



**Annual Financial Statements
For the year ended December 31, 2016**

Mayor & Council 2016

Mayor

Bumstead, Dale

Councillors

Gevatkoff, Paul

McFadyen, Terry

Parslow, Charlie

Rogers, Mark

Shuman, Cheryl

Wilbur, Shaely

City Hall Officials

Chief Administrative Officer
Chief Financial Officer
Director of Corporate Administration
Director of Development Services
Director of Infrastructure
Director of Community Services
Fire Chief
Banker
Auditor

Jim Chute
Shelly Woolf
Brenda Ginter
Kevin Henderson
Shawn Dahlen
Duncan Redfearn
Gordon (Shorty) Smith
TD Canada Trust
Sander Rose Bone Grindle LLP

THE CORPORATION OF THE CITY OF DAWSON CREEK
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DECEMBER 31, 2016

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MANAGEMENT'S REPORT

Management's Responsibility for the Consolidated Financial Statements

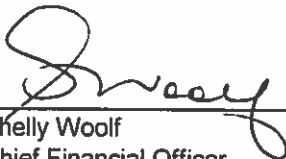
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

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

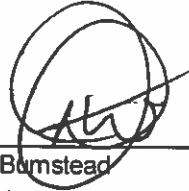
The Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises these responsibilities through regular council meetings. The Mayor and Council review internal consolidated financial statements on a quarterly basis and external audited consolidated financial statements yearly.

The external auditors, Sander Rose Bone Grindle LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Corporation of the City of Dawson Creek and meet when required.

On behalf of the Corporation of the City of Dawson Creek



Shelly Woolf
Chief Financial Officer



Dale Burnstead
Mayor

Partners

- * Ben Sander, B. Comm., FCPA, FCA
- * Dale J. Rose, CPA, CA
- * Alan Bone, B. Comm., CPA, CA
- * Jason Grindle, B. Comm., CPA, CA
- * Jaron Neufeld, B. Comm., CPA, CA

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Independent Auditor's Report

To the Mayor and Council of the Corporation of the City of Dawson Creek

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the City of Dawson Creek, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations and changes in surplus, changes in net debt and cash flows 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 consolidated financial statements in accordance with 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.

Auditor's 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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

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 entity'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 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Dawson Creek as at December 31, 2016 and its results of operations and cash flows and changes in net debt for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Dawson Creek, BC
May 8, 2017

Sander Rose Bone Grindle LLP
Chartered Professional Accountants



Member, Chartered Professional Accountants of British Columbia and Alberta

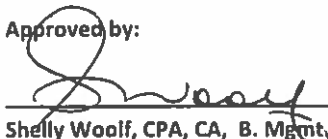
* Denotes Professional Corporations

THE CORPORATION OF THE CITY OF DAWSON CREEK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2016

	2016	2015
Financial Assets		
Cash (Note 3)	\$ 28,895,732	\$ 27,703,246
Receivables (Note 4)	5,559,117	5,314,446
Inventory of property held for resale (Note 5)	-	-
Municipal finance authority deposits and demand notes (Note 6)	2,476,124	2,483,822
	36,930,973	35,501,514
Liabilities		
Temporary Borrowing (Note 7)	173,226	260,336
Payables (Note 8)	8,899,277	9,301,161
Accrued interest on long term debt	285,867	290,176
Deferred revenue	1,778,284	2,351,230
Municipal finance authority debt reserve (Note 6)	2,476,124	2,483,822
Debenture debt (Note 9)	33,613,378	36,832,820
Deferred capital contribution (Note 10)	8,981,285	10,640,277
	56,207,441	62,159,822
Net Debt	(19,276,468)	(26,658,308)
Non Financial Assets		
Prepaid expenses	209,469	365,494
Inventory of supplies held for consumption	351,397	346,459
Tangible capital assets (Note 11)	207,804,725	202,894,147
	208,365,591	203,606,100
Accumulated Surplus (Note 12)	\$ 189,089,123	\$ 176,947,792

See accompanying notes to consolidated financial statements

Approved by:


Shelly Woolf, CPA, CA, B. Mgmt., Chief Financial Officer

THE CORPORATION OF THE CITY OF DAWSON CREEK

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGE IN SURPLUS

December 31, 2016

	2016 Actual	2016 Budget (unaudited)	2015 Actual
Revenue			
Net municipal property taxes (Note 13)	\$ 16,434,556	\$ 16,466,499	\$ 16,011,097
Grants in lieu of taxes	709,594	707,387	636,385
Sale of services	3,180,750	3,158,018	3,205,559
Other revenue from own sources	3,764,589	3,584,865	2,742,051
Government transfers (Note 14)	18,545,864	20,365,303	17,306,964
Return on investments	394,735	287,327	382,723
Amortization of deferred capital contribution	1,658,992	-	1,658,992
Utility fees	9,012,199	8,743,096	9,084,453
Actuarial adjustment	646,392	-	589,219
Loss on sale of asset	(495,559)	-	(674,231)
	53,852,112	53,312,495	50,943,212
Expenses			
General government services	3,930,057	4,267,000	3,734,165
Protective services	8,023,803	8,464,009	7,659,585
Transportation services	7,902,618	7,858,869	7,139,322
Air transport	1,339,818	1,252,085	1,283,211
Environmental waste services	818,537	695,647	694,779
Public health and welfare	114,653	124,177	85,247
Environmental development services	1,373,364	1,839,422	1,108,679
Recreational and cultural services	12,249,746	12,501,749	13,223,736
Water and sewer utility services	5,958,185	6,717,963	6,465,711
	41,710,781	43,720,921	41,394,435
Annual Surplus	12,141,331	9,591,574	9,548,777
Accumulated surplus, beginning of year	176,947,792	176,947,792	167,399,015
Accumulated surplus, end of year	\$ 189,089,123	\$ 186,539,366	\$ 176,947,792

See accompanying notes to consolidated financial statements

THE CORPORATION OF THE CITY OF DAWSON CREEK
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
December 31, 2016

