

Consolidated Financial Statements of

**THE CORPORATION OF THE
DISTRICT OF CENTRAL
SAANICH**

Year ended December 31, 2009

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Audited Financial Statements

Year ended December 31, 2009

COUNCIL

MAYOR

Jack Mar

COUNCILLORS

Ron Kubek
Terry Siklenka
John Garrison

Adam Olsen
Alastair Bryson
Susan Mason

POLICE BOARD

Jack Mar
Steven Garner
Cathie Ounsted

Steve McNally
Andrew Harcombe

OFFICIALS

Administrator
Municipal Clerk
Director of Financial Services
Director of Planning and
Development Services
Municipal Engineer
Manager of Community Services
Fire Chief
Chief Constable

Gary C. Nason
Sara Ribeiro
Roselyn Tanner

Hope V. Burns
Nirmal Bhattacharya
Bonnie McKenzie
Ron French
Paul Hames

AUDITORS

KPMG LLP

BANKERS

Coast Capital Savings Credit Union

SOLICITORS

Young & Anderson

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH
Consolidated Financial Statements

Year ended December 31, 2009

Financial Statements

Management's Responsibility for the Consolidated Financial Statements	1
Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the District of Central Saanich (the "District") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.



Chief Administrative Officer



Director of Financial Services



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Chartered Accountants
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800-730 View Street
Victoria BC V8W 3Y7
Canada

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AUDITORS' REPORT

To the Mayor and Councillors of The Corporation of the District of Central Saanich

We have audited the consolidated statement of financial position of The Corporation of the District of Central Saanich as at December 31, 2009 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Victoria, Canada

June 10, 2010

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated - note 2)
Financial assets:		
Cash and short-term investments (note 3)	\$ 12,096,503	\$ 11,366,979
Property taxes receivable	566,132	476,333
Accounts receivable	2,096,922	1,928,267
Other government receivables	172,274	167,178
	<u>14,931,831</u>	<u>13,938,757</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 4)	1,704,904	2,253,270
Refundable deposits	628,001	645,918
Deferred revenue (note 5)	4,077,798	3,633,719
Employee benefit obligations (note 6)	824,600	729,900
	<u>7,235,303</u>	<u>7,262,807</u>
Net financial assets	7,696,528	6,675,950
Non-financial assets:		
Tangible capital assets (note 7)	87,872,229	90,256,561
Inventory of supplies	361,353	383,918
Prepaid expenses	318,795	24,868
	<u>88,552,377</u>	<u>90,665,347</u>
Commitments and contingencies (note 11)		
Accumulated surplus (note 8)	\$ 96,248,905	\$ 97,341,297

The accompanying notes are an integral part of these consolidated financial statements.



Director of Financial Services

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Consolidated Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	Budget (unaudited - note 12)	2009	2008 (Restated - note 2)
Revenue:			
Municipal property taxes (note 9)	\$ 10,732,518	\$ 10,706,260	\$ 10,103,867
Grants in lieu of taxes	256,500	269,835	262,131
Sale of services	806,950	995,216	830,863
Permits, licenses and interest	841,100	896,927	1,052,866
Government grants (note 10)	3,151,109	1,827,722	986,773
Water utility	4,259,200	4,332,053	3,516,422
Sewer enterprise	3,006,039	2,845,303	3,012,226
Contributions and donations	382,800	412,553	53,005
Total revenue	23,436,216	22,285,869	19,818,153
Expenses:			
General government	2,266,474	2,321,574	2,273,735
Protective services	5,709,811	5,885,589	5,866,195
Transportation services	2,335,813	5,507,585	5,538,711
Environmental development services	420,124	340,749	351,244
Parks and cultural services	1,892,991	2,807,120	2,147,328
Water utility	3,389,774	3,622,791	3,365,879
Sewer enterprise	2,478,732	2,883,679	2,910,506
Other fiscal services	218,000	9,174	29,329
Total expenses	18,711,719	23,378,261	22,482,927
Annual surplus (deficit)	4,724,497	(1,092,392)	(2,664,774)
Accumulated surplus, beginning of year	97,341,297	97,341,297	100,006,071
Accumulated surplus, end of year	\$ 102,065,794	\$ 96,248,905	\$ 97,341,297

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2009, with comparative figures for 2008

	Budget (unaudited - note 12)	2009	2008 (Restated - note 2)
Annual surplus (deficit)	\$ 4,724,497	\$ (1,092,392)	\$ (2,664,774)
Acquisition of tangible capital assets	(3,954,000)	(1,796,016)	(801,503)
Amortization of tangible capital assets	-	4,167,905	3,977,139
Gain on sale of tangible capital assets	-	(35,857)	(7,349)
Proceeds on sale of tangible capital assets	-	48,300	18,500
	(3,954,000)	2,384,332	3,186,787
Consumption of inventory of supplies	-	22,565	43,325
Acquisition and consumption of prepaid expenses	-	(293,927)	28,192
	-	(271,362)	71,517
Change in net financial assets	770,497	1,020,578	593,530
Net financial assets, beginning of year	6,675,950	6,675,950	6,082,420
Net financial assets, end of year	\$ 7,446,447	\$ 7,696,528	\$ 6,675,950

