

# 2015 CONSOLIDATED FINANCIAL STATEMENTS



FOR THE YEAR ENDED DECEMBER 31, 2015

PREPARED BY THE CITY OF QUESNEL FINANCE DEPARTMENT  
QUESNEL, BRITISH COLUMBIA, CANADA

## TABLE OF CONTENTS

|  |    |
|--|----|
| <b>Managements Responsibility</b>  | 4  |
| <b>City of Quesnel Financial Statements</b>                              | 5  |
| Independent Auditor's Report   | 6  |
| Significant Accounting Policies  | 8  |
| Consolidated Statement of Financial Position                             | 12 |
| Consolidated Statement of Operations                                     | 13 |
| Consolidated Statement of Changes in Net Financial Assets                | 14 |
| Consolidated Statement of Cash Flows                                     | 15 |
| Notes to the Consolidated Financial Statements                           | 16 |
| Schedule 1 - Consolidated Tangible Capital Assets                        | 22 |
| Schedule 2 - Consolidated Statement of Statutory Reserve Fund Activities | 23 |
| Schedule 3 - Segmented Statement   | 24 |
| <b>QCEDC<sup>1</sup> Financial Statements</b>                            | 25 |
| Statement of Financial Position  | 26 |
| Statement of Operations  | 27 |
| Statement of Changes in Net Financial Assets                             | 28 |
| Statement of Cash Flows  | 29 |

*1. QCEDC stands for the Quesnel Community and Economic Development (2002) Corporation*



## MANAGEMENTS RESPONSIBILITY

The information in this Financial Report is the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as outlined under “Significant Accounting Policies” on page 8. These statements include some amounts based on management’s best estimates and careful judgment.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded, and reported properly. Management also administers a program of proper business compliance.

KPMG LLP, the City’s independent auditor, has audited the accompanying consolidated financial statements. The auditor’s report is included as part of these statements.

Council carries out its responsibility for the consolidated financial statements principally through its Audit Committee. The Audit Committee meets annually with management and the City auditor, KPMG LLP, to review their activities and to discuss auditing, internal control, and financial reporting matters. KPMG LLP has unrestricted access to the City, the Audit Committee and Council. The Audit Committee reviews the consolidated financial statements with management prior to submission to Council for approval. It also reviews the recommendations of the independent auditor for improvements to controls as well as the actions of management to implement such recommendations.



---

Kari Bolton, CPA, CMA  
Director of Corporate and Financial Services

**CITY OF QUESNEL  
FINANCIAL STATEMENTS**



**KPMG LLP**  
**Chartered Accountants**  
400 - 177 Victoria Street  
Prince George BC V2L 5R8

Telephone (250) 563-7151  
Telefax (250) 563-5693  
Internet www.kpmg.ca

## **INDEPENDENT AUDITORS' REPORT**

To the Mayor and Council of the City of Quesnel

### ***Report on Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of the City of Quesnel (the "City"), which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the consolidated 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 City'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 consolidated financial statements.

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



### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Quesnel as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the City of Quesnel taken as a whole. The supplementary information included in the statement of financial position, statement of operations, statement of changes in net financial assets and the statement of cash flow for the Quesnel Community and Economic Development (2002) Corporation is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

April 19, 2016

Prince George, Canada

# SIGNIFICANT ACCOUNTING POLICIES

## FOR THE YEAR ENDED DECEMBER 31, 2015

The City of Quesnel (the "City") is a municipality that was created on March 21, 1928 under the Community Charter, formerly the Village Municipalities Act, a statute of the Province of British Columbia. The City's principal activities include the provision of local government services to residents of the incorporated area. These services include police, fire, public works, planning, parks and recreation, economic development, airport, transit, sewer, water and other general government operations.

### A. Basis of Presentation

It is the policy of the City of Quesnel to follow Canadian public sector accounting standards and to apply such principles consistently. These consolidated financial statements include the operations of the General, Water, Sewer, Transit, Airport, Capital and Reserve Funds. The Consolidated Financial Statements also reflect the combined results and activities of the reporting entity which comprises all organizations that are accountable for the administration and financial affairs and resources to the Council and are controlled or owned by the City. Controlled entities include the Quesnel Community and Economic Development (2002) Corporation. They have been prepared using guidelines issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. The financial resources and operations of the City have been consolidated for financial statement purposes and include the accounts of all of the funds of the City of Quesnel.

The focus of Canadian public sector accounting standards is on the financial position of the City and the changes thereto. The Consolidated Statement of Financial Position reflects the combined results and activities of the City's Operating, Capital and Reserve Funds. The purposes of these funds are:

#### i. Operating Funds

Operating Funds are used to record the costs associated with providing City services.

#### ii. Capital Funds

Capital Funds are used to account for the acquisition costs of the City's Tangible Capital Assets, the accumulated amortization thereon, and the funding thereof including related long term debt.

#### iii. Reserve Funds

Under the *Community Charter* of British Columbia, the Mayor and Council of the City may, by bylaw, establish Reserve Funds for specific purposes. Money in a Reserve Fund and interest thereon must be used only for the purpose for which the fund was established. If the amount in a Reserve Fund is greater than required, the Mayor and Council may, by bylaw, transfer all or part of the balance to another Reserve Fund.

#### iv. Trust Funds

Trust funds and their related operations administered by the City are not included in these consolidated financial statements.

#### v. Accounting for Region and School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Region and the School Board are not reflected in these consolidated financial statements.

### B. Assets and Liabilities

Financial assets are economic resources controlled by a government as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of a government to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.

### C. Accrual Accounting

The accrual method for reporting revenues and expenses has been used.

### D. Inventories of Supplies

Inventories are valued at the lower of cost and replacement cost with cost determined using a moving average basis.



## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2015

### E. Tangible Capital Assets

Tangible capital assets purchased or constructed and work in progress are reported at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset. For the first and last year of the asset's life, half the amortization is applied. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

|   |                 |
|---|-----------------|
| Land Improvements                         | 10 to 75 years  |
| Buildings                                 | 5 to 65 years   |
| Fixtures, Furniture, Equipment & Vehicles | 5 to 50 years   |
| Technology                                | 4 to 18 years   |
| Roads                                     | 10 to 100 years |
| Bridges                                   | 25 to 100 years |
| Water and Sewer Infrastructure            | 15 to 50 years  |

Tangible capital assets are tested annually for impairment in value based on continued usefulness of the assets and related carrying values. Any impairment in carrying value would be recorded in the period that the impairment occurs.

#### i. Interest Capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

#### ii. Works of art and cultural and historical assets:

Works of art and cultural and historical assets are not recorded as assets in these financial statements.

