE
	Balance December 31, 2008	2009 Additions	2009 disposals	Balance December 31, 2009	Balance December 31, 2008	2009 Additions	2009 disposals	Balance December 31, 2009	
Land	\$ 45,208,620	\$ 587,745	\$ 46,000	\$ 45,750,365	\$ -	\$ -	\$ -	\$ -	\$ 45,750,365
Land improvements	4,000,208	-	-	4,000,208	1,281,056	156,397	-	1,437,453	2,562,755
Buildings	6,815,785	119,000	63,100	6,871,685	1,125,873	146,088	-	1,271,961	5,599,724
Vehicles and equipment	3,998,013	227,945	229,449	3,996,509	1,951,206	380,798	220,419	2,111,585	1,884,924
Roads	47,206,874	1,800,575	573,340	48,434,109	16,690,279	1,127,877	272,243	17,545,913	30,888,196
Drainage systems	22,060,282	1,105,526	-	23,165,808	5,419,246	387,517	-	5,806,763	17,359,045
Water system & AWS dam	32,852,776	984,622	53,143	33,784,255	7,527,611	559,357	23,535	8,063,433	25,720,822
Sewer system	15,261,039	575,309	-	15,836,348	4,277,681	275,053	-	4,552,734	11,283,614
Work in progress	2,544,053	(103,080)	-	2,440,973	-	-	-	-	2,440,973
	\$ 179,947,650	\$ 5,297,642	\$ 965,032	\$ 184,280,260	\$ 38,272,952	\$ 3,033,087	\$ 516,197	\$ 40,789,842	\$ 143,490,418

SCHEDULE 2

CITY OF PARKSVILLE

SCHEDULE OF DEFERRED REVENUE - CAPITAL ACTIVITIES  
AS AT DECEMBER 31, 2010

	DEVELOPMENT COST CHARGE ACTIVITIES					2010	2009
	Public Open Space	Water	Sanitary Sewer	Storm Sewer	Roads	Total	Total
Balance at beginning of year	\$ 1,899,407	\$ 1,566,866	\$ 153,367	\$ 324,287	\$ 2,687,628	\$ 6,631,555	\$ 6,132,618
Add:							
Development cost charge collections	32,576	202,098	9,059	25,966	218,130	487,829	486,107
Proceeds on disposal of land	-	-	-	-	-	-	69,062
Interest	29,271	23,341	2,109	5,157	38,543	98,421	109,886
Less:							
Transfers to:							
General capital projects	-	-	-	(4,188)	(387,188)	(391,376)	(23,970)
Water capital projects	-	(244,262)	-	-	-	(244,262)	(142,148)
Sewer capital projects	-	-	(35,128)	-	-	(35,128)	-
Balance at end of year	\$ 1,961,254	\$ 1,548,043	\$ 129,407	\$ 351,222	\$ 2,557,113	\$ 6,547,039	\$ 6,631,555

SCHEDULE 3

CITY OF PARKSVILLE  
 SCHEDULE OF STATUTORY RESERVE FUND ACTIVITIES  
 AS AT DECEMBER 31, 2010

	2010				2009	
	Land Sale Reserve	General Parkland Reserve	Federal Gas Tax Reserve	Off Street Parking Reserve	Equipment Replacement Reserve	Total Reserves
Balance at beginning of year	\$ 319,249	\$ 621,028	\$ 583,710	\$ 204,185	\$ 786,669	\$ 2,799,340
Add:						
Grants and contributions			345,466		71,999	350,066
Proceeds on sale of equipment					477,814	53,242
Equipment rental	4,881	9,494	10,670	3,121	9,985	464,769
Interest						45,581
Less:						
Transfers to:						
General capital	-				(302,162)	(708,816)
Equipment operations					(387,814)	(311,370)
Equipment capital						(177,971)
Balance at end of year	\$ 324,130	\$ 630,522	\$ 939,846	\$ 207,306	\$ 656,491	\$ 2,514,841