	2016	2015	2015
	Actual	Budget (unaudited)	Actual
Annual Surplus	\$ 12,141,331	\$ 9,591,574	\$ 9,548,777
Amortization of tangible capital assets	7,949,957	8,006,101	7,486,348
Acquisition of tangible capital assets	(13,367,839)	(21,318,396)	(11,372,282)
Loss on sale of tangible capital assets	495,559	-	674,231
Proceeds on sale of tangible capital assets	11,745	-	187,616
Acquisition of prepaid expenses	(377,967)	-	(365,494)
Use of prepaid expenses	533,993	-	137,336
Acquisition of supplies inventory	(458,645)	-	(638,691)
Consumption of supplies inventory	453,706	-	588,879
Decrease (Increase) in net debt	7,381,840	(3,720,721)	6,246,720
Net Debt, beginning of year	(26,658,308)	(26,658,308)	(32,905,028)
Net Debt, end of year	\$ (19,276,468)	\$ (30,379,029)	\$ (26,658,308)

See accompanying notes to consolidated statements

THE CORPORATION OF THE CITY OF DAWSON CREEK

CONSOLIDATED STATEMENT OF CASH FLOWS

December 31, 2016

	2016	2015
Operating Activities		
Annual surplus	\$ 12,141,331	\$ 9,548,777
Add (deduct) non-cash items:		
Actuarial adjustment	(646,392)	(589,219)
Loss on sale of tangible capital assets	495,559	674,231
Amortization of tangible capital assets	7,949,957	7,486,350
Amortization of deferred capital contribution	(1,658,992)	(1,658,992)
	18,281,463	15,461,147
(Increase) in receivables	(244,671)	(1,013,251)
Decrease (Increase) in prepaid expenses	156,025	(228,158)
(Increase) in inventory of supplies held for consumption	(4,938)	(49,813)
(Decrease) Increase in payables	(401,884)	775,781
(Decrease) Increase in accrued interest on long term debt	(4,310)	40,235
(Decrease) Increase in deferred revenue	(572,946)	451,721
	17,208,739	15,437,663
Capital Activities		
Acquisition of tangible capital assets	(13,367,839)	(11,372,282)
Proceeds on sale of tangible capital assets	11,745	187,616
	(13,356,094)	(11,184,666)
Financing Activities		
Debenture debt proceeds	-	9,076,792
Temporary borrowing proceeds	-	309,126
Temporary borrowing repayment	(87,110)	(8,091,965)
Debenture debt principal repayment	(2,573,050)	(2,276,208)
	(2,660,160)	(982,255)
Change in Cash and Investments	1,192,485	3,270,742
Cash and Investments, beginning of year	27,703,246	24,432,504
Cash and Investments, end of year	\$ 28,895,732	\$ 27,703,246
Cash and investments consist of the following:		
Petty Cash	\$ 78,835	\$ 25,470
Bank	6,857,627	7,506,872
Reserve deposits	21,959,270	20,170,904
	\$ 28,895,732	\$ 27,703,246

See accompanying notes to consolidated financial statements

General

The City of Dawson Creek is incorporated under the provisions of the British Columbia Local Government Act. Its principle activities include the provision of local government services to the residents of the incorporated area.

1 Significant Accounting Policies

The consolidated financial statements of The Corporation of the City of Dawson Creek are the representations of management and conform to Canadian generally accepted accounting principles as applicable to British Columbia municipalities. The financial statements have been prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Standards Board (PSAAB) of the Canadian Institute of Chartered Professional Accountants. The significant accounting policies are as follows:

a) Basis of Presentation

The City follows the fund basis of accounting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Currently in use are:

- 1) General Revenue Funds - to account for all financial resources except those required to be accounted for in another fund. The General Revenue Fund is the corporation's operating fund including collection of taxation, administering operations related to general government, protective, transportation, waste, development and recreational services. These funds include the General Operating, Water Operating and Sewer Operating Funds.
- 2) Capital Funds - to account for all capital assets of the corporation and offset by long term debt and investment in capital assets. These funds include the General Capital, Water Capital and Sewer Capital Funds.
- 3) Reserve Funds - to account for the activities in reserves established for specific purposes by bylaw or the Local Government Act. The use of each reserve is governed by it's own bylaw or the Local Government Act. These funds include the Equipment Pool, Tax Sale, Land Sale and Off Street Parking Funds.

b) Basis of Accounting

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are generally recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

c) Financial Instruments

The City's financial instruments consist of cash, receivables, Municipal Finance Authority reserve deposits, temporary borrowing, payables, accrued interest on long term debt, Municipal Finance Authority demand notes, and long-term 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 value of these financial instruments approximate their carrying values, unless otherwise noted.

d) Use of Estimates

These financial statements have been prepared in accordance with accounting practices generally accepted in Canada. In preparing these financial statements management has made estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates. Significant estimates include assumptions used in estimating useful lives of tangible capital assets and related amortization, contributed tangible capital assets, developer contributions, inventory of property held for resale, contaminated work site liabilities, and provisions for accrued liabilities.

e) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity, being The Corporation of the City of Dawson Creek. Financial transactions of the Encana Events Centre are managed by a related party, Global Spectrum Facility Management, LP and are consolidated into the City's financial statements as a governmental unit (refer to Note 16, Related Party Transactions).

f) Revenue Recognition

Revenues are recognized in the period in which the transaction 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 impractical.

(i) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

(ii) Taxation Revenue

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

1 Significant Accounting Policies (Continued)

g) Deferred Revenue

Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

h) Reserves for Future Expenditures

Reserves for future expenditures are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditures include funds to finance incomplete projects and accumulations for specific purposes.

i) Non Financial Assets

Non financial assets include tangible capital assets that have an economic life extending beyond the accounting period. They are available for use, require operating and maintenance expenditures, and may need to be replaced in the future. They include assets on hand and available for use by government in the near future, such as equipment, and assets for use over a longer period, such as buildings and land. Governments also acquire and make available to the public tangible capital assets that are complex network systems such as water and sewer utility systems.

Also included in non financial assets are prepaid expenses which represent payments made in the current accounting period for expenditures to be made in the provision of services in future years, and inventory of supplies held for consumption which will be consumed in the provision of services in future years.

Tangible capital assets and other non financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

(i) Prepaid Expenses

Prepaid expenses consist of amounts paid in the current year for supplies and/or services used in the following year.