### F. Revenue Recognition

Taxation and user fee revenues are recognized in accordance with the provisions of the Community Charter. The City is required to act as the agent for collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenues.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue or deposits.

Revenues which are restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When related expenses are incurred they are brought into revenue at amounts equal to the expenses.

### G. Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Significant areas requiring the use of management estimates relate to the determination of collectability of accounts receivable, provisions for contingencies, landfill liabilities, sick leave accrual and prior years tangible capital asset historical costs and related amortization. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period they arise.

### H. Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists
- ii. contamination exceeds the environmental standard
- iii. the City of Quesnel is directly responsible; or accepts responsibility and
- iv. future economic benefits will be given up, and
- v. a reasonable estimate of the amount can be made.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **FOR THE YEAR ENDED DECEMBER 31, 2015**

**I. Landfill Liability**

The liability for closure of operational sites and post-closure costs has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

**J. Investment income**

Investment income is revenue in the period earned. When required by the funding agency or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

**K. Cash equivalents**

Cash equivalents include short-term, highly liquid investments which are redeemable within 90 days or less.

**L. Long-term debt:**

Long-term debt is recorded net of related sinking fund balances.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2015, WITH COMPARATIVE INFORMATION FOR 2014

|  | 2015                 | 2014                 |
|--|----------------------|----------------------|
| <b>Financial Assets</b>                                    |                      |                      |
| Cash and cash equivalents <i>(note 2)</i>                  | \$ 23,955,683        | \$ 25,497,351        |
| Taxes and accounts receivable <i>(note 3)</i>              | 2,819,888            | 3,088,427            |
| Property acquired for taxes                                | 891                  | 23,490               |
| MFA debt reserve <i>(note 4)</i>                           | 183,399              | 178,820              |
|  | <u>26,959,861</u>    | <u>28,788,088</u>    |
| <b>Liabilities</b>   |                      |                      |
| Accounts payable and accrued liabilities <i>(note 5)</i>   | 2,753,841            | 7,320,622            |
| Landfill closure <i>(note 6)</i>                           | 1,751,450            | 1,425,991            |
| Deferred revenue <i>(note 7)</i>                           | 1,421,185            | 1,154,557            |
| MFA debt reserve   | 183,399              | 178,820              |
| Municipal debt, net of sinking fund assets <i>(note 8)</i> | 6,625,137            | 7,180,258            |
|  | <u>12,735,012</u>    | <u>17,260,248</u>    |
| <b>Net Financial Assets</b>                                | <u>14,224,849</u>    | <u>11,527,840</u>    |
| <b>Non-Financial Assets</b>                                |                      |                      |
| Prepaid expenses   | 304,008              | 343,085              |
| Inventory of supplies                                      | 382,551              | 385,963              |
| Tangible capital assets <i>(note 9)</i>                    | 80,245,869           | 81,153,244           |
|  | <u>80,932,428</u>    | <u>81,882,292</u>    |
| <b>Accumulated Surplus</b>                                 | <u>\$ 95,157,277</u> | <u>\$ 93,410,132</u> |
| <b>Represented By:</b>                                     |                      |                      |
| Operating Fund   | \$ 12,944,903        | \$ 11,957,614        |
| Statutory Reserves <i>(Schedule 2)</i>                     | 8,591,642            | 7,479,532            |
| Equity in tangible capital assets <i>(note 10)</i>         | 73,620,732           | 73,972,986           |
|  | <u>\$ 95,157,277</u> | <u>\$ 93,410,132</u> |

*See accompanying notes.*



Kari Bolton, CPA, CMA  
Director of Corporate and Financial Services

# CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE INFORMATION FOR 2014

|  | 2015<br>BUDGET       | 2015<br>ACTUAL       | 2014<br>ACTUAL       |
|--|----------------------|----------------------|----------------------|
| <b>Revenues</b>                                  |                      |                      |                      |
| Net taxation and grants in lieu <i>(note 11)</i> | \$ 16,082,630        | \$ 16,193,833        | \$ 15,850,016        |
| Sale of services <i>(note 12)</i>                | 2,304,005            | 2,102,513            | 2,336,155            |
| Government grants <i>(note 13)</i>               | 4,301,025            | 2,124,801            | 4,073,629            |
| Donations  | -                    | 17,059               | 1,000                |
| Services provided to other governments           | 1,041,476            | 1,239,878            | 961,817              |
| Investment income                                | 225,000              | 309,014              | 290,689              |
| Utility user fees <i>(note 12)</i>               | 2,203,636            | 2,156,594            | 2,033,012            |
| MFA actuarial adjustment                         | -                    | 195,778              | 173,042              |
| Other  | 440,665              | 485,678              | 760,966              |
| <b>Total Revenues</b>                            | <b>26,598,437</b>    | <b>24,825,148</b>    | <b>26,480,326</b>    |
| <b>Expenses</b>                                  |                      |                      |                      |
| General government services                      | 2,451,534            | 2,343,604            | 2,255,522            |
| Protective services                              | 5,367,222            | 5,065,255            | 4,918,967            |
| Transportation services                          | 3,431,670            | 3,453,418            | 3,598,555            |
| Solid waste management and recycling             | 1,384,801            | 1,894,993            | 2,181,940            |
| Development services and planning                | 1,073,124            | 947,451              | 965,131              |
| Recreation and cultural services                 | 1,223,718            | 1,288,120            | 1,275,486            |
| Operations                                       | 3,689,426            | 3,884,417            | 3,644,723            |
| Other  | -                    | 256,246              | 656,616              |
| Interest expense                                 | 474,109              | 378,683              | 468,316              |
| Amortization                                     | 3,500,000            | 3,558,110            | 3,491,895            |
| <b>Total Expenses</b>                            | <b>22,595,604</b>    | <b>23,070,297</b>    | <b>23,457,151</b>    |
| Subtotal   | 4,002,833            | 1,754,851            | 3,023,175            |
| Loss on sale of tangible capital assets          | -                    | (7,706)              | (103,306)            |
| <b>Annual Surplus</b>                            | <b>4,002,833</b>     | <b>1,747,145</b>     | <b>2,919,869</b>     |
| Accumulated surplus at beginning of year         | 93,410,132           | 93,410,132           | 90,490,263           |
| <b>Accumulated surplus at end of year</b>        | <b>\$ 97,412,965</b> | <b>\$ 95,157,277</b> | <b>\$ 93,410,132</b> |

See accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

### FOR THE YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE INFORMATION FOR 2014

|   | 2015<br>BUDGET       | 2015<br>ACTUAL       | 2014<br>ACTUAL       |
|---|----------------------|----------------------|----------------------|
| <b>Annual Surplus</b>                       | \$ 4,002,833         | \$ 1,747,145         | \$ 2,919,869         |
| Tangible capital assets purchased           | (8,525,433)          | (2,900,700)          | (3,598,135)          |
| Amortization of tangible capital assets     | 3,500,000            | 3,558,110            | 3,491,895            |
| Loss on sale of tangible capital assets     | -                    | 7,706                | 103,306              |
| Proceeds on sale of tangible capital assets | 186,000              | 242,259              | 18,180               |
|   | (836,600)            | 2,654,520            | 2,935,115            |
| Use (acquisition) of supply inventory       | -                    | 3,412                | (88,722)             |
| Use (acquisition) of prepaid expense        | -                    | 39,077               | (254,664)            |
|   |                      | 42,489               | (343,386)            |
| Increase (decrease) in net financial assets | (836,600)            | 2,697,009            | 2,591,729            |
| Net financial assets at beginning of year   | 11,527,840           | 11,527,840           | 8,936,111            |
| <b>Net financial assets at end of year</b>  | <b>\$ 10,691,240</b> | <b>\$ 14,224,849</b> | <b>\$ 11,527,840</b> |

*See accompanying notes.*

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE INFORMATION FOR 2014

|   | 2015                 | 2014                 |
|---|----------------------|----------------------|
| <b>Operating transactions</b>                     |                      |                      |
| Annual surplus                                    | \$ 1,747,145         | \$ 2,919,869         |
| <b>Non-cash items:</b>                            |                      |                      |
| Amortization                                      | 3,558,110            | 3,491,895            |
| Prepaid expenses                                  | 39,077               | (254,664)            |
| Supply inventory                                  | 3,412                | (88,722)             |
| Loss on the sale of tangible capital assets       | 7,706                | 103,306              |
| Actuarial adjustments                             | (195,778)            | (173,042)            |
| <b>Changes to financial assets/liabilities:</b>   |                      |                      |
| Taxes and accounts receivable                     | 268,539              | (635,751)            |
| MFA cash deposits                                 | (4,579)              | (5,037)              |
| Property acquired for taxes                       | 22,599               | 6,794                |
| Accounts payable and accrued liabilities          | (4,566,781)          | 307,925              |
| Landfill closure                                  | 325,459              | 662,617              |
| Deferred revenue                                  | 266,628              | (1,694,460)          |
| MFA debt reserve                                  | 4,579                | 5,037                |
| <b>Cash provided by operating transactions</b>    | <b>1,476,116</b>     | <b>4,645,767</b>     |
| <b>Capital transactions</b>                       |                      |                      |
| Acquisition of tangible capital assets            | (2,900,700)          | (3,598,135)          |
| Proceeds from the sale of tangible capital assets | 242,259              | 18,180               |
| <b>Cash applied to capital transactions</b>       | <b>(2,658,441)</b>   | <b>(3,579,955)</b>   |
| <b>Financing transactions:</b>                    |                      |                      |
| Debt repayment                                    | (359,343)            | (359,344)            |
| <b>Cash applied to financing transactions</b>     | <b>(359,343)</b>     | <b>(359,344)</b>     |
| Increase in cash and cash equivalents             | (1,541,668)          | 706,468              |
| Cash and cash equivalents at beginning of year    | 25,497,351           | 24,790,883           |
| <b>Cash and cash equivalents at end of year</b>   | <b>\$ 23,955,683</b> | <b>\$ 25,497,351</b> |

*See accompanying notes.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

### 1. Trust Funds

The City operates the Quesnel municipal cemetery and maintains a cemetery perpetual care fund in accordance with the *Cremation, Interment and Funeral Services Act*. At December 31, 2015, the balance of the funds was \$210,860 (2014- \$207,140).

### 2. Cash and Cash Equivalents

|  | 2015                 | 2014                 |
|--|----------------------|----------------------|
| <b>Restricted cash and investments</b> |                      |                      |
| Statutory reserves                     | \$ 8,591,642         | \$ 7,479,532         |
| Deferred revenues                      | 1,421,185            | 1,154,557            |
|  | 10,012,827           | 8,634,088            |
| Unrestricted cash and investments      | 13,942,856           | 16,863,263           |
| <b>Total cash and investments</b>      | <b>\$ 23,955,683</b> | <b>\$ 25,497,351</b> |

### 3. Taxes and Accounts Receivable

|  | 2015                | 2014                |
|--|---------------------|---------------------|
| Property taxes                             | \$ 866,756          | \$ 576,192          |
| Federal government                         | 208,142             | 547,355             |
| Provincial government                      | 194,879             | 442,955             |
| Regional government                        | 672,177             | 465,756             |
| General                                    | 877,934             | 1,056,169           |
| <b>Total taxes and accounts receivable</b> | <b>\$ 2,819,888</b> | <b>\$ 3,088,427</b> |

### 4. Deposit and Reserve - Municipal Finance Authority

The Municipal Finance Authority of British Columbia (the Authority) provides capital financing for regional districts and their member municipalities. The Authority is required to establish a Debt Reserve Fund. The Authority must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the Authority to the regional districts.

Upon the maturity of the debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the City. The proceeds from these discharges will be credited to income in the year they are received. As of December 31, the total of the Debt reserve fund was comprised of:

|                 | 2015       | 2014       |
|-----------------|------------|------------|
| Cash deposits * | \$ 183,399 | \$ 178,820 |
| Demand notes    | 345,819    | 345,819    |
|                 | \$ 529,218 | \$ 524,639 |

\*Only the cash portion of MFA deposits is included as a financial asset.

### 5. Accounts Payable and Accrued Liabilities

|   | 2015                | 2014                |
|---|---------------------|---------------------|
| Federal government                                      | \$ -                | \$ 167              |
| Provincial government                                   | 45,974              | 66,109              |
| Recreation Grant/Donations to Cariboo Regional District | -                   | 4,323,909           |
| General   | 2,548,540           | 2,731,721           |
| Accrued interest  | 42,004              | 72,781              |
| Deposits  | 117,323             | 125,935             |
| <b>Total accounts payable and accrued liabilities</b>   | <b>\$ 2,753,841</b> | <b>\$ 7,320,622</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

### 6. Sanitary Landfill

|                            | 2015         | 2014         |
|----------------------------|--------------|--------------|
| Landfill closure liability | \$ 1,751,450 | \$ 1,425,991 |

The City of Quesnel currently operates a sanitary landfill site at Carson Pit road. The operation of this site is governed by the BC Ministry of Environment, Lands and Parks (MoELP) - Operational Certificate No. MR3132. The future closure and post-closure care of the site are also under the direction of the MoELP.

