

CITY OF PARKSVILLE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

McGORMAN
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CITY OF PARKSVILLE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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**CITY OF PARKSVILLE
MANAGEMENT REPORT
2013 FINANCIAL STATEMENTS**


The preparation of these Financial Statements is the responsibility of management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles or stated accounting principles, 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 fulfills 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 generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the corporation'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
Mayor

INDEPENDENT AUDITORS' REPORT

To the 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, 2013 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 consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2013 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.



CHARTERED ACCOUNTANTS

Parksville, Canada
April 23, 2014


CITY OF PARKSVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

STATEMENT A

	2013	2012
FINANCIAL ASSETS		
Cash	\$ 4,677,617	\$ 13,013,199
Investments (Note 2)	26,284,492	16,090,912
Accounts receivable (Note 3)	3,017,229	2,759,482
	33,979,338	31,863,593
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	2,023,164	1,731,669
Deferred revenue	61,526	26,731
Deposits and other liabilities (Note 5)	2,840,285	2,993,993
Employee benefit accrual (Note 6)	459,195	475,659
Deferred revenue - federal gas tax (Note 7)	2,035,710	1,676,370
Deferred revenue - development cost charges (Note 8)	4,770,163	6,022,069
Long term debt (Note 9)	2,759,856	3,093,834
	14,949,899	16,020,325
NET FINANCIAL ASSETS	19,029,439	15,843,268
NON-FINANCIAL ASSETS		
Prepaid expenses	96,322	30,965
Inventory	19,964	41,891
Tangible capital assets (Note 10)	150,744,853	148,271,816
	150,861,139	148,344,672
ACCUMULATED SURPLUS (Note 11)	\$ 169,890,578	\$ 164,187,940

Contingent liabilities (Note 12)
MFA debt reserve fund (Note 13)


G. Lucky Butterworth, CGA
Director of Finance


Chris Burger
Mayor

The accompanying notes are an integral part of these financial statements

CITY OF PARKSVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013

STATEMENT B

	<u>2013</u> <u>Budget</u> <small>(unaudited)</small>	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
REVENUE			
Taxation	\$ 11,444,682	\$ 11,418,070	\$ 11,067,596
Water and sewer user fees	3,916,700	4,019,321	3,578,464
Services provided to other governments	483,097	506,302	449,037
Sale of services	1,407,700	1,507,755	1,388,790
Interest and actuarial earnings	240,000	514,180	478,804
Other revenue from own sources	175,350	262,026	209,044
Government transfers	348,500	369,826	722,090
Capital grants	768,320	714,112	401,187
Developer cash contributions	-	-	163,569
Developer contributions of tangible capital assets	-	828,886	108,406
Transfer from deferred revenue	3,764,637	1,693,869	629,553
Gain (loss) on disposal of tangible capital assets	25,000	(62,787)	(193,561)
	<u>22,573,986</u>	<u>21,771,560</u>	<u>19,002,979</u>
EXPENSES			
General government services	2,117,266	1,959,170	2,309,066
Protective services	3,715,300	3,341,683	3,287,602
Transportation services	4,613,256	3,817,634	3,913,473
Planning	857,300	808,157	989,368
Environmental health services	695,600	683,698	619,242
Parks and cultural services	2,532,440	2,273,856	2,245,566
Water services	2,835,036	2,108,365	2,107,214
Sewer services	1,567,550	1,076,359	1,160,196
	<u>18,933,748</u>	<u>16,068,922</u>	<u>16,631,727</u>
ANNUAL SURPLUS	3,640,238	5,702,638	2,371,252
ACCUMULATED SURPLUS			
AT BEGINNING OF YEAR	<u>164,187,940</u>	<u>164,187,940</u>	<u>161,816,688</u>
ACCUMULATED SURPLUS AT END OF YEAR	<u>\$ 167,828,178</u>	<u>\$ 169,890,578</u>	<u>\$ 164,187,940</u>