(ii) Inventory of Supplies Held for Consumption

Inventories of supplies held for consumption are recorded at the lower of cost and net realizable value.

(iii) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Interest on funding related to a capital project is not capitalized as a part of the asset cost. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life-years
Land	Not amortized
Land improvements	20
Building base structures	50
Building improvements	20
Machinery and equipment	7 - 30
Transportation infrastructure	25 - 75
Water and sewer utility infrastructure	50 - 75

Annual amortization is not charged in the year of acquisition or disposition. Assets under construction (Work in Progress) are not amortized until the year following the year the asset is available for use.

The City does not own any works of art and/or historical treasures.

i) Budget Presentation

The budget approved in May 2016 is presented in the financial statements, any subsequent amendments have not been included.

j) Liabilities for contaminated sites

The City recognizes a liability for remediation of a contaminated site when the site is no longer in productive use or an unexpected event resulting in contamination has occurred and the following criteria are satisfied: contamination exceeds an environmental standard, the City is either directly responsible or has accepted responsibility for remediation, it is expected future economic benefits will be given up and a reasonable estimate of the amount can be made.

THE CORPORATION OF THE CITY OF DAWSON CREEK
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2016

2 Liability for contaminated sites

The City adopted Public Sector Accounting Standard 3260 - Liability for Contaminated Sites for the year ended December 31, 2015. The City has performed a review of its properties. No determinable liability was identified from this review. The 115th Ave property (note 17) is considered to have contamination exceeding an environmental standard. The impact of recognizing this liability on the City's financial statements is not determinable at this time.

3 Cash

	2016	2015
<i>Unrestricted Cash</i>		
Bank	\$ 6,857,627	\$ 7,506,872
Petty cash	78,835	25,470
<i>Internally Restricted Cash</i>		
Bank	21,959,270	20,170,904
Total Cash	\$ 28,895,732	\$ 27,703,246

4 Receivables

	2016	2015
Trade and other receivables		
Federal Government	\$ 537,881	\$ 743,040
Provincial and Local Government	485,248	401,075
General	898,986	980,614
Property taxes	2,335,393	1,870,840
Utilities	1,301,609	1,318,877
	\$ 5,559,117	\$ 5,314,446

5 Inventory of property held for resale

	Opening Balance	Additions	Disposals at cost	Balance 2016	Balance 2015
Property acquired for taxes subject to redemption	\$ 122,387	\$ 69,388	\$ (122,387)	\$ 69,388	\$ 122,387
Tax property not subject to redemption	1,009,093	-	-	1,009,093	1,009,093
Unsold land	15,800	-	-	15,800	15,800
Allowance for loss	(1,147,280)	(69,388)	122,387	(1,094,281)	(1,147,280)
	\$ -	\$ -	\$ -	\$ -	\$ -

6 Municipal Finance Authority Reserve Deposits and Demand Notes

The City issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in conjunction with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority.

The details of the cash deposits and demand notes are as follows:

	Cash Deposits	Demand Notes	Total 2016	Total 2015
General Fund Operations	\$ 328,360	\$ 1,026,974	\$ 1,355,334	\$ 1,346,405
Water Fund Operations	256,678	569,936	826,614	845,761
Sewer Fund Operations	92,694	201,482	294,176	291,656
	\$ 677,732	\$ 1,798,392	\$ 2,476,124	\$ 2,483,822

7 Temporary Borrowing

	2016	2015
Temporary borrowing	\$ 173,226	\$ 260,336

THE CORPORATION OF THE CITY OF DAWSON CREEK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

8 Payables

	2016	2015
Trade and other payables		
Federal Government	\$ 889,980	\$ 813,704
Provincial Government	563,934	408,833
General	6,635,905	6,881,669
Capital	809,458	1,196,955
	\$ 8,899,277	\$ 9,301,161

9 Debenture Debt

City Bylaw #	Purpose	Interest Rate	Issued	Redeemed	Outstanding 2016	Outstanding 2015
3801	Local area service	4.43%	4,983	4,983	-	591
3803	Local area service	4.43%	1,671	1,671	-	198
3804	Local area service	4.43%	29,179	29,179	-	3,459
3807	Local area service	4.43%	175,015	175,015	-	20,748
3852	Local area service	4.52%	82,915	73,086	9,829	19,281
3854	Local area service	4.52%	57,843	50,986	6,857	13,451
3855	Local area service	4.52%	50,051	44,117	5,934	11,639
3856	Local area service	4.52%	110,442	97,349	13,093	25,682
3857	Local area service	4.52%	3,120	2,750	370	726
3858	Local area service	4.52%	4,550	4,011	539	1,058
3859	Local area service	4.52%	30,028	26,468	3,560	6,982
3860	Local area service	4.52%	66,666	58,763	7,903	15,502
3861	Local area service	4.52%	61,940	54,597	7,343	14,403
3862	Local area service	4.52%	63,606	56,065	7,541	14,791
3863	Capital works	4.52%	26,251	23,139	3,112	6,104
3864	Ball diamond relocation	4.52%	622,594	548,786	73,808	144,777
3685	Local area service	4.82%	16,500	14,544	1,956	3,837
3714	Local area service	4.82%	33,500	29,529	3,971	7,790
3715	Local area service	4.82%	14,585	12,856	1,729	3,391
3716	Local area service	4.82%	17,350	15,293	2,057	4,035
3717	Local area service	4.82%	50,000	44,072	5,928	11,627
3718	Local area service	4.82%	17,675	15,580	2,095	4,110
3719	Local area service	4.82%	53,800	47,422	6,378	12,511
3720	Local area service	4.82%	43,020	37,920	5,100	10,004
3721	Local area service	4.82%	22,625	19,943	2,682	5,261
3722	Capital works	4.82%	49,500	43,632	5,868	11,511
3723	Local area service	4.82%	45,550	40,150	5,400	10,592
3807	Local area service	4.82%	144,395	127,277	17,118	33,577
3879	South Peace Multiplex	5.11%	9,850,000	3,500,580	6,349,420	6,802,116
3889	Local area service	4.82%	250,000	220,363	29,637	58,135
3916	Capital works	4.65%	731,800	561,628	170,172	250,381
3917	Capital works	4.65%	71,500	54,873	16,627	24,463
4080	Calvin Kruk Arts Center	2.90%	4,000,000	570,415	3,429,585	3,580,685
4107	Capital works	2.90%	81,007	28,651	52,356	59,945
4108	Capital works	2.90%	804,005	284,370	519,635	594,963
4109	Capital works	2.90%	1,505,256	532,397	972,859	1,113,888
4140	Capital works	3.15%	2,700,000	702,003	1,997,997	2,241,233
4166	Local area service - 2013	3.00%	2,790,000	474,059	2,315,941	2,557,618
4211	Local area service - 2014	2.75%	20,997	1,790	19,207	20,997
4212	Local area service - 2014	2.75%	49,433	4,214	45,219	49,433
		Subtotal	\$ 24,753,352	\$ 8,634,526	\$ 16,118,826	\$ 17,771,495