SCHEDULE 4

CITY OF PARKSVILLE  
SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Protective Services	Engineering and Public Works	Parks and Cultural Services	Community Planning	General Government	Other Services	Water, Sewer and Solid Waste	Adjustments and Eliminations	2010 Consolidated Totals
<b>Revenues</b>									
External taxes	\$ -	\$ -	\$ 433,884	\$ -	\$ 9,684,908	\$ -	\$ 104,547	\$ -	\$ 10,223,339
Fees and charges	25,093	296,039	15,130	340,677	24,115	-	4,166,133	-	4,867,187
Other sources	355,468	44,205	141,680	10,000	488,453	3,317	77,484	427,574	1,548,181
Capital grants and developer contributions	-	1,601,309	315,201	-	-	-	524,845	-	2,441,355
Transfers from DCC reserves	-	391,376	-	-	-	-	279,390	-	670,766
Internal charges	-	339,000	-	-	411,211	86,389	-	(836,600)	-
Loss on disposal of tangible capital assets	-	(337,433)	-	-	-	-	(106,386)	-	(443,819)
	<u>380,561</u>	<u>2,671,929</u>	<u>905,895</u>	<u>350,677</u>	<u>10,608,687</u>	<u>89,706</u>	<u>5,152,399</u>	<u>(409,026)</u>	<u>19,307,009</u>
<b>Expenses</b>									
Labour	754,603	928,409	683,633	595,265	1,420,441	-	520,610	-	4,902,961
Consulting and contract services	1,728,553	780,683	622,552	91,267	126,481	9	697,775	-	4,047,320
Other	203,045	506,194	547,528	24,054	259,240	215,599	433,539	(764)	2,188,435
Internal charges	50,309	-	21,500	-	-	-	764,791	(836,600)	-
Amortization of tangible capital assets	66,200	1,846,889	198,904	-	175,635	-	873,770	-	3,161,398
	<u>2,802,710</u>	<u>4,062,175</u>	<u>2,074,117</u>	<u>710,586</u>	<u>1,981,797</u>	<u>215,608</u>	<u>3,290,485</u>	<u>(837,364)</u>	<u>14,300,114</u>
<b>Fiscal Services</b>									
Debt servicing and repayments	-	109,149	-	-	3,051	-	92,616	-	204,816
Segment surplus (deficit)	<u>\$ (2,422,149)</u>	<u>\$ (1,499,395)</u>	<u>\$ (1,168,222)</u>	<u>\$ (359,909)</u>	<u>\$ 8,623,839</u>	<u>\$ (125,902)</u>	<u>\$ 1,769,298</u>	<u>\$ 428,338</u>	<u>\$ 4,802,079</u>

SCHEDULE 4

CITY OF PARKSVILLE  
SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Protective Services	Engineering and Public Works	Parks and Cultural Services	Community Planning	General Government	Other Services	Water, Sewer and Solid Waste	Adjustments and Eliminations	2009 Consolidated Totals
<b>Revenues</b>									
External taxes	\$ -	\$ -	\$ 418,985	\$ -	\$ 9,380,573	\$ -	\$ 122,002	\$ -	\$ 9,921,560
Fees and charges	24,012	360,682	4,650	299,832	24,104	-	3,634,145	-	4,347,425
Other sources	327,070	-	148,029	12,817	951,815	25,283	67,117	397,790	1,929,921
Capital grants and developer contributions	-	1,690,605	379,544	-	-	-	1,341,722	-	3,411,871
Transfers from DCC reserves	-	23,970	-	-	-	-	142,149	-	166,119
Internal charges	-	261,000	-	-	390,827	81,173	39,080	(772,080)	-
Loss on disposal of tangible capital assets	-	(365,984)	-	-	-	-	(29,608)	-	(395,592)
	<u>351,082</u>	<u>2,336,257</u>	<u>951,208</u>	<u>312,649</u>	<u>10,747,319</u>	<u>106,456</u>	<u>5,346,215</u>	<u>(374,290)</u>	<u>19,381,304</u>
<b>Expenses</b>									
Labour	673,743	947,953	695,005	635,527	1,250,661	1,290	587,698	-	4,791,877
Consulting and contract services	1,820,419	691,955	590,396	33,138	142,965	35,098	631,094	0	3,945,065
Other	209,059	461,817	479,833	17,623	288,854	258,178	475,912	12,819	2,204,095
Internal charges	39,080	-	21,500	-	-	-	711,500	(772,080)	-
Amortization of tangible capital assets	85,919	1,798,862	152,812	-	161,084	-	834,409	-	3,033,086
	<u>2,828,220</u>	<u>3,900,587</u>	<u>1,939,546</u>	<u>686,288</u>	<u>1,843,564</u>	<u>294,566</u>	<u>3,240,613</u>	<u>(759,261)</u>	<u>13,974,123</u>
<b>Fiscal Services</b>									
Interest	-	114,679	-	-	5,252	-	102,430	-	222,361
Segment surplus (deficit)	<u>\$ (2,477,138)</u>	<u>\$ (1,679,009)</u>	<u>\$ (988,338)</u>	<u>\$ (373,639)</u>	<u>\$ 8,898,503</u>	<u>\$ (188,110)</u>	<u>\$ 2,003,172</u>	<u>\$ 384,971</u>	<u>\$ 5,184,820</u>