The accompanying notes are an integral part of these financial statements

CITY OF PARKSVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

STATEMENT C

	2013	2012
CASH PROVIDED BY OPERATIONS		
Annual surplus	\$ 5,702,638	\$ 2,371,252
Items not involving cash:		
Amortization	3,266,395	3,358,149
Loss on disposal of tangible capital assets	62,787	193,561
Land disposal by grant	-	351,054
Developer contributions of tangible capital assets	(828,886)	(108,406)
Actuarial reduction to long term debt	(137,281)	(123,148)
Changes in non-cash operating working capital:		
Decrease (increase)		
Investments	(10,193,580)	(2,025,713)
Accounts receivable	(257,748)	(411,685)
Prepaid expenses	(65,357)	17,560
Inventory	21,927	(17,215)
Increase (decrease)		
Accounts payable and accrued liabilities	291,496	(188,740)
Deferred revenue	34,795	(32,660)
Deposits and other liabilities	(153,709)	(107,966)
Employee benefit accrual	(16,464)	59,324
Deferred revenue - federal gas tax	359,340	371,398
Deferred revenue - development cost charges	(1,251,906)	90,499
Cash provided by operating transactions	(3,165,553)	3,797,264
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(5,031,093)	(2,538,626)
Proceeds from the sale of tangible capital assets	57,760	33,506
Cash applied to capital transactions	(4,973,333)	(2,505,120)
FINANCING TRANSACTIONS		
Long term debt repayment	(196,696)	(195,772)
INCREASE (DECREASE) IN CASH	(8,335,582)	1,096,372
CASH AT BEGINNING OF YEAR	13,013,199	11,916,827
CASH AT END OF YEAR	\$ 4,677,617	\$ 13,013,199
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash paid for interest on debt	\$ 239,189	\$ 264,536

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, 2013

STATEMENT D

	<u>Budget</u> (unaudited)	<u>2013</u>	<u>2012</u>
ANNUAL SURPLUS	\$ 3,640,238	\$ 5,702,638	\$ 2,371,252
Acquisition of tangible capital assets	(13,086,959)	(5,859,979)	(2,647,032)
Amortization of tangible capital assets	3,342,000	3,266,395	3,358,149
(Gain) loss on disposal of tangible capital assets	(25,000)	62,787	193,561
Land disposed of by grant	-	-	351,054
Proceeds on sale of tangible capital assets	-	57,760	33,506
	<u>(6,129,721)</u>	<u>3,229,601</u>	<u>3,660,490</u>
Acquisition of supplies inventory	-	(19,964)	(41,891)
Acquisition of prepaid expenses	-	(96,322)	(30,965)
Consumption of supplies inventory	-	41,891	24,676
Use of prepaid expenses	-	30,965	48,526
	<u>-</u>	<u>(43,430)</u>	<u>346</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(6,129,721)	3,186,171	3,660,836
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	<u>15,843,268</u>	<u>15,843,268</u>	<u>12,182,432</u>
NET FINANCIAL ASSETS AT END OF YEAR	<u>\$ 9,713,547</u>	<u>\$ 19,029,439</u>	<u>\$ 15,843,268</u>

The accompanying notes are an integral part of these financial statements

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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 Board (PSAB) 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) Investments

Investments are comprised of term deposits and short-term guaranteed investment certificates which are backed by the Government of Canada or 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.

Inventory

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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Non-financial assets (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 and equipment	5 - 25 years
Roads, sidewalks and lighting	20 - 75 years
Storm sewer systems	15 - 70 years
Water systems and Arrowsmith 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 are not amortized until the asset is available for productive use.

d) Basis of accounting

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Expenses are recorded in the period the goods and services are acquired and a liability is incurred or transfers are due.

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 required management to make estimates of historical cost and useful remaining lives of tangible capital assets. Actual results may differ from these estimates.