THE CORPORATION OF THE CITY OF DAWSON CREEK
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2016

9 Debenture Debt (Continued)

City Bylaw #	Purpose	Interest Rate	Issued	Redeemed	Outstanding 2016	Outstanding 2015	
Carried forward from the previous page			\$ 24,753,352	\$ 8,634,526	\$ 16,118,826	\$ 17,771,495	
4213	Local area service - 2014	2.75%	174,365	14,863	159,502	174,365	
4215	Capital works	2.20%	1,382,000	117,803	1,264,197	1,382,000	
4216	Capital works	2.20%	450,000	38,359	411,641	450,000	
Total General			\$ 26,759,717	\$ 8,805,551	\$ 17,954,166	\$ 19,777,860	
3117	Water improvements	7.75%	\$ 377,500	\$ 377,500	\$ -	\$ 28,849	
3211	Water improvements	4.82%	328,000	302,934	25,066	48,939	
3255	Water improvements	4.65%	375,000	319,049	55,951	81,945	
3290	Water improvements	4.65%	550,000	467,938	82,062	120,186	
3324	Water improvements	5.49%	620,000	486,436	133,564	174,287	
3339	Water improvements	5.49%	2,250,000	1,765,291	484,709	632,494	
3405	Water improvements	5.99%	500,000	392,287	107,713	140,554	
3469	Water improvements	6.36%	195,000	140,329	54,671	66,899	
3527	Water improvements	6.06%	750,000	444,535	305,465	348,235	
3527	Water improvements	4.78%	175,334	93,924	81,410	90,933	
3572	Water improvements	4.78%	200,000	107,137	92,863	103,725	
3619	Water improvements	4.86%	1,200,000	577,650	622,350	684,420	
3527	Water improvements	4.86%	700,000	336,963	363,037	399,245	
3619	Water improvements	4.86%	1,971,000	948,790	1,022,210	1,124,160	
3527	Water improvements	4.52%	556,666	197,833	358,833	384,417	
3824	Water improvements	4.52%	555,000	197,241	357,759	383,266	
3888	Water improvements	4.82%	1,844,900	655,657	1,189,243	1,274,033	
4168	Loran Reservoir	3.00%	3,500,000	594,697	2,905,303	3,208,483	
Total Water			16,648,400	8,406,191	8,242,209	9,295,070	
3315	Sewer improvements	5.49%	485,000	\$ 380,518	\$ 104,482	\$ 136,338	
3759	Sewer improvements	4.17%	300,000	136,218	163,782	179,044	
4121	Sewer improvements	3.85%	535,496	139,229	396,267	444,508	
4199	Sewer improvements	2.75%	7,000,000	247,528	6,752,472	7,000,000	
Total Sewer			8,320,496	903,493	7,417,003	7,759,890	
			\$ 51,728,613	\$ 18,115,235	\$ 33,613,378	\$ 36,832,820	
Future debt principle reductions on existing debt:				General	Water	Sewer	Total
2017			\$ 1,526,859	\$ 697,978	\$ 319,235	\$ 2,544,072	
2018			1,365,398	688,058	319,235	2,372,691	
2019			1,298,491	660,084	319,235	2,277,810	
2020			1,298,491	548,371	303,158	2,150,020	
2021			1,298,491	541,907	303,158	2,143,556	
			\$ 6,787,730	\$ 3,136,398	\$ 1,564,021	\$ 11,488,149	

10 Deferred Capital Contribution

In an agreement in 2010, the City partnered with Shell Canada to build a water reclamation plant. The project was completed in 2012. The total project cost was \$18.3 million. Shell Canada funded \$16.6 million of the total project cost in exchange for 3,400 cu/m of reclaimed water a day for a period of 10 years. Future amortization reductions are as follows:

	Opening Balance	Annual Amount	Closing Balance
2016	\$ 981,285	1,658,992	7,322,293
2017	7,322,293	1,658,992	5,663,301
2018	5,663,301	1,658,992	4,004,308
2019	4,004,308	1,658,992	2,345,316
2020	2,345,316	1,658,992	686,324

THE CORPORATION OF THE CITY OF DAWSON CREEK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

11 Tangible Capital Assets

Net Book Value Continuity Schedule	Opening Balance 2016	WIP Reallocation	Additions Net of Disposals	Annual Amortization Net of Disposals	Ending Balance 2016	Ending Balance 2015
Land	\$ 9,345,742	\$ 273,003	\$ 1,941,673	\$ (258,395)	\$ 11,302,023	\$ 9,345,742
Buildings	102,700,871	1,751,424	(1,008,410)	(2,777,888)	100,665,997	102,700,871
Equipment	6,867,906	148,694	1,077,553	(951,546)	7,142,607	6,867,906
Roads	37,590,632	-	2,836,708	(1,772,954)	38,654,386	37,590,632
Utility Infrast.	43,412,571	-	157,670	(891,106)	42,679,135	43,412,571
Work in Progress	2,976,425	(2,173,121)	6,557,273	-	7,360,577	2,976,425
	\$ 202,894,147	\$ -	\$ 11,562,467	\$ (6,651,889)	\$ 207,804,725	\$ 202,894,147

