

Financial Statements of

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

Year ended December 31, 2015

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

## Financial Statements

Year ended December 31, 2015

### Financial Statements

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## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The accompanying financial statements of The Corporation of the District of Central Saanich (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting standards for local governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in note 1 to the 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 financial statements. These systems are monitored and evaluated by management.

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

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



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Director of Financial Services



KPMG LLP  
St. Andrew's Square II  
800-730 View Street  
Victoria V8W 3Y7  
Canada  
Telephone (250) 480-3500  
Fax (250) 480-3539

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of The Corporation of the District of Central Saanich, which comprise the statement of financial position as at December 31, 2015, the statements of operations and accumulated surplus, 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 Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the District of Central Saanich as at December 31, 2015, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants

May 2, 2016  
Victoria, Canada

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

## Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 10,023,919	\$ 12,046,325
Investments (note 2)	12,562,167	5,560,725
Property taxes receivable	471,812	705,802
Accounts receivable	2,582,188	2,687,801
Other government receivables	93,593	128,411
	<u>25,733,679</u>	<u>21,129,064</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 3)	1,540,771	1,408,866
Refundable deposits	1,118,093	1,500,545
Deferred revenue (note 4)	4,985,152	4,850,334
Debt (note 5)	11,330,515	8,818,458
Employee future benefit obligations (note 6)	1,023,800	1,093,200
	<u>19,998,331</u>	<u>17,671,403</u>
Net financial assets	5,735,348	3,457,661
<b>Non-financial assets:</b>		
Tangible capital assets (note 7)	90,538,269	91,958,327
Inventory of supplies	473,792	501,538
Prepaid expenses	57,654	51,503
	<u>91,069,715</u>	<u>92,511,368</u>
<b>Accumulated surplus</b> (note 8)	<u>\$ 96,805,063</u>	<u>\$ 95,969,029</u>

Commitments and contingencies (note 11)

The accompanying notes are an integral part of these financial statements



Director of Financial Services

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	Financial plan (note 12)	2015	2014
<b>Revenue:</b>			
Municipal property taxes (note 9)	\$ 14,223,576	\$ 14,211,259	\$ 13,639,656
Grants in lieu of taxes	340,471	321,015	317,564
Sale of services	1,022,200	1,625,101	1,098,439
Permits, licenses and interest	765,100	906,520	815,152
Government transfers (note 10)	2,511,797	1,362,092	2,432,095
Water utility	4,414,941	4,699,996	4,404,804
Sewer enterprise	2,718,474	2,571,060	2,228,036
Contributions and donations	-	626,140	209,929
<b>Total revenue</b>	<b>25,996,559</b>	<b>26,323,183</b>	<b>25,145,675</b>
<b>Expenses:</b>			
General government	2,708,306	2,981,284	2,985,635
Protective services	7,788,989	7,406,061	7,282,265
Transportation services	5,380,745	5,270,829	5,598,165
Environmental development services	389,110	342,520	345,481
Parks and cultural services	2,800,074	2,671,991	2,596,211
Water utility	4,146,497	3,884,843	3,644,920
Sewer enterprise	2,793,887	2,604,179	2,569,051
Other fiscal services	414,368	325,442	227,959
<b>Total expenses</b>	<b>26,421,976</b>	<b>25,487,149</b>	<b>25,249,687</b>
Annual surplus (deficit)	(425,417)	836,034	(104,012)
Accumulated surplus, beginning of year	95,969,029	95,969,029	96,073,041
<b>Accumulated surplus, end of year</b>	<b>\$ 95,543,612</b>	<b>\$ 96,805,063</b>	<b>\$ 95,969,029</b>

The accompanying notes are an integral part of these financial statements

## THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

### Statement of Change in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	Financial plan (note 12)	2015	2014
Annual surplus (deficit)	\$ (425,417)	\$ 836,034	\$ (104,012)
Acquisition of tangible capital assets	(4,137,191)	(2,247,228)	(720,419)
Developer contributions of tangible capital assets	-	(590,150)	(133,600)
Amortization of tangible capital assets	4,000,000	4,257,436	4,337,379
Loss on disposal of tangible capital assets	-	-	53,141
	(137,191)	1,420,058	3,536,501
Acquisition of inventory of supplies	-	27,746	(65,545)
Use of prepaid expenses	-	(6,151)	(424)
	-	21,595	(65,969)
Change in net financial assets	(562,608)	2,277,687	3,366,520
Net financial assets, beginning of year	3,457,661	3,457,661	91,141
Net financial assets, end of year	\$ 2,895,053	\$ 5,735,348	\$ 3,457,661