The City of Quesnel has a Memorandum of Understanding with the Cariboo Regional District for the operation of this landfill. As per the MOU the Cariboo Regional District is responsible for 34% of the post closure costs and the City is responsible for the remaining 66%. The estimated future closure and post closure costs have been updated as at December 31, 2014 based on a third party engineer's cost estimate dated April 11, 2014.

| <b>Operating Landfill</b>                                 | 2015                    | 2014                |
|---|-------------------------|---------------------|
| Estimated Future Closure and Post Closure Costs           | \$ 6,040,257            | \$ 6,161,062        |
| Discount Rate   | 3.00%                   | 4.05%               |
| Present Value of Estimated Closure and Post Closure Costs | \$ 3,764,089            | \$ 3,137,185        |
| Expected year capacity will be reached                    | 2031                    | 2031                |
| Capacity (tonnes)   |                         |                     |
| Used to Date  | 1,569,700               | 1,533,400           |
| Remaining   | 656,800                 | 693,100             |
| Total   | 2,226,500               | 2,226,500           |
| Percent Utilized  | 71%                     | 69%                 |
| <b>Liability Based on Percentage</b>                      | <b>\$ 2,653,712</b>     | <b>\$ 2,160,593</b> |
| <b>City's Portion of Liability</b>                        | 66% <b>\$ 1,751,450</b> | <b>\$ 1,425,991</b> |

### 7. Deferred Revenue

|                          | 2015                | 2014                |
|--------------------------|---------------------|---------------------|
| Development Cost Charges | \$ 784,333          | \$ 752,567          |
| Other                    | 636,852             | 401,990             |
|                          | <b>\$ 1,421,185</b> | <b>\$ 1,154,557</b> |

#### a. Development Cost Charges

Development Cost charges are restricted revenue liabilities representing funds received from developers and deposited into a separate reserve fund for capital expenses. In accordance with Canadian public sector accounting standards, the City records these funds as restricted revenue which is then recognized as revenue when the related costs are incurred.

|          | Opening Balance   | Receipts         | Interest         | Transfers Out | Closing Balance   |
|----------|-------------------|------------------|------------------|---------------|-------------------|
| Sanitary | \$ 93,862         | \$ 208           | 1,300            | \$ -          | \$ 95,370         |
| Water    | 358,367           | 8,544            | 5,018            |               | 371,929           |
| Storm    | 165,495           | 7,773            | 2,344            |               | 175,612           |
| Roads    | 129,212           | 3,210            | 1,810            |               | 134,232           |
| Parks    | 5,631             | 1,471            | 88               |               | 7,190             |
|          | <b>\$ 752,567</b> | <b>\$ 21,206</b> | <b>\$ 10,560</b> | <b>\$ -</b>   | <b>\$ 784,333</b> |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

### 8. Municipal Debt

Long-term debt is in the form of debentures issued through the Municipal Finance Authority of British Columbia ("MFA") pursuant to security issuing bylaws under authority of Section 179 of the Community Charter to finance certain capital expenditures. Sinking fund balances, managed by MFA, are used to reduce municipal debt.

|                        | Opening Balance | Additions | Principal Payments | Actuarial Adjustment * | Closing Balance |
|------------------------|-----------------|-----------|--------------------|------------------------|-----------------|
| <b>General Capital</b> |                 |           |                    |                        |                 |
| <b>MFA</b>             |                 |           |                    |                        |                 |
| 85 Fire Truck          | \$ 810,109      | \$ -      | \$ 23,047          | \$ 14,495              | \$ 772,567      |
| 95 New City Hall       | 4,475,318       | -         | 144,072            | 60,987                 | 4,270,259       |
| 99 Johnston Bridge     | 464,128         | -         | 79,863             | 29,435                 | 354,830         |
|                        | 5,749,555       | -         | 246,982            | 104,917                | 5,397,656       |

|                      |           |   |         |        |           |
|----------------------|-----------|---|---------|--------|-----------|
| <b>Water Capital</b> |           |   |         |        |           |
| 73 Southhills Water  | 1,209,250 | - | 99,447  | 80,584 | 1,029,219 |
| 77 Southhills Water  | 221,453   | - | 12,914  | 10,277 | 198,262   |
|                      | 1,430,703 | - | 112,361 | 90,861 | 1,227,481 |

|              |              |      |            |            |              |
|--------------|--------------|------|------------|------------|--------------|
| <b>Total</b> | \$ 7,180,258 | \$ - | \$ 359,343 | \$ 195,778 | \$ 6,625,137 |
|--------------|--------------|------|------------|------------|--------------|

|                        | Gross Debt   | Reduction Due To Sinking Fund Assets | Closing Balance |
|------------------------|--------------|--------------------------------------|-----------------|
| <b>General Capital</b> |              |                                      |                 |
| <b>MFA</b>             |              |                                      |                 |
| 85 Fire Truck          | \$ 1,100,000 | \$ 327,433                           | \$ 772,567      |
| 95 New City Hall       | 6,000,000    | 1,729,741                            | 4,270,259       |
| 99 Johnston Bridge     | 1,200,000    | 845,170                              | 354,830         |
|                        | 8,300,000    | 2,902,344                            | 5,397,656       |

|                      |           |           |           |
|----------------------|-----------|-----------|-----------|
| <b>Water Capital</b> |           |           |           |
| 73 Southhills Water  | 3,000,000 | 1,970,781 | 1,029,219 |
| 77 Southhills Water  | 427,000   | 228,738   | 198,262   |
|                      | 3,427,000 | 2,199,519 | 1,227,481 |

|              |               |              |              |
|--------------|---------------|--------------|--------------|
| <b>Total</b> | \$ 11,727,000 | \$ 5,101,863 | \$ 6,625,137 |
|--------------|---------------|--------------|--------------|

The following principal amounts are payable over the next five years:

|             | 2016       | 2017       | 2018       | 2019       | 2020       |
|-------------|------------|------------|------------|------------|------------|
| General     | \$ 246,983 | \$ 246,983 | \$ 246,983 | \$ 167,121 | \$ 167,121 |
| Water Funds | 112,361    | 112,361    | 112,361    | 112,361    | 112,361    |
|             | \$ 359,344 | \$ 359,344 | \$ 359,344 | \$ 279,482 | \$ 279,482 |

\* Actuarial Adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of the outstanding debt.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

### 9. Tangible Capital Assets

|                                      | 2015                 | 2014                 |
|--------------------------------------|----------------------|----------------------|
| Land                                 | \$ 11,707,963        | \$ 11,741,741        |
| Land Improvements                    | 12,731,738           | 12,821,059           |
| Buildings                            | 11,421,773           | 11,739,013           |
| Roads                                | 16,892,542           | 16,639,390           |
| Machinery & Equipment                | 3,474,993            | 3,522,812            |
| Water Systems                        | 13,113,785           | 13,557,627           |
| Sewer Systems                        | 3,129,451            | 3,274,364            |
| Drainage Systems                     | 5,098,705            | 5,314,129            |
| Furniture & Eqpt & Technology        | 597,618              | 617,767              |
| Motor Vehicles                       | 1,506,810            | 1,730,524            |
| Construction in Progress             | 570,491              | 194,818              |
| <b>Total Tangible Capital Assets</b> | <b>\$ 80,245,869</b> | <b>\$ 81,153,244</b> |

#### Works of Art/Historical Treasures

The City owns a number of works of art/historical treasures which include all historical items in the museum, the Gold Pan, the Caboose at West Fraser Timber Park and the various artifacts on the River Walk including the steam shovel, waterwheel and the bulldozer.