Cost Continuity Schedule	Opening Balance 2016	WIP Reallocation	Additions	Disposals	Ending Balance 2016	Ending Balance 2015
Land	\$ 12,651,152	\$ 273,003	\$ 1,951,813	\$ (10,140)	\$ 14,865,828	\$ 12,651,152
Buildings	133,720,015	1,751,424	600,100	(1,608,510)	134,463,029	133,720,015
Equipment	16,963,896	148,694	1,192,039	(114,486)	18,190,143	16,963,896
Roads	72,529,067	-	2,908,943	(72,235)	75,365,775	72,529,067
Utility Infrast.	59,200,431	-	157,670	-	59,358,101	59,200,431
Work in Progress	2,976,425	(2,173,121)	6,557,273	-	7,360,577	2,976,425
	\$ 298,040,986	\$ -	\$ 13,367,839	\$ (1,805,371)	\$ 309,603,453	\$ 298,040,986

Amortization Continuity Schedule	Opening Balance 2016	Adjustment	Annual Amortization	Disposals	Ending Balance 2016	Ending Balance 2015
Land	\$ 3,305,410	\$ -	\$ 258,395	\$ -	\$ 3,563,805	\$ 3,305,410
Buildings	31,019,144	-	3,894,410	(1,116,522)	33,797,032	31,019,144
Equipment	10,095,990	-	1,060,857	(109,311)	11,047,536	10,095,990
Roads	34,938,435	-	1,845,189	(72,235)	36,711,389	34,938,435
Utility Infrastructure	15,787,860	-	891,106	-	16,678,966	15,787,860
	\$ 95,146,839	\$ -	\$ 7,949,957	\$ (1,298,068)	\$ 101,798,728	\$ 95,146,839

Contributed Tangible Capital Assets	Additions 2016	Additions 2015
Land	\$ 330,000	\$ -
Equipment	25,452	-

(i) Work In Progress

Work In Progress are costs related to projects currently under planning, development or construction that will result in a finished asset at a future date. Costs related to planning, development or construction are capitalized until such time as the property is ready for use. Work In Progress assets are not amortized until the year after the asset is put into service.

(ii) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution.

(iii) Write-down of Tangible Capital Assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services. Any impairment is accounted for as an expense in the consolidated statement of operations. No impairments were identified or recorded during the year ended December 31, 2016.

12 Accumulated Surplus

	Operating Fund Surplus	Capital Fund Surplus	Invested in Tangible Capital Assets	2016	2015
General Fund	\$ 3,565,804	\$ 7,396,615	\$ 112,399,973	\$ 123,362,392	\$ 117,467,177
Water Fund	1,513,745	8,148,531	27,598,721	37,260,997	34,211,984
Sewer Fund	222,123	4,785,365	22,603,507	27,610,995	24,217,632
Statutory Reserves	-	-	-	854,739	1,050,999
	\$ 5,301,672	\$ 20,330,511	\$ 162,602,201	\$ 189,089,123	\$ 176,947,792

THE CORPORATION OF THE CITY OF DAWSON CREEK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

13 Net Municipal Property Taxes

	2016	2015
Municipal Property Taxes	\$ 16,441,170	\$ 16,061,809
Add: Requisitions collected on behalf of other taxing authorities		
Ministry of Finance (school taxes)	6,420,200	6,583,188
Peace River Regional District	1,798,744	1,804,597
Peace River Regional Hospital District	1,486,445	1,452,213
British Columbia Assessment Authority	156,236	163,444
Municipal Finance Authority	509	495
Total property taxes collected	26,303,304	26,065,746
Less: Requisitions paid out to other taxing authorities	(9,868,748)	(10,054,649)
Net Municipal Property Taxes	\$ 16,434,556	\$ 16,011,097

14 Government Transfers

	2016	2015
Unconditional		
Small Communities	\$ 338,097	\$ 355,295
Carbon Tax Rebate	75,001	81,419
Peace River Agreement - annual	14,972,804	13,695,522
- special payment	-	892,625
	15,385,902	15,024,861
Conditional		
Regional		
Rural Fire Protection	202,856	221,126
Regional 911 Service	232,871	232,871
Sub Regional Recreation	420,390	419,040
South Peace Economic Development	20,500	15,000
Watershed Steward Cost Sharing	40,000	40,000
Waste Receiving Facility Cost Sharing	-	400,000
Northern Development Initiative Trust	81,100	38,900
Economic Development - Grant Writing Support Program	8,000	8,000
Total - Regional	1,005,717	1,374,937
Provincial		
Arterial Lighting - Ministry of Transportation	915	1,372
BC Air Access Program	36,977	52,961
Bike BC	48,305	-
Education grants - City Kids Daycare	17,621	19,957
Emergency Management BC - 2016 Flood Response	194,420	-
Miscellaneous	25,440	1,223
Community Works Fund Agreement - Gas Tax	541,125	523,496
Traffic fine revenue sharing	190,001	214,659
New Build Canada Fund - Small Communities Fund	549,720	46,749
Total - Provincial	1,604,524	860,417
Federal		
New Build Canada Fund - Small Communities Fund	549,721	46,749
Total - Federal	549,721	46,749
Total - Conditional	3,159,962	2,282,103
	\$ 18,545,864	\$ 17,306,964

THE CORPORATION OF THE CITY OF DAWSON CREEK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

15 Pension Liability

The employer and its employees contribute to the Municipal Pension Plan (Plan), a jointly-trusted 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, 2015 the plan has about 189,000 active members and approximately 85,000 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 valuation for the Municipal Pension Plan as of December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The Corporation of the City of Dawson Creek paid \$958,344 (2015 - \$952,580) for employer contributions to the plan in fiscal 2016 while employees contributed \$818,824 (2015 - \$821,996) to the plan in fiscal 2016.

The next valuation will be as at December 31, 2018, with results available in 2019.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

16 Related Party Transactions

The Relationship

The City of Dawson Creek has related party transactions through a management agreement with Global Spectrum Facility Management, LP (GS).

In 2016 The City of Dawson Creek renewed the management agreement with GS to manage and operate the Encana Event Centre and common areas housed in the South Peace Community Multiplex located at #1 300 Highway 2 in Dawson Creek. GS acts on behalf of and as an agent for the City.