2. INVESTMENTS

		<u>2013</u>	<u>2012</u>
Short-term notes and deposits	Cost	\$ 22,280,492	\$ 10,890,912
Long-term notes and deposits	Cost	4,004,000	5,200,000
		<u>\$ 26,284,492</u>	<u>\$ 16,090,912</u>
Short-term notes and deposits	Market value	\$ 22,280,492	\$ 10,890,912
Long-term notes and deposits	Market value	4,004,000	5,200,000
		<u>\$ 26,284,492</u>	<u>\$ 16,090,912</u>

Short-term notes and deposits have interest rates varying from 1.60% to 2.15% (2012 - 1.35% to 1.85%) and mature in less than one year. Long-term notes and deposits have interest rates varying from 2.35% to 2.40% (2012 - 2.15% to 2.40%).

3. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Property taxes and utilities receivable	\$ 884,903	\$ 926,963
Accrued utilities receivable	1,027,300	971,900
Receivable from federal government	266,405	102,716
Receivable from other government agencies	348,456	382,115
Trade accounts receivable	140,290	201,701
Accrued interest receivable	349,875	174,087
	<u>\$ 3,017,229</u>	<u>\$ 2,759,482</u>

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
Payable to federal government	\$ 482,463	\$ 511,809
Payable to provincial government	58,162	117,646
Payable to other government agencies	195,785	169,704
Trade accounts payable	839,469	521,112
Accrued payroll and vacation payable	447,285	411,398
	<u>\$ 2,023,164</u>	<u>\$ 1,731,669</u>

5. DEPOSITS AND OTHER LIABILITIES

	<u>2013</u>	<u>2012</u>
Prepaid property taxes and utilities	\$ 1,533,038	\$ 1,508,063
Property tax sale deposits	14,270	-
Development security deposits	983,587	1,202,686
Developer contributions and grant deposits	308,890	282,190
Building permit and other advance deposits	500	1,054
	<u>\$ 2,840,285</u>	<u>\$ 2,993,993</u>

6. EMPLOYEE BENEFIT ACCRUAL

	<u>2013</u>	<u>2012</u>
Retirement benefits payable	\$ 382,196	\$ 372,936
Sick time accrual	76,999	102,723
	<u>\$ 459,195</u>	<u>\$ 475,659</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.

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

7. DEFERRED REVENUE - FEDERAL GAS TAX

Federal gas tax funding is provided by the Government of Canada and the use of the funding is established by a funding agreement between the local government and the Union of BC Municipalities. Funding must be used for designated capital projects as specified in the funding agreement.

The City reports the balance of unused funding as deferred revenue until it is used to fund specified capital projects. Interest is required to be accrued on the fund balance.

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 1,676,370	\$ 1,304,972
Contributions from government	345,294	345,431
Interest	30,696	25,967
Transfer to revenue	<u>(16,650)</u>	<u>-</u>
Balance at end of year	<u>\$ 2,035,710</u>	<u>\$ 1,676,370</u>

8. DEFERRED REVENUE - DEVELOPMENT COST CHARGES

Development cost charges represent funds collected from development for capital purposes as specified by a bylaw under the authority of the Community Charter. The collections from development are recorded as a deferred revenue until such time as they are spent for the purposes specified in the City bylaw.

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 6,022,069	\$ 5,931,570
Contributions from developers	348,182	611,892
Interest	93,781	108,160
Transfer to revenue	<u>(1,693,869)</u>	<u>(629,553)</u>
Balance at end of year (Schedule 2)	<u>\$ 4,770,163</u>	<u>\$ 6,022,069</u>

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

9. LONG TERM DEBT

General Revenue Fund

<u>Debenture Debt</u>	<u>Maturity</u>	<u>Interest</u>	<u>2013</u>	<u>2012</u>
<u>Purpose</u>	<u>Date</u>	<u>Rate</u>		
Civic and Technology Centre	Dec. 2021	3.05%	\$ 544,556	\$ 598,868
Civic and Technology Centre	Dec. 2021	2.10%	436,318	474,003
Northwest Bay Road				
Local Improvement	Apr. 2025	5.10%	527,297	564,463
			<u>1,508,171</u>	<u>1,637,334</u>