For additional information, see the Consolidated Schedule of Tangible Capital Assets. *(Schedule 1)*

### 10. Equity in Tangible Assets

Equity in tangible capital assets (TCA) represents the net book value (NBV) of total tangible capital assets less long term obligations to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

|                                   | 2015                 | 2014                 |
|-----------------------------------|----------------------|----------------------|
| Equity in TCA, beginning of year  | \$ 73,972,986        | \$ 73,455,847        |
| Add:                              |                      |                      |
| Capital Acquisitions              | 2,900,700            | 3,598,135            |
| Debt principal payment            | 359,343              | 359,344              |
| Actuarial Adjustment              | 195,778              | 173,042              |
| Less:                             |                      |                      |
| Dispositions at NBV               | (249,965)            | (121,487)            |
| Amortization                      | (3,558,110)          | (3,491,895)          |
| <b>Equity in TCA, end of year</b> | <b>\$ 73,620,732</b> | <b>\$ 73,972,986</b> |

### 11. Net Taxation and Grants In Lieu

| <b>Taxes collected</b>          | 2015                 | 2014                 |
|---------------------------------|----------------------|----------------------|
| Property Taxes                  | \$ 23,328,468        | \$ 22,700,554        |
| Special Assessments             | 182,000              | 180,707              |
| 1% Utility Tax                  | 707,517              | 706,718              |
| Grants in Lieu of Taxes         | 146,332              | 146,820              |
| Penalties and Interest on taxes | 136,224              | 140,208              |
| <b>Total Taxes Collected</b>    | <b>\$ 24,500,541</b> | <b>\$ 23,875,007</b> |

| <b>Less transfers to other governments</b>        | 2015                 | 2014                 |
|---|----------------------|----------------------|
| School District                                   | \$ 4,082,537         | \$ 4,092,545         |
| Regional District                                 | 3,024,431            | 2,707,400            |
| Regional Hospital District                        | 1,068,598            | 1,088,083            |
| Other   | 131,142              | 136,963              |
|   | <b>8,306,708</b>     | <b>8,024,991</b>     |
| <b>Net Taxes Available for Municipal Purposes</b> | <b>\$ 16,193,833</b> | <b>\$ 15,850,016</b> |

# TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

### 12. Sale of Services, User Rate, Rentals

|                                | 2015                | 2014                |
|--------------------------------|---------------------|---------------------|
| Transit user fees              | \$ 121,299          | \$ 133,115          |
| Airport user fees              | 248,854             | 246,782             |
| Airport fuel sales             | 365,906             | 562,505             |
| Garbage Fees                   | 860,359             | 831,681             |
| Rentals, licenses and permits  | 429,710             | 338,421             |
| Other                          | 76,385              | 223,651             |
| <b>Total Sale of Services</b>  | <b>\$ 2,102,513</b> | <b>\$ 2,336,155</b> |
| Water user rates               | \$ 1,202,968        | \$ 1,131,296        |
| Sewer user rates               | 953,626             | 901,716             |
| <b>Total Utility User Fees</b> | <b>\$ 2,156,594</b> | <b>\$ 2,033,012</b> |

### 13. Government Transfers

|                                       | 2015                | 2014                |
|---------------------------------------|---------------------|---------------------|
| Federal: Conditional transfers        | \$ 118,539          | \$ 418,275          |
| Provincial: Conditional transfers     | 795,669             | 818,841             |
| Unconditional transfers               | 466,545             | 302,636             |
| Regional/Other: Conditional transfers | 744,048             | 2,533,877           |
| <b>Total Government Transfers</b>     | <b>\$ 2,124,801</b> | <b>\$ 4,073,629</b> |

### 14. Expenses by Object

|                                     | 2015                 | 2014                 |
|-------------------------------------|----------------------|----------------------|
| Goods and Services                  | \$ 4,171,625         | \$ 4,803,491         |
| Salary, Wages & Benefits            | 9,161,200            | 8,787,316            |
| RCMP Contract                       | 2,230,853            | 2,139,978            |
| Contractors/Subcontractors          | 2,171,267            | 1,955,405            |
| Utilities - Electricity/Natural Gas | 796,196              | 793,750              |
| Other                               | 256,246              | 656,616              |
| Amortization                        | 3,558,110            | 3,491,895            |
| Insurance                           | 346,117              | 360,384              |
| Interest and Finance Charges        | 378,683              | 468,316              |
| <b>Total Expenses</b>               | <b>\$ 23,070,297</b> | <b>\$ 23,457,151</b> |

### 15. Financial Instruments and Risk Management

The City's financial instruments consist of cash and investments, taxes and accounts receivable, accounts payable and accrued liabilities and municipal debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The City is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

### 16. Commitments and Contingencies

a. The City is jointly and severally liable under the provisions of Sections 826 of the Local Government Act for any default on monies borrowed by the Cariboo Regional District.

#### b. Revitalization Tax Exemption Program:

The City is committed under Bylaw 1593, cited as City of Quesnel Revitalization Tax Exemption Program Bylaw and adopted under the provisions of Section 226 of the Community Charter, to provide municipal tax relief to West Fraser Mills Ltd. The Bylaw provides that the City may designate an area as a revitalization area and establish a tax revitalization program for that area.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

### 16. Commitments and Contingencies - *continued*

#### b. Revitalization Tax Exemption Program: - *continued*

The Bylaw provides tax relief for a period of 5 years, with a renewal period of a further 5 years. The City has agreed to give tax relief to a maximum of \$6,000,000, divided in equal amounts of \$600,000 over the 10 year term. The first fiscal year impacted by the tax relief program was 2007. The last year will be 2016.