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Consolidated Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (1,092,392)	\$ (2,664,774)
Items not involving cash:		
Amortization of tangible capital assets	4,167,905	3,977,139
Gain on disposal of tangible capital assets	(35,857)	(7,349)
Developer contributions of tangible capital assets	(347,045)	(50,000)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(168,655)	(431,385)
Property taxes receivable	(89,799)	(41,461)
Other government receivables	(5,096)	275,476
Accounts payable and accrued liabilities	(548,366)	98,238
Employee benefit obligations	94,700	(35,000)
Deferred revenue	444,079	129,013
Refundable deposits	(17,917)	(35,710)
Inventory of supplies	22,565	43,325
Prepaid expenses	(293,927)	28,192
	<u>2,130,195</u>	<u>1,285,704</u>
Capital activities:		
Acquisition of tangible capital assets	(1,448,971)	(751,503)
Proceeds on sale of tangible capital assets	48,300	18,500
	<u>(1,400,671)</u>	<u>(733,003)</u>
Financing activities:		
Capital lease payments	-	(2,926)
Increase in cash and short-term investments	729,524	549,775
Cash and short-term investments, beginning of year	11,366,979	10,817,204
Cash and short-term investments, end of year	<u>\$ 12,096,503</u>	<u>\$ 11,366,979</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements

Year ended December 31, 2009

The Corporation of the District of Central Saanich (the "District") is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia.

1. Significant accounting policies:

The consolidated financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the District are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity.

(b) Basis of accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenses are not yet incurred are included in deferred revenue.

(d) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, 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, services performed, or the tangible capital assets are acquired.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(e) Investments:

Investments are recorded at cost except for the investments in the Municipal Finance Authority of British Columbia funds, which are recorded at cost plus earnings reinvested in the funds.

(f) Employee future benefits:

- (i) The District and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the District's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

- (ii) The costs of multi-employer defined contribution pension plan benefits, such as the Municipal Pension Plan, are the employer's contributions due to the plan in the period.

(g) Non-financial assets:

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

(i) Tangible capital assets

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

Asset	Useful life - years
Land improvements	15 - 40
Buildings	25 - 40
Equipment and vehicles	3 - 25
Road infrastructure	20 - 60
Sewer infrastructure	5 - 60
Water infrastructure	5 - 60

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(i) Tangible capital assets (continued)

Amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Works of art and cultural and historic assets

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

(iv) Interest capitalization

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

(v) Inventory of supplies

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost.

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits.

In addition, the District's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policy:

The District has implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, purchased tangible capital assets were recorded as expenditures and then were also recorded as capital assets in the Statement of Financial Position. The capital assets were not amortized.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The District applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, indices including the consumer price index were used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus at January 1, 2008:

Operating fund balance	\$ 2,867,872
Capital fund balance	85,096
Reserves	3,185,438
Outstanding debt	(2,926)
Equity in physical assets	427,243
Accumulated surplus, as previously reported	6,562,723
Change in net book value of tangible capital assets	93,443,348
Accumulated surplus, as restated	\$100,006,071

Annual surplus (deficit) for 2008:

Net revenues as previously reported	\$ 521,209
Assets capitalized but previously expensed	801,503
Amortization expense not previously recorded	(3,977,139)
Gain on disposal of assets	(11,151)
Inventory of supplies previously expensed	(43,325)
Revenue previously deferred	44,129
Annual deficit, as restated	\$ (2,664,774)

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

3. Cash and short-term investments:

	2009	2008
Bank deposits	\$ 45,041	\$ 197,287
Municipal Finance Authority - Money Market	8,315,827	5,357,534
Municipal Finance Authority - Intermediate	1,181,432	1,138,259
Marketable securities	2,554,203	4,673,899
Total	\$ 12,096,503	\$ 11,366,979

Included in cash and short-term investments are short-term investments of \$1,095,635 (2008 - \$1,061,328) that can only be used for expenditures as provided by the development cost charge reserve bylaw and the relevant sections of the Local Government Act, unless otherwise authorized by the Ministry of Community Services, Province of British Columbia.