Water Utility Fund

<u>Debenture Debt</u>				
<u>Purpose</u>				
Water	Mar. 2018	4.65%	416,890	488,744
Water	Sep. 2018	4.65%	684,394	802,355
Water	Jun. 2021	3.05%	150,401	165,401
			<u>1,251,685</u>	<u>1,456,500</u>
Total long term debt			<u>\$ 2,759,856</u>	<u>\$ 3,093,834</u>

Principal due over the next five years on long term debt is as follows:

	<u>General</u>	<u>Water</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
2014	\$ 93,005	\$ 104,639	\$ 197,644
2015	93,977	104,639	198,616
2016	94,973	104,639	199,612
2017	95,995	104,639	200,634
2018	97,044	104,639	201,683
	<u>\$ 474,994</u>	<u>\$ 523,195</u>	<u>\$ 998,189</u>

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

10. TANGIBLE CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 53,959,513	\$ 52,648,413
Buildings	10,842,509	10,842,509
Vehicles, machinery and equipment	6,063,321	6,005,771
Infrastructure		
Roads, sidewalks and lighting	54,264,172	52,502,030
Storm sewer systems	24,597,839	24,062,958
Water systems and Arrowsmith Dam	34,029,641	33,797,652
Sanitary sewer systems	16,132,738	16,096,007
Work in progress	<u>2,722,512</u>	<u>1,502,291</u>
	202,612,245	197,457,631
Less: Accumulated amortization	<u>51,867,392</u>	<u>49,185,815</u>
Net book value (Schedule 1)	<u>\$ 150,744,853</u>	<u>\$ 148,271,816</u>

Land and land improvements include 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 2013, \$828,886 (2012 - \$108,406) of tangible capital assets were contributed and included in infrastructure.

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

11. ACCUMULATED SURPLUS

	<u>2013</u>	<u>2012</u>
Restricted Surplus		
General revenue fund reserves for future expenditures	\$ 4,839,637	\$ 2,904,650
Water utility fund reserves for future expenditures	1,045,500	813,321
Sewer utility fund reserves for future expenditures	483,950	353,600
Equity in Arrowsmith Water Services Joint Venture reserves	156,341	137,171
	<u>6,525,428</u>	<u>4,208,742</u>
General revenue fund capital reserve	180,506	177,469
Water utility fund capital reserve	155,107	152,498
Sewer utility fund capital reserve	673,889	662,553
Statutory reserve funds (Schedule 3)	1,363,735	1,821,186
	<u>8,898,665</u>	<u>7,022,448</u>
Unrestricted Surplus		
General revenue fund	5,266,672	5,461,572
Water utility fund	5,208,487	4,008,301
Sewer utility fund	2,531,758	2,517,637
	<u>13,006,917</u>	<u>11,987,510</u>
Equity in tangible capital assets		
General revenue fund	109,932,603	107,694,120
Water utility fund	27,439,291	26,623,344
Sewer utility fund	10,613,102	10,860,518
	<u>147,984,996</u>	<u>145,177,982</u>
	<u>\$ 169,890,578</u>	<u>\$ 164,187,940</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, 2013

12. 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 trusted 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 based on a formula. The Plan has approximately 179,000 active members and approximately 71,000 retired members. Active members include approximately 68 contributors from the City of Parksville.

The most recent valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015, with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City of Parksville paid \$411,350 for employer contributions to the Plan in fiscal 2013.

- 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.

13. 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:

	2013	2012
Cash	\$ 108,466	\$ 103,425
Demand note	197,998	197,998
	\$ 306,464	\$ 301,423

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

14. 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

Maintains the City's numerous parks and roadside greenery. It also maintains the recreational sports fields, hard courts, dog park and children's playgrounds. Cultural services include 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 and insurance.

CITY OF PARKSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

14. 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 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 2012 and 2013.