The accompanying notes are an integral part of these financial statements



# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

## Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus (deficit)	\$ 836,034	\$ (104,012)
Items not involving cash:		
Amortization of tangible capital assets	4,257,436	4,337,379
Loss on disposal of tangible capital assets	-	53,141
Donation of tangible capital assets	(590,150)	(133,600)
Actuarial adjustment on debt	(16,797)	(11,669)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	233,990	(204,548)
Accounts receivable	105,613	415,834
Other government receivables	34,818	99,824
Accounts payable and accrued liabilities	131,905	(220,532)
Refundable deposits	(382,452)	797,219
Deferred revenue	134,818	(1,005,758)
Employee future benefit obligations	(69,400)	92,400
Inventory of supplies	27,746	(65,545)
Prepaid expenses	(6,151)	(424)
	4,697,410	4,049,709
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(2,247,228)	(720,419)
	(2,247,228)	(720,419)
<b>Investing activities:</b>		
Purchase of investments	(7,001,442)	(143,959)
<b>Financing activities:</b>		
Proceeds from issuance of long-term debt	8,523,540	1,085,540
Debt repaid	(5,994,686)	(1,276,290)
	2,528,854	(190,750)
Increase (decrease) in cash and cash equivalents	(2,022,406)	2,994,581
Cash and cash equivalents, beginning of year	12,046,325	9,051,744
Cash and cash equivalents, end of year	\$ 10,023,919	\$ 12,046,325
Supplemental cash flow information:		
Cash paid for interest	\$ (251,263)	\$ (234,095)
Cash received from interest	213,116	105,222
	\$ (38,147)	\$ (128,873)

The accompanying notes are an integral part of these financial statements

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

## Notes to Financial Statements

Year ended December 31, 2015

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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. The District's principal activities include the provision of local government services to residents of the incorporated area.

### 1. Significant accounting policies:

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

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues and expenses of the District's activities and funds. Inter-departmental balances and transactions have been eliminated. The District does not administer any trust activities on behalf of external parties. The District does not control any external entities and accordingly no entities have been consolidated into the financial statements.

(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 without stipulations restricting their use are recognized in the financial statements as revenue in the period in which the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Government transfers with stipulations restricting their use and that give rise to an obligation that meets the definition of a liability are recognized in the financial statements as revenues in the period in which the eligible expenditures are incurred, providing they are authorized and eligibility criteria are met.

(d) Property tax revenue:

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (e) 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, thereby extinguishing the related liability.

### (f) Cash equivalents:

Cash equivalents consist of investments in Municipal Finance Authority of British Columbia ("MFA") Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

### (g) Investments:

Investments are recorded at cost plus earnings that are reinvested in the funds. Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

### (h) Deposits and prepayments:

Receipts restricted by third parties are deferred and reposted as deposits and are refundable under certain circumstances. Deposits and prepayments are recognized as revenue when qualifying expenditures are incurred.

### (i) Employee future benefits:

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.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

(j) Debt:

Debt is recorded net of repayments and actuarial earnings.

(k) 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

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than book value of the asset.

(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.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (k) Non-financial assets (continued):

#### (iii) Interest capitalization:

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

#### (iv) Inventory of supplies:

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

### (l) Use of estimates:

The preparation of financial statements 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 useful lives of tangible capital assets and estimating provisions for accrued liabilities including employee future benefits. Actual results could differ from those estimates.

### (m) Adoption of new accounting policy:

The District 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 District adopted this standard on a retroactive basis and there were no adjustments to the financial statements as a result of the adoption of this standard.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 2. Cash and cash equivalents and investments:

	2015	2014
Bank deposits	\$ 1,011,039	\$ 1,402,920
Municipal Finance Authority - Money Market	8,888,181	10,605,460
Restricted cash - MFA cash deposit	124,699	37,945
	<u>\$ 10,023,919</u>	<u>\$ 12,046,325</u>
Investments	<u>\$ 12,562,167</u>	<u>\$ 5,560,725</u>

Investments consist of Municipal Finance Authority of British Columbia ("MFA") Intermediate and Bond Funds, guaranteed investment certificates and other fixed income securities which have costs that approximate market values. Included in investments is \$1,396,814 (2014 - \$1,353,333) 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, Sport and Cultural Development, Province of British Columbia.