The management services covered under this agreement include the following:

- a) Management and operational services related to events
- b) Responsibility for maintenance and operation of all HVAC, electrical and mechanical systems
- c) Sale of commercial rights of the Complex
- d) Ticketing system for the Complex
- e) Food system services for the Complex
- f) Exterior security services for the Complex

Management services not covered under this agreement (excluded services) are as follows:

- a) Aquatic Centre operations
- b) Agriplex Centre operations
- c) Maintenance of parking lots and surrounding grounds

Term

The term of the agreement begins January 1, 2017 and ends December 31, 2027.

Compensation

In exchange for the management services provided by GS, the City will pay a fixed management fee as follows:

2017	185,000	
2018	188,700	(estimated CPI increase)
2019	192,474	(estimated CPI increase)
2020	196,330	(estimated CPI increase)
2021	200,259	(estimated CPI increase)

THE CORPORATION OF THE CITY OF DAWSON CREEK
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2016

16 Related Party Transactions (continued)

Beginning with the second operating year, the fixed management fee shall be increased over the fixed management fee from the previous operating year in accordance with the percentage increase in the Consumer Price Index.

In addition, an incentive fee equal to 20% on an improvement in a benchmark amount is payable to G5 beginning in the 2018 budget year. The benchmark amount shall be equal to a mutually agreed net bottom line number in the 2016 operating budget. For 2016, the benchmark was adjusted to \$1,550,000 (2015 - \$1,550,000) and the resulting incentive fee amount is \$33,657 (2015 - \$23,901).

The City of Dawson Creek as the owner of the facility is required to provide funding to the manager (G5) through an annual budget allocation. All revenues and expenditures, profits and losses are the City's responsibility. Budget allocations for the Event Centre in 2016 and the next five years are as follows:

2016	1,550,000
2017	1,550,000
2018	1,550,000
2019	1,550,000
2020	1,550,000
2021	1,550,000

Transactions

The assets and liabilities have been consolidated on a line by line basis in the statement of financial position and the revenues and expenditures have been netted in the statement of financial activities. These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the end of the year, the amounts due to (from) G5 are as follows:

	2016	2015
Opening Balance, due (from) to	\$ (115,150)	\$ (23,274)
Payments made	115,150	(272)
(Income) loss due (to) from the City of Dawson Creek	(134,626)	(95,604)
Expenses paid on behalf of the City of Dawson Creek	11,500	4,000
Closing balance due from G5	\$ (123,126)	\$ (115,150)

These amounts are non-interest bearing and have no set terms of repayment.

	2016	2015
Assets		
Cash	\$ 1,263,157	\$ 2,079,141
Receivables - trade	78,736	155,521
Prepaid expenses and deposits	21,402	173,000
	1,363,295	2,407,662
Liabilities		
Payables	488,605	713,540
Deposits	67,000	65,075
Deferred revenue	684,564	1,513,897
	1,240,169	2,292,512
Due (from) to Global Spectrum	\$ (123,126)	\$ (115,150)

	2016	2015
Revenue		
Sales	\$ 4,619,065	\$ 3,834,344
Cost of sales	(3,550,676)	(2,588,014)
Gross profit	1,068,389	1,246,330
Interest	9,727	13,555
	1,078,116	1,259,885
Expenses	2,493,490	2,714,281
Net loss before other items	(1,415,374)	(1,454,396)
Subsidy from City of Dawson Creek	1,550,000	1,550,000
Income due (to) from the City of Dawson Creek	(134,626)	(95,604)
	\$ -	\$ -

THE CORPORATION OF THE CITY OF DAWSON CREEK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

17 Contingent Liabilities

Contingent liabilities represent items that, at December 31, 2016, are not recognized in the Statement of Financial Position because there is significant uncertainty at that date as to the necessity of the entity to make payments in respect of them. Following are details of the more significant of these contingent liabilities.

115th Avenue Construction Waste Dump Site

Usage of this dumpsite started in the 1960's/1970's as a dumpsite for construction waste. There was little or no control over the types of substances being dumped at the site. It wasn't until 1992 that the City took measures to ensure that only uncontaminated wastes were to be deposited at this site.

At this time, the City is unable to determine if there is contaminated waste present at the site. In order to determine the presence of contaminated waste, an environmental study would be required. Without this study, it is not currently possible to estimate the cost (if any) to remediate the site.

18 Funds held in trust

The Cemetery Care Fund is restricted by legislation as to the principal amount; interest earnings are available for ongoing maintenance of cemetery grounds as required. These funds are not included in the consolidated financial statements.

	2016	2015
Opening Balance	\$ 283,933	\$ 280,572
Additions	4,813	3,361
Interest Earned	2,716	2,927
	291,462	286,860
Transfer to Cemetery Operations	(2,716)	(2,927)
Closing Balance	\$ 288,746	\$ 283,933

19 Line of Credit

The City has a line of credit agreement with TD Bank of 75% of the whole amount of taxes levied in the preceding year. There are no borrowings against the line of credit at December 31, 2016 and 2015. The line of credit bears interest at the bank's prime lending rate - 0.50%.

20 Commitments

Royal Canadian Mounted Police Services

The Province of British Columbia and the Federal Government have an agreement with the Royal Canadian Mounted Police to provide police services for various municipalities in the Province. This agreement has a 20 year term expiring March 31, 2032.

THE CORPORATION OF THE CITY OF DAWSON CREEK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

21 Segmented Information

The City has presented segmented financial information for services it provides to its citizens, which include Protective, Transportation, Airport, Environmental Waste, Public Health & Welfare, Environmental Development, Recreation & Culture and Water and Sewer services. For management reporting purposes, the City's operations and activities are organized and reported by Service Area. Service Areas were created for the purpose of recording specific activities and related objectives in accordance with legislated requirements.

General Government

This category of functions is used to report activities that provide for the overall operation of The City, which is common to, or affect all of the services provided by The City, including Council and legislative, general administration and finance expenses.

Protective Services

This category of functions is used to report activities that provide for the public safety of the residents and businesses of the City, including police services provided by the Royal Canadian Mounted Police, fire protection services, bylaw enforcement, building inspection services, safety and animal control.