15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

<u>Expense Object</u>	<u>2013</u>	<u>2012</u>
Wages and benefits	\$ 6,145,682	\$ 6,168,381
Consulting and contract services	4,360,949	4,410,205
Materials and supplies	1,242,769	1,275,831
Office and insurance	465,610	437,770
Amortization of tangible capital assets	3,266,395	3,358,149
Interest	239,189	264,536
Grants	348,328	716,855
	<u>\$ 16,068,922</u>	<u>\$ 16,631,727</u>

16. ANNUAL BUDGET

The financial statements include unaudited budget data from the Annual Budget as adopted by Council on May 13, 2013.

17. COMPARATIVE FIGURES

Certain 2012 comparative figures have been changed to reflect financial statement presentation adopted in the current year.

**CITY OF PARKSVILLE
SCHEDULE OF TANGIBLE CAPITAL ASSETS**

SCHEDULE 1

AS AT DECEMBER 31, 2013

	ASSET COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE
	Balance December 31, 2012	2013 Additions	2013 disposals	Balance December 31, 2013	Balance December 31, 2012	2013 Amortization	2013 disposals	Balance December 31, 2013	
Land	\$ 47,402,953	\$ 764,788	\$ -	\$ 48,167,741	\$ -	\$ -	\$ -	\$ -	\$ 48,167,741
Land improvements	5,245,460	601,721	55,409	5,791,772	2,014,763	214,308	41,161	2,187,910	3,603,862
Buildings	10,842,509	-	-	10,842,509	1,885,513	224,299	-	2,109,812	8,732,697
Vehicles and equipment	6,005,771	214,103	156,553	6,063,321	3,110,577	486,363	156,552	3,440,388	2,622,933
Roads, sidewalks, lighting	52,502,030	2,115,990	353,848	54,264,172	20,420,717	1,097,929	315,264	21,203,382	33,060,790
Storm sewer system	24,062,958	568,323	33,442	24,597,839	6,939,300	411,278	16,349	7,334,229	17,263,610
Water system & AWS dam	33,797,652	336,695	104,706	34,029,641	9,526,470	559,462	54,320	10,031,612	23,998,029
Sanitary sewer system	16,096,007	38,138	1,407	16,132,738	5,288,475	272,756	1,172	5,560,059	10,572,679
Work in progress	1,502,291	1,220,221	-	2,722,512	-	-	-	-	2,722,512
	\$ 197,457,631	\$ 5,859,979	\$ 705,365	\$ 202,612,245	\$ 49,185,815	\$ 3,266,395	\$ 584,818	\$ 51,867,392	\$ 150,744,853

AS AT DECEMBER 31, 2012

	ASSET COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE
	Balance December 31, 2011	2012 Additions	2012 disposals	Balance December 31, 2012	Balance December 31, 2011	2012 Amortization	2012 disposals	Balance December 31, 2012	
Land	\$ 47,730,638	\$ 23,369	\$ 351,054	\$ 47,402,953	\$ -	\$ -	\$ -	\$ -	\$ 47,402,953
Land improvements	5,035,001	210,459	-	5,245,460	1,816,064	198,699	-	2,014,763	3,230,697
Buildings	10,898,577	(168)	55,900	10,842,509	1,661,133	224,380	-	1,885,513	8,956,996
Vehicles and equipment	5,392,704	673,756	60,689	6,005,771	2,690,343	480,923	60,689	3,110,577	2,895,194
Roads, sidewalks, lighting	50,548,630	2,243,602	290,202	52,502,030	19,322,848	1,223,227	125,358	20,420,717	32,081,313
Storm sewer system	23,873,712	189,246	-	24,062,958	6,536,830	402,470	-	6,939,300	17,123,658
Water system & AWS dam	33,630,601	172,362	5,311	33,797,652	8,973,827	555,826	3,183	9,526,470	24,271,182
Sanitary sewer system	15,940,274	170,687	14,954	16,096,007	5,026,611	272,624	10,760	5,288,475	10,807,532
Work in progress	2,538,572	(1,036,281)	-	1,502,291	-	-	-	-	1,502,291
	\$ 195,588,709	\$ 2,647,032	\$ 778,110	\$ 197,457,631	\$ 46,027,656	\$ 3,358,149	\$ 199,990	\$ 49,185,815	\$ 148,271,816