## 3. Accounts payable and accrued liabilities:

	2015	2014
Trade accounts payable	\$ 701,785	\$ 407,433
Other government agencies	265,915	338,324
Accrued salary, wages and employee benefits:		
Payroll	267,979	344,298
Vacation	217,916	221,892
Overtime	87,176	96,919
	<u>\$ 1,540,771</u>	<u>\$ 1,408,866</u>

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 4. Deferred revenue:

	2015	2014
Parkland acquisition funds	\$ 249,498	\$ 247,803
Development cost charges	1,396,814	1,353,333
Restricted contractor donations	1,681,765	1,625,795
Prepaid taxes and other	1,657,075	1,623,403
<b>Total deferred revenue</b>	<b>\$ 4,985,152</b>	<b>\$ 4,850,334</b>

## Schedule of Development Cost Charges

	2015	2014
Opening balance of unspent funds	\$ 1,353,333	\$ 1,281,056
Development cost charges received during year	34,224	57,764
Interest earned	9,257	20,161
	43,481	77,925
Less amount spent on projects and recorded as revenue	-	(5,648)
<b>Closing balance of unspent funds</b>	<b>\$ 1,396,814</b>	<b>\$ 1,353,333</b>

## 5. Debt:

- (a) The District issues debt instruments through the Municipal Finance Authority (MFA) pursuant to security issuing bylaws under authority of the Local Government Act, to finance certain capital expenses.

The loan agreements with the Capital Regional District and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect to such borrowings, the resulting deficiency becomes a liability of the District.

	Gross debt	Repayments and actuarial earnings	Net debt 2015	Net debt 2014
General Capital Fund	\$ 12,102,173	\$ 771,658	\$ 11,330,515	\$ 8,818,458

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 5. Debt (continued):

(a) Continued:

As a condition of the borrowing through the MFA, the District is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The deposits are included in the District's financial statements as restricted cash. If the debt is repaid without default, the deposits are refunded to the District. The notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon the maturity of a debt issue the demand notes are released and deposits refunded to the District. As at December 31, 2015, there were contingent demand notes of \$327,293 (2014 - \$185,913) which are not included in the financial statements of the District.

(b) Principal payments on debt for the next five years are as follows:

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2016	\$	690,312
2017		530,552
2018		530,552
2019		530,552
2020		330,132

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(c) Included in debt is interim financing of \$159,760 (2014 - \$319,520) expected to be repaid in 2016.

(d) Interest expense on long-term debt during the year was \$251,263 (2014 - \$234,095). Interest rates on long-term debt range from 3.7% to 4.5% per annum.

## 6. Employee future benefit obligations:

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

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	2015	2014
Employee benefit obligations:		
Accumulated sick leave	\$ 390,500	\$ 427,900
Retirement benefits	633,300	665,300
	<hr/> \$ 1,023,800	<hr/> \$ 1,093,200

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# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 6. Employee future benefit obligations (continued):

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

Retirement benefits 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 as at December 31, 2013 for which results have been extrapolated to December 31, 2015. The next valuation will be as at December 31, 2016 with results available in 2017.

Information about liabilities for employee future benefit plans is as follows:

	2015	2014
Accrued future benefit obligation:		
Balance, beginning of year	\$ 1,093,200	\$ 1,000,800
Current service cost	102,900	92,800
Interest cost	35,600	40,900
Benefits payments	(213,500)	(42,900)
Amortization of actuarial gain	2,600	1,600
Immediate recognition of past service costs	3,000	-
Balance, end of year	\$ 1,023,800	\$ 1,093,200

The difference between the actuarially determined accrued future benefit obligation as at December 31, 2015 of \$1,176,000 and the accrued benefit liability of \$1,023,800 is an actuarial gain of \$152,200. This actuarial gain will be amortized over a period equal to the employees' average remaining service lifetime of 10 years.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 6. Employee future benefit obligations (continued):

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

	2015	2014
Discount rates	3.00%	3.00%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.58 to 4.63%	2.58 to 4.63%

### Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 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, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers. The next valuation will be as at December 31, 2015, with results available later in 2016.