4. Accounts payable and accrued liabilities:

	2009	2008
Trade accounts payable	\$ 431,182	\$ 700,794
Other government agencies	850,889	897,112
Allowance for assessment appeals	40,295	45,609
Accrued salary, wages and employee benefits:		
Payroll	139,055	345,426
Vacation	144,312	136,903
Unpaid overtime	99,171	127,426
	\$ 1,704,904	\$ 2,253,270

5. Deferred revenue:

	Opening balance	Contributions	Interest earned	Revenue recognized in the year	Closing balance
Federal Gas Tax agreement funds	\$ 263,139	\$ 479,777	\$ 4,558	\$ (319,071)	\$ 428,403
Parkland acquisition funds	450,487	3,220	2,056	(262,503)	193,260
Development cost charges	1,061,328	33,308	11,772	-	1,106,408
Other grants	-	625,000	-	(418,023)	206,977
Contractor donations	993,649	159,403	-	-	1,153,052
Prepaid taxes and other	865,116	845,420	-	(720,838)	989,698
	\$ 3,633,719	\$ 2,146,128	\$ 18,386	\$ (1,720,435)	\$ 4,077,798

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

6. Employee benefit obligations:

The District provides sick leave and certain benefits to its employees.

	2009	2008
Employee benefit obligations:		
Accumulated sick leave	\$ 337,600	\$ 312,900
Retirement/severance benefit payment	487,000	417,000
	<u>\$ 824,600</u>	<u>\$ 729,900</u>

Accumulated sick leave represents the liability for sick leave banks accumulated for estimated draw down at future dates.

Retirement benefit payments represent the District's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments, death benefits and certain vacation entitlements in the year of retirement for qualified employees.

The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation.

Information about liabilities for employee benefit plans is as follows:

	2009	2008
Accrued benefit obligation:		
Balance, beginning of year	\$ 729,900	\$ 764,900
Current service cost	70,800	72,800
Interest cost	37,000	31,400
Benefits payments	(9,100)	(128,500)
Amortization of actuarial gain	(4,000)	(10,700)
Balance, end of year	<u>\$ 824,600</u>	<u>\$ 729,900</u>

The difference between the actuarially determined accrued benefit obligation of \$773,500 and the accrued benefit liability of \$824,600 as at December 31, 2009 is an actuarial gain of \$51,100. This actuarial gain will be amortized over a period equal to the employees' average remaining service lifetime.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

6. Employee benefit obligations (continued):

The significant actuarial assumptions adopted in measuring the District's accrued benefit obligations are as follows:

	2009	2008
Discount rates	4.75%	5.00%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.50%	2.50%

Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009, with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The District paid \$782,055 (2008 - \$771,704) for employer contributions to the plan in fiscal 2009.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

7. Tangible capital assets:

	Land improvements	Land	Buildings	Equipment and vehicles	Roads infrastructure	Sewer infrastructure	Water infrastructure	Total 2009	Total 2008
Cost:									
Balance, beginning of year	\$27,671,168	5,896,445	7,943,118	7,952,337	49,555,179	29,438,874	11,959,036	\$140,416,157	\$139,725,705
Additions	280,123	-	-	403,968	942,173	92,240	77,512	1,796,016	801,503
Disposals	-	-	-	(64,809)	-	-	(12,348)	(77,157)	(111,051)
Balance, end of year	27,951,291	5,896,445	7,943,118	8,291,496	50,497,352	29,531,114	12,024,200	142,135,016	140,416,157
Accumulated amortization:									
Balance, beginning of year	-	2,792,031	2,875,839	3,997,186	21,260,042	14,301,194	4,933,304	50,159,596	46,282,357
Disposals	-	-	-	(61,768)	-	-	(2,946)	(64,714)	(99,900)
Amortization	-	149,241	238,162	646,155	2,404,757	529,683	199,907	4,167,905	3,977,139
Balance, end of year	-	2,941,272	3,114,001	4,581,573	23,664,799	14,830,877	5,130,265	54,262,787	50,159,596
Net book value, end of year	\$27,951,291	2,955,173	4,829,117	3,709,923	26,832,553	14,700,237	6,893,935	\$87,872,229	\$90,256,561

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

7. Tangible capital assets (continued):

(a) Assets under construction

There were no assets under construction.

(b) Contributed tangible capital assets

During the year there were contributed assets of \$347,045 (2008 - \$50,000) recognized.

(c) Works of art and historical treasures

The District manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at District sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(d) Write-down of tangible capital assets

No write-down of tangible capital assets occurred during the year.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2009	2008
Surplus:		
Invested in tangible capital assets	\$ 87,872,229	\$ 90,256,561
Other	4,125,330	3,620,192
Total surplus	91,997,559	93,876,753
Reserve funds set aside for specific purposes by Council:		
Public works equipment	189,607	267,475
Fire department equipment	273,120	136,714
Local service area	69,925	48,031
Capital expenditures	829,842	655,016
Total reserve funds	1,362,494	1,107,236
Reserves set aside for specific purposes by Council:		
General	2,019,034	1,851,121
Water utility	421,052	322,263
Sewer enterprise	448,766	183,924
Total reserves	2,888,852	2,357,308
	\$ 96,248,905	\$ 97,341,297

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

9. Taxation:

In addition to taxes levied for municipal purposes, the District is legally obligated to collect and remit taxes levied for the following authorities. These collections and remittances are not recorded as revenue and expenses.