CITY OF PARKSVILLE
 SCHEDULE OF DEFERRED REVENUE - DEVELOPMENT COST CHARGE ACTIVITIES
 AS AT DECEMBER 31, 2013

SCHEDULE 2

	Public Open Space	Water	Sanitary Sewer	Storm Sewer	Roads	<u>2013</u> Total	<u>2012</u> Total
Balance at beginning of year	\$ 2,144,597	\$ 1,052,845	\$ 50,709	\$ 278,218	\$ 2,495,700	\$ 6,022,069	\$ 5,931,570
Add:							
Development cost charge collections	18,880	158,050	8,624	11,519	151,109	348,182	611,892
Interest	35,208	17,584	956	2,831	37,202	93,781	108,160
Less:							
Transfers to:							
General capital projects	(99,000)	-	-	(220,602)	(937,764)	(1,257,366)	(399,142)
Water capital projects	-	(436,503)	-	-	-	(436,503)	(195,362)
Sewer capital projects	-	-	-	-	-	-	(35,049)
Balance at end of year	<u>\$ 2,099,685</u>	<u>\$ 791,976</u>	<u>\$ 60,289</u>	<u>\$ 71,966</u>	<u>\$ 1,746,247</u>	<u>\$ 4,770,163</u>	<u>\$ 6,022,069</u>

CITY OF PARKSVILLE
 SCHEDULE OF STATUTORY RESERVE FUND ACTIVITIES
 AS AT DECEMBER 31, 2013

SCHEDULE 3

					<u>2013</u>	<u>2012</u>
	<u>Land Sale Reserve</u>	<u>General Parkland Reserve</u>	<u>Off Street Parking Reserve</u>	<u>Equipment Replacement Reserve</u>	<u>Total Reserves</u>	<u>Total Reserves</u>
Balance at beginning of year	\$ 126,417	\$ 699,275	\$ 215,104	\$ 780,390	\$ 1,821,186	\$ 1,661,103
Add:						
Contributions					-	44,851
Proceeds on sale of equipment				57,760	57,760	4,500
Equipment rental				489,884	489,884	495,754
Interest	2,164	843	3,680	14,778	21,465	31,383
Less:						
Transfers to:						
General capital		(650,000)			(650,000)	(12,700)
Equipment operations				(264,167)	(264,167)	(324,263)
Equipment capital				(112,393)	(112,393)	(79,442)
Balance at end of year	<u>\$ 128,581</u>	<u>\$ 50,118</u>	<u>\$ 218,784</u>	<u>\$ 966,252</u>	<u>\$ 1,363,735</u>	<u>\$ 1,821,186</u>