Transportation

This category of functions is used to report activities related to the delivery of municipal public works services related to the planning, development and maintenance of streets and roads, bridges, drainage systems, street lights, traffic lights and signals, parking lots and on-street parking, and public transit as well as maintenance of workshops, yards and other buildings.

Airport

This function is used to report activities related to the Dawson Creek Airport, which is owned and operated by The City.

Environmental Waste

This function is used to report activities related to the collection of garbage and other waste material.

Public Health and Welfare

This function is used to report activities related to cemetery maintenance and operations.

Environmental Development

This function is used to report activities related to the preparation of land use plans, bylaws and policies for sustainable development of the City and for reviewing and approving new land and building development.

Recreation and Cultural

This function is used to report activities related to providing recreational and cultural opportunities for the community. Facilities managed within this area include parks, playgrounds, arenas, the Encana Events Centre and the Dawson Creek Public Library.

Water

This function reports on activities related to acquiring, supplying, treating and distributing water to the City. The water utility is accounted for in its own fund.

Sewer

This function reports on activities related to the removal, treatment and disposal of sanitary sewage. The sewer utility is accounted for in its own fund.

THE CORPORATION OF THE CITY OF DAWSON CREEK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

	General Department	Protective	Transportation	Airport	Environmental Waste	Public Health and Welfare	Embon- mental Development	Recreation and Cultural	Water	Sewer	Reserve Funds	Capital Funds	2016 Total	2015 Total
Revenue														
Property taxes	\$ 18,434,556												\$ 16,434,556	\$ 16,011,097
Copy charges	709,394				698,599								709,394	638,385
City fee						55,797							55,797	2,422,539
Sale of services	1,099,119	743,968	119,274	426,536			2,900	1,095,664					1,762,589	2,142,539
Other revenue	12,862,454	524,802	258				348,639	11,888	4,402			1,775,885	1,762,589	1,762,589
Government transfers	73,475	623,728	195,335				184,801	433,011	40,000			1,189,734	1,845,864	17,506,964
Return on investments											8,960	311,300	382,723	382,723
Amortization of deferred capital contributor												1,658,992	1,658,992	1,658,992
Water & Sewer Utility Fees									5,331,328	3,680,871			9,012,199	9,084,453
(Loss) on sale of equipment												(495,559)	(495,559)	(674,231)
Accrual adjustment	34,179,186	1,934,268	319,819	429,586	698,599	55,797	538,160	1,545,381	5,319,130	3,680,871	9,960	5,098,744	648,392	588,219
													53,852,112	50,943,712
Expenses														
Salaries, Wages & Employee Benefits	1,895,665	4,259,473	1,833,368	306,703	109,478	70,741	307,235	3,945,073	844,793	342,418			13,977,965	13,978,799
Travel & Training	113,470	52,136	39,710	37,042			6,916	28,327	29,484	564			307,690	619,472
Advertising	40,850	933	1,104	8,938	1,150	110	14,191	15,428	869				83,573	58,095
Community Grants & Sponsorships	66,303		25,500				17,200	208,892					251,592	332,692
Consulting	749,875	3,098,731	272,472		832,015		30,630	13,968	127,069	37,745			557,435	657,267
Connected & General Services	2,145	1,888,660	216,848		32,294	28,425	934,968	2,053,953	322,920	328,440			10,225,948	8,576,911
Insurance	2,145	160,250	34,119	29,810			57,565	510,137	264,234	96,893			2,028,721	2,350,752
Leases, Coord & Supplies	15,155	1,000,000	1,000,000	79,882			1,000,000	1,000,000	1,000,000	1,000,000			1,000,000	1,000,000
Equipment pool charge out	38,558	434,571	434,571	132,883	32,013	14,377	2,579	268,678	124,307	124,307			775,317	1,083,384
Telephone	34,507	12,089	8,829	14,588			747	47,269	17,355	1,486			139,850	148,976
Utilities	37,034	85,562	310,308	65,287	3,486		1,486	691,006	241,076	153,997			1,569,765	1,488,254
Interest on long term debt	169,525	15,842	13,659	44,511			416	195,019	40,804	18,867			489,643	477,053
Insurance	142,370		2,223,608		7,542			647,478	500,649	228,831			1,818,954	1,779,606
Audit & Legal	236,535	9,113											142,370	164,670
Amortization	89,807												7,949,957	7,486,348
Other	3,950,057	8,025,863	7,962,618	1,199,818	818,537	114,853	859	35,845	3,753,969	2,202,276			220,942	440,895
													41,710,781	41,194,435
Annual Surplus (Deficit)	\$ 30,249,141	\$ (8,089,505)	\$ (7,587,802)	\$ (913,220)	\$ (121,938)	\$ (58,656)	\$ (837,224)	\$ (10,704,385)	\$ 1,619,821	\$ 1,478,595	\$ 9,960	\$ 5,098,744	\$ 12,143,331	\$ 9,548,777

Per statement of operations and surplus table

Partners

- * Ben Sander, B. Comm., FCPA, FCA
- * Dale J. Rose, CPA, CA
- * Alan Bone, B. Comm., CPA, CA
- * Jason Grindle, B. Comm., CPA, CA
- * Jaron Neufeld, B. Comm., CPA, CA

19.

REPORT ON SUPPLEMENTARY MATTERS ARISING FROM AN AUDIT

To the Mayor and Council of the Corporation of the City of Dawson Creek

We have audited the consolidated financial statements of the Corporation of the City of Dawson Creek, which comprise the consolidated statements of financial position as at December 31, 2016 and consolidated statements of operations, change in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. This report contained an unmodified opinion on the consolidated financial statements as a whole. The following supplemental financial information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting records and other records used to prepare the consolidated financial statements or the consolidated financial statements.