	2009	2008
Provincial Government - school taxes	\$ 8,088,226	\$ 7,975,362
Capital Regional District	2,316,677	1,846,015
Capital Regional Hospital District	941,020	801,561
BC Assessment Authority	263,793	261,892
BC Transit Authority	808,099	696,202
Municipal Finance Authority	809	667
	<u>\$ 12,418,624</u>	<u>\$ 11,581,699</u>

10. Government grants:

The District recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the consolidated statement of operations are:

	2009	2008
Provincial government:		
Small communities and equalization payments	\$ 977,804	\$ 433,225
Infrastructure grants	423,058	157,768
Other	107,789	93,878
	<u>1,508,651</u>	<u>684,871</u>
Federal government:		
Gas Tax Agreement funds	319,071	301,902
Total revenue	<u>\$ 1,827,722</u>	<u>\$ 986,773</u>

11. Commitments and contingencies:

- (a) The CRD debt, under provisions of the Local Government Act, is a direct, joint and several liability of the CRD and each member municipality within the CRD, including the District.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

11. Commitments and contingencies (continued):

- (b) The District is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated which provides centralized emergency communications, and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.
- (c) In the normal course of a year, claims for damages are made against the District. The District records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The District is self-insured for general liability claims through membership in the Municipal Insurance Association of British Columbia, a reciprocal insurance exchange. Under this program, member municipalities are to share jointly for such claims in excess of individual deductibles ranging from \$5,000 to \$50,000 against any member. The District's deductible is \$10,000.

12. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on May 15, 2009. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenues:	
Operating budget	\$ 26,037,065
Less:	
Transfers from own funds	(2,600,849)
Total revenue	23,436,216
Expenses:	
Operating budget	26,037,065
Less:	
Capital expenses	(3,954,000)
Transfer to own funds	(3,019,346)
Debt principal payments	(352,000)
Total expenses	18,711,719
Annual surplus	\$ 4,724,497

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

13. Segmented information:

The District is a diversified municipal organization that provides a wide range of services to its citizens. Certain segments that have different governance and responsibility have been separately disclosed in the segmented information, along with the services they provide, which are as follows:

Municipal services:

Municipal services include services provided to the residents of Central Saanich including fire protection, building inspection, bylaw enforcement, development services, parks, water and sewer. These services are the direct responsibility of Council.

Police services:

The Central Saanich Police Board provides policing services to the District. The Police Board ensures the safety of the lives and property of Central Saanich citizens through the enforcement of municipal bylaws, criminal laws and the laws of British Columbia, the maintenance of law and order; and the prevention of crime.

Library services:

The Greater Victoria Library Board provides public library services to the residents of Central Saanich.

Additional information on the foregoing functions are as follows. The taxation revenues are allocated to the functions based on budgeted taxation revenues for 2009.

2009	Municipal services	Police services	Library services	Total
Revenue:				
Taxation	\$ 6,726,540	\$ 3,317,306	\$ 662,414	\$ 10,706,260
Non-taxation	10,732,453	847,156	-	11,579,609
Total revenue	17,458,993	4,164,462	662,414	22,285,869
Expenses:				
Salaries, wages and benefits	5,374,519	3,529,971	-	8,904,490
Materials and supplies	3,947,499	83,854	-	4,031,353
Services	5,018,057	583,570	663,707	6,265,334
Other	9,179	-	-	9,179
Amortization	4,106,779	61,126	-	4,167,905
Total expenses	18,456,033	4,258,521	663,707	23,378,261
Annual surplus (deficit)	\$ (997,040)	\$ (94,059)	\$ (1,293)	\$ (1,092,392)

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

13. Segmented information (continued):

2008	Municipal services	Police services	Library services	Total
Revenue:				
Taxation	\$ 5,983,772	\$ 3,486,879	\$ 633,216	\$ 10,103,867
Non-taxation	8,952,335	761,951	-	9,714,286
Total revenue	14,936,107	4,248,830	633,216	19,818,153
Expenses:				
Salaries, wages and benefits	5,096,409	3,562,914	-	8,659,323
Materials and supplies	3,356,472	303,862	-	3,660,334
Services	5,163,384	359,868	633,551	6,156,803
Other	29,328	-	-	29,328
Amortization	3,922,462	54,677	-	3,977,139
Total expenses	17,568,055	4,281,321	633,551	22,482,927
Annual deficit	\$ (2,631,948)	\$ (32,491)	\$ (335)	\$ (2,664,774)