**CITY OF PARKSVILLE
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2013**

SCHEDULE 4

	Protective Services	Engineering and Public Works	Parks and Cultural Services	Community Planning	General Government	Other Services	Water, Sewer and Solid Waste	Adjustments and Eliminations	2013 Consolidated Totals
Revenues									
External taxes	\$ -	\$ -	\$ 507,468	\$ -	\$ 10,838,203	\$ -	\$ 72,399	\$ -	\$ 11,418,070
Fees and charges	44,957	375,727	9,935	342,493	45,219	-	4,761,387	-	5,579,718
Other sources	443,180	60,606	194,357	16,690	572,746	7,978	245,177	58,958	1,599,692
Capital grants and developer contributions	-	689,236	177,275	-	-	-	676,487	-	1,542,998
Transfers from DCC reserves	-	1,158,366	99,000	-	-	-	436,503	-	1,693,869
Internal charges	-	363,000	-	-	584,219	70,781	-	(1,018,000)	-
Loss on disposal of tangible capital assets	-	(12,165)	-	-	-	-	(50,622)	-	(62,787)
	<u>488,137</u>	<u>2,634,770</u>	<u>988,035</u>	<u>359,183</u>	<u>12,040,387</u>	<u>78,759</u>	<u>6,141,331</u>	<u>(959,042)</u>	<u>21,771,560</u>
Expenses									
Labour	839,496	1,480,891	743,300	763,752	1,636,643	-	617,051	-	6,081,133
Consulting and contract services	2,048,822	655,899	674,249	18,328	162,533	338	783,319	-	4,343,488
Other	227,826	540,608	502,405	17,936	197,967	171,366	480,609	-	2,138,717
Internal charges	55,662	-	20,200	-	-	-	942,138	(1,018,000)	-
Amortization of tangible capital assets	169,877	1,806,123	202,156	-	199,183	-	889,056	-	3,266,395
	<u>3,341,683</u>	<u>4,483,521</u>	<u>2,142,310</u>	<u>800,016</u>	<u>2,196,326</u>	<u>171,704</u>	<u>3,712,173</u>	<u>(1,018,000)</u>	<u>15,829,733</u>
Fiscal Services									
Interest	-	75,483	-	-	7,456	-	156,250	-	239,189
Segment surplus (deficit)	<u>\$ (2,853,546)</u>	<u>\$ (1,924,234)</u>	<u>\$ (1,154,275)</u>	<u>\$ (440,833)</u>	<u>\$ 9,836,605</u>	<u>\$ (92,945)</u>	<u>\$ 2,272,908</u>	<u>\$ 58,958</u>	<u>\$ 5,702,638</u>

**CITY OF PARKSVILLE
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2012**

SCHEDULE 4

	Protective Services	Engineering and Public Works	Parks and Cultural Services	Community Planning	General Government	Other Services	Water, Sewer and Solid Waste	Adjustments and Eliminations	2012 Consolidated Totals
Revenues									
External taxes	\$ -	\$ -	\$ 487,419	\$ -	\$ 10,494,970	\$ -	\$ 85,207	\$ -	\$ 11,067,596
Fees and charges	27,675	331,947	14,960	293,482	42,560	-	4,291,122	-	5,001,746
Other sources	511,396	32,726	122,785	64,700	794,368	8,781	229,370	60,356	1,824,482
Capital grants and developer contributions	11,400	250,564	-	-	-	-	366,348	44,850	673,162
Transfers from DCC reserves	-	399,142	-	-	-	-	230,411	-	629,553
Internal charges	-	406,500	-	-	573,961	71,039	-	(1,051,500)	-
Gain (loss) on disposal of tangible capital assets	29,006	(216,244)	-	-	-	-	(6,322)	-	(193,560)
	<u>579,477</u>	<u>1,204,635</u>	<u>625,164</u>	<u>358,182</u>	<u>11,905,859</u>	<u>79,820</u>	<u>5,196,136</u>	<u>(946,294)</u>	<u>19,002,979</u>
Expenses									
Labour	791,597	1,509,237	709,822	825,749	1,634,566	-	601,863	-	6,072,834
Consulting and contract services	2,043,415	630,244	629,749	136,635	175,933	298	746,600	-	4,362,874
Other	224,103	526,686	585,446	21,740	527,545	171,445	516,369	-	2,573,334
Internal charges	52,519	-	18,700	-	-	-	980,281	(1,051,500)	-
Amortization of tangible capital assets	169,958	1,899,788	186,547	-	216,567	-	885,289	-	3,358,149
	<u>3,281,592</u>	<u>4,565,955</u>	<u>2,130,264</u>	<u>984,124</u>	<u>2,554,611</u>	<u>171,743</u>	<u>3,730,402</u>	<u>(1,051,500)</u>	<u>16,367,191</u>
Fiscal Services									
Debt servicing and repayments	-	100,463	-	-	7,823	-	156,250	-	264,536
Segment surplus (deficit)	<u>\$ (2,702,115)</u>	<u>\$ (3,461,783)</u>	<u>\$ (1,505,100)</u>	<u>\$ (625,942)</u>	<u>\$ 9,343,425</u>	<u>\$ (91,923)</u>	<u>\$ 1,309,484</u>	<u>\$ 105,206</u>	<u>\$ 2,371,252</u>