#### c. Municipal Insurance Association:

The City is a subscribed member of the Municipal Insurance Association of British Columbia (the "Exchange") as provided by section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the City is assessed a premium and specific deductible for its claims based on population. The obligation of the City with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange is in every case several, not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscribers may suffer.

#### d. Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2014, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The City of Quesnel paid \$767,362 for employer contributions to the plan in fiscal 2015, which represents 0.04% of the total plan contributions. The City of Quesnel expects to pay \$783,000 for employer contributions in the next fiscal year.

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 pension 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 Quesnel paid \$767,362 for employer contributions to the Plan in fiscal 2015 (\$737,246 - 2014).

#### e. Co-ownership Agreement for the Quesnel Library

The City and the Cariboo Regional District (the "District") completed a co-ownership agreement for the Quesnel Library in 2009, which is now housed in City Hall.

Under the agreement, the District purchased a 24% undivided fee simple interest in the building which enabled the occupation by the District of the first floor for use as a regional library. The price for this 24% interest was \$1,145,000. The City purchased the existing library site from the District for \$122,000.

If the City opts out of the library function within 10 years, it will repurchase the District's interest for \$1,145,000, together with tenant improvements incurred by the District. If the City opts out of the library function after 10 years, the repurchase price will be determined by an independent appraiser but will not exceed the original purchase price of \$1,145,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

### 16. Commitments and Contingencies - *continued*

#### e. Co-ownership Agreement for the Quesnel Library - *continued*

If the District opts to leave within 10 years, the City will repurchase the District's interest for \$1,145,000. If the District opts to leave after 10 years, the City will repurchase the interest for a price to be determined by an independent appraiser, but not in excess of \$1,145,000.

#### f. The City is obligated to collect and transmit property taxes levied on City of Quesnel property owners in respect of the following bodies:

- Ministry of Finance, Province of British Columbia
- Cariboo Regional District
- Cariboo Regional Hospital District
- Cariboo - Chilcotin Regional Hospital District
- British Columbia Assessment Authority
- Municipal Finance Authority

### 17. 2015 Budget

The budget amounts presented throughout these financial statements represent the five year financial plan approved by the Mayor and Council on May 5, 2015. The budget for QCEDC was approved by their Board and forwarded to the City for Council's approval and incorporation into the five year financial plan approved May 5, 2015.

On November 2, 2015, an amendment to the five year financial plan was adopted by Council to reflect additional funds used from the Capital Reinvestment Fund for road work, a capital project to install utilities for the West Fraser Centre and to utilize Gas Tax Funds for an Active Transportation Plan.

### 18. Segmented Information

The City of Quesnel is a diversified local government providing a wide range of services to approximately 10,000 residents, including general government, water, sewer, transit and airport services. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment as well as amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. Segmented information has been presented in Schedule 3. The segments include:

- General Government which provides services for transportation, fire protection, policing, planning and development, solid waste management, recreation and cultural services, cemetery and general administration.
- Water which provides water production and distribution services.
- Sewer which provides wastewater collection and maintains a contract with Cariboo Pulp and Paper for wastewater treatment.
- Transit which administers all transit operations in Quesnel, including a fixed bus route service and a handiDart Service.
- Airport which operates the City's airport, which currently has one major carrier operating flights to Vancouver.

### 19. Change in Accounting Policy

The City of Quesnel adopted Public Sector Accounting Board Standard PS 3260 Liability for Contaminated Sites effective January 1, 2015. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The City of Quesnel adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

# CONSOLIDATED TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31, 2015 | SCHEDULE 1

|                                    | Land                 | Land Improvements    | Buildings            | Roads                | Machinery & Equipment | Engineering Structures |                     |                     |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|---------------------|---------------------|
|                                    |                      |                      |                      |                      |                       | Water                  | Sewer               | Drainage            |
| <b>Historical Cost</b>             |                      |                      |                      |                      |                       |                        |                     |                     |
| Opening Balance                    | \$ 11,741,741        | \$ 22,045,631        | \$ 18,084,122        | \$ 30,555,061        | \$ 6,942,682          | \$ 27,622,137          | \$ 8,205,559        | \$ 10,836,689       |
| Additions                          | 116,627              | 511,285              | 118,762              | 1,059,905            | 372,025               | 126,241                | -                   | 65,000              |
| Disposals                          | (150,405)            | (338,704)            | -                    | (230,798)            | (217,301)             | (30,194)               | -                   | -                   |
| <b>Closing Balance End of Year</b> | <b>11,707,963</b>    | <b>22,218,212</b>    | <b>18,202,884</b>    | <b>31,384,168</b>    | <b>7,097,406</b>      | <b>27,718,184</b>      | <b>8,205,559</b>    | <b>10,901,689</b>   |
| <b>Accumulated Amortization</b>    |                      |                      |                      |                      |                       |                        |                     |                     |
| Opening Balance                    | -                    | 9,224,572            | 6,345,109            | 13,915,671           | 3,419,870             | 14,064,510             | 4,931,195           | 5,522,560           |
| Amortization Expense               | -                    | 578,845              | 436,003              | 730,294              | 419,843               | 570,083                | 144,913             | 280,424             |
| Effects of Disposals               | -                    | (316,943)            | -                    | (154,339)            | (217,301)             | (30,194)               | -                   | -                   |
| <b>Closing Balance end of Year</b> | <b>-</b>             | <b>9,486,474</b>     | <b>6,781,112</b>     | <b>14,491,626</b>    | <b>3,622,412</b>      | <b>14,604,399</b>      | <b>5,076,108</b>    | <b>5,802,984</b>    |
| <b>Net Book Value</b>              |                      |                      |                      |                      |                       |                        |                     |                     |
| <b>End of Year</b>                 | <b>\$ 11,707,963</b> | <b>\$ 12,731,738</b> | <b>\$ 11,421,772</b> | <b>\$ 16,892,542</b> | <b>\$ 3,474,994</b>   | <b>\$ 13,113,785</b>   | <b>\$ 3,129,451</b> | <b>\$ 5,098,705</b> |