Dawson Creek, BC
May 8, 2017

Sander Rose Bone Grindle LLP
Chartered Professional Accountants

THE CORPORATION OF THE CITY OF DAWSON CREEK

SCHEDULE OF OPERATING FUND OPERATIONS

December 31, 2016

(Unaudited)

	2016 Actual	2016 Budget (unaudited)	2015 Actual
Revenue			
Net municipal property taxes (Note 13)	\$ 16,434,556	\$ 16,466,499	\$ 16,011,097
Grants in lieu of taxes and utility taxes	709,594	707,387	636,385
Sale of services	3,180,750	3,158,018	3,205,559
Other revenue from own sources	1,988,703	1,730,006	2,364,482
Government transfers	17,346,130	17,118,920	16,760,505
Return on investments	73,475	106,446	94,066
Utility fees	9,012,199	8,743,096	9,084,453
	<u>48,745,407</u>	<u>48,030,372</u>	<u>48,156,547</u>
Expenses			
General government services	3,693,522	4,027,582	3,523,617
Protective services	7,772,454	8,212,660	7,441,750
Transportation services	5,678,810	5,635,356	5,003,860
Air transport	1,208,723	1,115,716	1,162,380
Environmental waste services	810,995	688,105	687,237
Public health and welfare	114,653	124,177	85,247
Environmental development services	1,373,364	1,839,422	1,108,679
Recreational and cultural services	8,948,962	9,152,683	10,017,904
Water and sewer utility charges	4,159,341	4,919,119	4,777,112
	<u>33,760,824</u>	<u>35,714,820</u>	<u>33,807,786</u>
Excess of Revenue over Expenses	<u>14,984,583</u>	<u>12,315,552</u>	<u>14,348,761</u>
Interfund Transfers			
Net transfer to capital funds	(13,708,062)	(13,801,955)	(14,835,383)
Net transfer to reserve funds	(558,781)	(623,431)	(592,717)
	<u>(14,266,843)</u>	<u>(14,425,386)</u>	<u>(15,428,100)</u>
Change in Fund Balances	717,740	(2,109,834)	(1,079,339)
Operating Funds, beginning of year	4,583,931	4,550,295	5,663,270
Operating Funds, end of year	<u>\$ 5,301,671</u>	<u>\$ 2,440,461</u>	<u>\$ 4,583,931</u>
Summary of General Fund Surplus			
<i>Appropriated Surplus</i>			
Reserve for future expenditures	\$ 1,039,103	\$ 545,388	\$ 553,908
Contingency reserve	900,793	900,793	900,793
<i>Unappropriated Surplus</i>			
General	1,625,907	347,135	2,143,645
Water	1,513,745	491,796	677,191
Sewer	222,123	155,349	308,394
	<u>\$ 5,301,671</u>	<u>\$ 2,440,461</u>	<u>\$ 4,583,931</u>

THE CORPORATION OF THE CITY OF DAWSON CREEK

SCHEDULE OF CAPITAL FUND OPERATIONS

December 31, 2016

(Unaudited)

	2016 Actual	2016 Budget (unaudited)	2015 Actual
Revenue			
Municipal Finance Authority cash refunds	\$ 17,624	\$ -	\$ 25,782
Return on investment	293,676	176,552	249,666
Amortization of deferred capital contribution	1,658,992	-	1,658,992
Partner contributions	819,486	1,791,736	308,622
Government Transfers	1,199,734	3,246,383	546,459
Cash Commutations	47,121	63,123	68,947
Insurance Proceeds	909,279	-	-
(Loss) Gain on sale of equipment	(495,559)	-	(674,231)
Actuarial adjustment	646,392	-	589,219
	5,096,745	5,277,794	2,773,457
Expenses			
General government services	236,535	239,418	210,548
Protective services	251,349	251,349	217,835
Transportation services	2,223,808	2,223,513	2,135,462
Air transport services	131,095	136,369	120,831
Environmental waste services	7,542	7,542	7,542
Recreational and cultural services	3,300,784	3,349,066	3,205,832
Water and sewer utility services	1,798,844	1,798,844	1,688,599
	7,949,957	8,006,101	7,586,649
Deficiency of Revenue over Expenses	(2,853,212)	(2,728,307)	(4,813,193)
Interfund Transfers			
Net transfer from general funds	13,708,062	13,801,955	14,835,383
Net transfer from reserve funds	765,000	765,000	709,000
	14,473,062	14,566,955	15,544,383
Change in Capital Funds	11,619,850	11,838,649	10,731,190
Capital Funds, beginning of year	171,312,862	171,312,862	160,581,672
Capital Funds, end of year	\$ 182,932,712	\$ 183,151,511	\$ 171,312,862
Summary of Capital Fund Surplus			
<i>Cash reserves</i>			
General capital reserve	\$ 7,396,615	\$ 3,876,962	\$ 4,864,551
Water capital reserve	8,148,531	7,171,692	8,455,070
Sewer capital reserve	4,785,365	3,566,300	5,278,906
	20,330,511	14,614,954	18,598,527
<i>Investment in tangible capital assets</i>			
General capital reserve	112,399,973	116,203,943	109,004,280
Water capital reserve	27,598,721	30,413,709	25,079,723
Sewer capital reserve	22,603,507	21,918,905	18,630,332
	162,602,201	168,536,557	152,714,335
	\$ 182,932,712	\$ 183,151,511	\$ 171,312,862

THE CORPORATION OF THE CITY OF DAWSON CREEK
 SCHEDULE OF STATUTORY RESERVE FUND OPERATIONS

December 31, 2016

(Unaudited)

	2016 Actual	2016 Budget (unaudited)	2015 Actual
Revenue			
Return on investments	\$ 9,960	\$ 4,329	\$ 13,208
Interfund Transfers			
Net transfer from operating funds	558,781	623,431	592,717
Net transfer to capital funds	(765,000)	(765,000)	(709,000)
	(206,219)	(141,569)	(116,283)
Change in Reserve Funds	(196,259)	(137,240)	(103,075)
Reserve Funds, beginning of year	1,050,999	1,050,999	1,154,074
Reserve Funds, end of year	\$ 854,740	\$ 913,759	\$ 1,050,999
Summary of Statutory Fund Surplus			
<i>Statutory Reserves</i>			
Land sales	\$ 177,245	\$ 174,534	\$ 254,213
Off street parking	14,127	14,120	13,960
Parkland	9,416	9,422	9,305
Equipment replacement	579,458	641,534	699,905
Tax sale	74,494	74,149	73,616
	\$ 854,740	\$ 913,759	\$ 1,050,999