|                                    | Furniture, Eqpt, & Technology | Motor Vehicles      | Construction In Progress | 2015 Total           |                      | 2014 Total |  |
|------------------------------------|-------------------------------|---------------------|--------------------------|----------------------|----------------------|------------|--|
|                                    |                               |                     |                          |                      |                      |            |  |
| <b>Historical Cost</b>             |                               |                     |                          |                      |                      |            |  |
| Opening Balance                    | \$ 1,387,801                  | \$ 6,060,389        | \$ 194,818               | \$ 143,676,630       | \$ 140,661,450       |            |  |
| Additions                          | 126,547                       | 28,635              | 375,673                  | 2,900,700            | 3,598,134            |            |  |
| Disposals                          | (98,498)                      | -                   | -                        | (1,065,900)          | (582,954)            |            |  |
| <b>Closing Balance end of Year</b> | <b>1,415,850</b>              | <b>6,089,024</b>    | <b>570,491</b>           | <b>145,511,430</b>   | <b>143,676,630</b>   |            |  |
| <b>Accumulated Amortization:</b>   |                               |                     |                          |                      |                      |            |  |
| Opening Balance                    | 770,034                       | 4,329,865           | -                        | 62,523,386           | 59,492,960           |            |  |
| Amortization Expense               | 145,356                       | 252,349             | -                        | 3,558,110            | 3,491,894            |            |  |
| Effects of Disposals               | (97,158)                      | -                   | -                        | (815,935)            | (461,468)            |            |  |
| <b>Closing Balance end of Year</b> | <b>818,232</b>                | <b>4,582,214</b>    | <b>-</b>                 | <b>65,265,561</b>    | <b>62,523,386</b>    |            |  |
| <b>Net Book Value</b>              |                               |                     |                          |                      |                      |            |  |
| <b>End of Year</b>                 | <b>\$ 597,618</b>             | <b>\$ 1,506,810</b> | <b>\$ 570,491</b>        | <b>\$ 80,245,869</b> | <b>\$ 81,153,244</b> |            |  |

## CONSOLIDATED STATEMENT OF STATUTORY RESERVE FUND ACTIVITIES

YEAR ENDED DECEMBER 31, 2015 | SCHEDULE 2

|                        | Capital<br>Reinvestment | Other<br>Capital<br>Reserves | General<br>Capital | Land Sales   | West<br>Quesnel<br>Land<br>Stability | Tax<br>Stabilization | Park<br>Reserve | 2015 Total   | 2014 Total   |
|------------------------|-------------------------|------------------------------|--------------------|--------------|--------------------------------------|----------------------|-----------------|--------------|--------------|
| <b>Opening Balance</b> | \$ 1,822,059            | \$ 544,529                   | \$ 2,899,493       | \$ 1,175,940 | \$ 215,059                           | \$ 819,717           | \$ 2,735        | \$ 7,479,532 | \$ 7,428,988 |
| Transfers In           | 2,247,789               | 50,000                       | 1,029,500          | 193,039      | 1,707,402                            | 98,894               | -               | 5,326,624    | 3,100,342    |
| Interest Earned        | 32,407                  | 7,398                        | 35,584             | 9,544        | 14,198                               | 11,161               | 38              | 110,329      | 116,161      |
| Transfers Out          | (1,207,755)             | (69,827)                     | (1,671,362)        | (1,165,485)  | (85,414)                             | (125,000)            | -               | (4,324,843)  | (3,165,959)  |
| <b>Closing Balance</b> | \$ 2,894,500            | \$ 532,100                   | \$ 2,293,215       | \$ 213,038   | \$ 1,851,245                         | \$ 804,772           | \$ 2,773        | \$ 8,591,642 | \$ 7,479,532 |

# SEGMENTED STATEMENT

## YEAR ENDED DECEMBER 31, 2015 | SCHEDULE 3

|   | ACTUAL 2015   |             |            |            |            |              |               |
|---|---------------|-------------|------------|------------|------------|--------------|---------------|
|   | GENERAL       | QCEDC       | WATER      | SEWER      | TRANSIT    | AIRPORT      | TOTAL         |
| <b>Revenues</b>                         |               |             |            |            |            |              |               |
| Property taxes and grants in lieu       | \$ 14,622,570 | \$ -        | \$ 742,367 | \$ 216,649 | \$ 366,529 | \$ 245,718   | \$ 16,193,833 |
| Sale of services                        | 1,267,218     | 13,375      | 65,472     | 20,389     | 121,299    | 614,760      | 2,102,513     |
| Government grants                       | 2,081,409     | 33,392      | 10,000     | -          | -          | -            | 2,124,801     |
| Donations                               | 17,059        | -           | -          | -          | -          | -            | 17,059        |
| Services provided to other governments  | 1,045,542     | 102,552     | -          | -          | 91,784     | -            | 1,239,878     |
| Investment income                       | 209,385       | -           | 56,706     | 32,606     | 4,605      | 5,712        | 309,014       |
| Utility user fees                       | -             | -           | 1,202,968  | 953,626    | -          | -            | 2,156,594     |
| MFA actuarial adjustment                | 104,917       | -           | 90,861     | -          | -          | -            | 195,778       |
| Other                                   | 451,030       | -           | 1,226      | -          | -          | 33,422       | 485,678       |
|   | 19,799,130    | 149,319     | 2,169,600  | 1,223,270  | 584,217    | 899,612      | \$ 24,825,148 |
| <b>Expenses</b>                         |               |             |            |            |            |              |               |
| General government services             | 2,343,604     | -           | -          | -          | -          | -            | 2,343,604     |
| Protective services                     | 5,065,255     | -           | -          | -          | -          | -            | 5,065,255     |
| Transportation services                 | 3,453,418     | -           | -          | -          | -          | -            | 3,453,418     |
| Solid waste management and recycling    | 1,894,993     | -           | -          | -          | -          | -            | 1,894,993     |
| Development services and planning       | 703,590       | 243,861     | -          | -          | -          | -            | 947,451       |
| Recreation and cultural services        | 1,288,120     | -           | -          | -          | -          | -            | 1,288,120     |
| Operations                              | 285,897       | -           | 1,359,563  | 694,342    | 563,622    | 980,993      | 3,884,417     |
| Other                                   | 256,246       | -           | -          | -          | -          | -            | 256,246       |
| Interest expense                        | 302,659       | -           | 76,024     | -          | -          | -            | 378,683       |
| Amortization                            | 2,432,212     | 1,553       | 585,337    | 157,953    | -          | 381,055      | 3,558,110     |
|   | 18,025,994    | 245,414     | 2,020,924  | 852,295    | 563,622    | 1,362,048    | 23,070,297    |
| Subtotal                                | 1,773,136     | (96,095)    | 148,676    | 370,975    | 20,595     | (462,436)    | 1,754,851     |
| Loss on sale of tangible capital assets | (6,368)       | (1,338)     | -          | -          | -          | -            | (7,706)       |
| <b>Annual Surplus</b>                   | \$ 1,766,768  | \$ (97,433) | \$ 148,676 | \$ 370,975 | \$ 20,595  | \$ (462,436) | \$ 1,747,145  |

Note: QCEDC stands for the Quesnel Community and Economic Development (2002) Corporation



**QUESNEL COMMUNITY AND  
ECONOMIC DEVELOPMENT (2002) CORPORATION  
FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2015, WITH COMPARATIVE INFORMATION FOR 2014 (UNAUDITED)

|  | 2015             | 2014              |
|--|------------------|-------------------|
| <b>Financial Assets</b>                  |                  |                   |
| Cash and cash equivalents                | \$ 26,011        | \$ 57,015         |
| Accounts receivable                      | 31,060           | 108,760           |
|  | <u>57,071</u>    | <u>165,775</u>    |
| <b>Liabilities</b>                       |                  |                   |
| Accounts payable and accrued liabilities | 5,811            | 19,973            |
|  | <u>5,811</u>     | <u>19,973</u>     |
| <b>Net Financial Assets</b>              | <u>51,260</u>    | <u>145,802</u>    |
| <b>Non-Financial Assets</b>              |                  |                   |
| Tangible capital assets                  | -                | 2,891             |
|  | <u>-</u>         | <u>2,891</u>      |
| <b>Shareholder's Equity</b>              | <u>\$ 51,260</u> | <u>\$ 148,693</u> |
| <b>Represented By</b>                    |                  |                   |
| Share Capital                            | \$ 1             | \$ 1              |
| Shareholder's Equity                     | 51,259           | 145,801           |
| Equity in tangible capital assets        | 0                | 2,891             |
|  | <u>\$ 51,260</u> | <u>\$ 148,693</u> |



Kari Bolton, CPA, CMA  
 Director of Corporate and Financial Services

**STATEMENT OF OPERATIONS**

FOR THE YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE INFORMATION FOR 2014 (UNAUDITED)

|  | 2015<br>BUDGET    | 2015<br>ACTUAL   | 2014<br>ACTUAL    |
|--|-------------------|------------------|-------------------|
| <b>Revenues</b>                            |                   |                  |                   |
| City of Quesnel                            | \$ 50,000         | \$ 49,218        | \$ 155,000        |
| Cariboo Regional District                  | 41,000            | 23,334           | 35,512            |
| Cariboo Chilcotin Hospital District        | 30,000            | 30,000           |                   |
| Grants                                     | 64,860            | 33,392           | 71,431            |
| Rent                                       | -                 | -                | 4,430             |
| Project Administration                     | 4,040             | 5,706            | 75,139            |
| Other                                      | -                 | 7,669            | 10,647            |
| <b>Total Revenues</b>                      | <b>189,900</b>    | <b>149,319</b>   | <b>352,159</b>    |
| <b>Expenses</b>                            |                   |                  |                   |
| Board Expenses                             | 100               | 163              | 2,336             |
| General Administration                     | 157,088           | 142,806          | 159,515           |
| Project Administration                     | 181,500           | 100,892          | 157,971           |
| Amortization                               | 1,500             | 1,553            | 1,948             |
| Other                                      | -                 | -                | -                 |
| <b>Total Expenses</b>                      | <b>340,188</b>    | <b>245,414</b>   | <b>321,770</b>    |
| Subtotal                                   | (150,288)         | (96,095)         | 30,389            |
| Loss on sale of tangible capital assets    | -                 | (1,338)          | -                 |
| <b>Annual Surplus</b>                      | <b>(150,288)</b>  | <b>(97,433)</b>  | <b>30,389</b>     |
| Shareholder's Equity at beginning of year  | 148,693           | 148,693          | 118,304           |
| <b>Shareholder's Equity at end of year</b> | <b>\$ (1,595)</b> | <b>\$ 51,260</b> | <b>\$ 148,693</b> |

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE INFORMATION FOR 2014 (UNAUDITED)

|   | 2015<br>BUDGET    | 2015<br>ACTUAL   | 2014<br>ACTUAL    |
|---|-------------------|------------------|-------------------|
| <b>Annual Surplus</b>                       | \$ (150,288)      | \$ (97,433)      | \$ 30,389         |
| Tangible capital assets purchased           | -                 | -                | -                 |
| Amortization of tangible capital assets     | 1,500             | 1,553            | 1,948             |
| Loss on sale of tangible capital assets     | -                 | 1,338            | -                 |
| Proceeds on sale of tangible capital assets | -                 | -                | -                 |
| Writedowns on tangible capital assets       | -                 | -                | -                 |
|   | <b>(148,788)</b>  | <b>(94,542)</b>  | <b>32,337</b>     |
| Acquisition of supply inventory             | -                 | -                | -                 |
| Acquisition of prepaid expense              | -                 | -                | -                 |
| Consumption of supply inventory             | -                 | -                | -                 |
| Use of prepaid expense                      | -                 | -                | -                 |
|   | -                 | -                | -                 |
| Increase (decrease) in net financial assets | <b>(148,788)</b>  | <b>(94,542)</b>  | <b>32,337</b>     |
| Net financial assets at beginning of year   | 145,802           | 145,802          | 113,465           |
| <b>Net financial assets at end of year</b>  | <b>\$ (2,986)</b> | <b>\$ 51,260</b> | <b>\$ 145,802</b> |

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE INFORMATION FOR 2014 (UNAUDITED)

|  | 2015             | 2014             |
|--|------------------|------------------|
| <b>Operating transactions</b>                            |                  |                  |
| Annual surplus   | \$ (97,433)      | \$ 30,389        |
| <b>Non-cash items:</b>                                   |                  |                  |
| Amortization   | 1,553            | 1,948            |
| Loss on the sale of tangible capital assets              | 1,338            | -                |
| <b>Changes to financial assets/liabilities:</b>          |                  |                  |
| Decrease in accounts receivable                          | 77,700           | (4,404)          |
| Increase in accounts payable                             | (14,162)         | 10,294           |
| Decrease in due to City of Quesnel                       | -                | -                |
| <b>Cash provided by (used in) operating transactions</b> | <b>(31,004)</b>  | <b>(1,773)</b>   |
| <b>Capital transactions</b>                              |                  |                  |
| Acquisition of tangible capital assets                   | -                | -                |
| Proceeds from the sale of tangible capital assets        | -                | -                |
| Write down of tangible capital assets                    | -                | -                |
| <b>Cash applied to capital transactions</b>              | <b>-</b>         | <b>-</b>         |
| <b>Financing transactions</b>                            |                  |                  |
| Proceeds from debt issues                                | -                | -                |
| Debt forgiven  | -                | -                |
| Cash applied to financing transactions                   | -                | -                |
| Increase (decrease) in cash and cash equivalents         | (31,004)         | (1,773)          |
| Cash and cash equivalents at beginning of year           | 57,015           | 58,788           |
| <b>Cash and cash equivalents end of year</b>             | <b>\$ 26,011</b> | <b>\$ 57,015</b> |