The District paid \$1,052,595 (2014 - \$1,048,861) for employer contributions while employees contributed \$762,030 (2014 - \$728,098) to the plan in fiscal 2015.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 7. Tangible capital assets:

2015	Land	Land improvements	Buildings	Equipment and vehicles	Roads infrastructure	Sewer infrastructure	Water infrastructure	Assets under construction	Total
<b>Cost:</b>									
Balance, beginning of year	\$ 29,035,945	\$ 7,774,114	\$ 16,842,566	\$ 10,973,408	\$ 54,439,111	\$ 29,683,342	\$ 15,121,621	\$ 169,895	\$164,040,002
Additions	1,653,879	111,022	44,837	283,652	338,650	157,875	202,954	214,405	3,007,274
Disposals/transfers	-	-	-	-	-	-	-	(169,896)	(169,896)
Balance, end of year	30,689,824	7,885,136	16,887,403	11,257,060	54,777,761	29,841,217	15,324,575	214,404	166,877,380
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	3,511,619	4,218,726	7,028,588	35,666,348	15,586,387	6,070,007	-	72,081,675
Amortization	-	125,754	398,560	624,131	2,457,403	433,396	218,192	-	4,257,436
Balance, end of year	-	3,637,373	4,617,286	7,652,719	38,123,751	16,019,783	6,288,199	-	76,339,111
Net book value, end of year	\$ 30,689,824	\$ 4,247,763	\$ 12,270,117	\$ 3,604,341	\$ 16,654,010	\$ 13,821,434	\$ 9,036,376	\$ 214,404	\$ 90,538,269

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 7. Tangible capital assets (continued):

2014	Land	Land improvements	Buildings	Equipment and vehicles	Roads infrastructure	Sewer infrastructure	Water infrastructure	Assets under construction	Total
<b>Cost:</b>									
Balance, beginning of year	\$ 29,035,945	\$ 7,401,014	\$ 16,759,018	\$ 10,854,849	\$ 54,439,111	\$ 29,485,663	\$ 15,001,854	\$ 406,986	\$163,384,440
Additions	-	399,824	83,548	207,383	-	269,558	130,797	246,278	1,337,388
Disposals/transfers	-	(26,724)	-	(88,824)	-	(71,879)	(11,030)	(483,369)	(681,826)
Balance, end of year	29,035,945	7,774,114	16,842,566	10,973,408	54,439,111	29,683,342	15,121,621	169,895	164,040,002
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	3,415,376	3,819,923	6,421,360	33,210,377	15,160,798	5,861,778	-	67,889,612
Disposals	-	(24,385)	-	(88,824)	-	(23,583)	(8,524)	-	(145,316)
Amortization	-	120,628	398,803	696,052	2,455,971	449,172	216,753	-	4,337,379
Balance, end of year	-	3,511,619	4,218,726	7,028,588	35,666,348	15,586,387	6,070,007	-	72,081,675
Net book value, end of year	\$ 29,035,945	\$ 4,262,495	\$ 12,623,840	\$ 3,944,820	\$ 18,772,763	\$ 14,096,955	\$ 9,051,614	\$ 169,895	\$ 91,958,327

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 7. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction totaling \$214,404 (2014 - \$169,895) are not being amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

During the year there were contributed assets of \$590,150 (2014 - \$133,600) recognized, which represents their fair market value at the date of contribution.

(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 2015 or 2014.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 8. Accumulated surplus:

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

	2015	2014
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 79,207,754	\$ 83,139,869
General	6,921,844	3,316,459
Reserve funds	10,675,465	9,512,701
	<b>\$ 96,805,063</b>	<b>\$ 95,969,029</b>

## 9. Municipal property taxes:

Municipal property tax revenue, reported on the statement of operations, is comprised of the following:

	2015	2014
General taxation:		
Property and business taxes	\$ 30,032,650	\$ 28,089,104
Less taxes levied for other authorities:		
Provincial Government - school taxes	8,548,938	8,655,409
Capital Regional District	4,292,199	2,763,496
Capital Regional Hospital District	1,305,495	1,340,827
BC Transit Authority	1,405,630	1,412,094
BC Assessment Authority	268,255	276,756
Municipal Finance Authority	874	866
	<b>15,821,391</b>	<b>14,449,448</b>
	<b>\$ 14,211,259</b>	<b>\$ 13,639,656</b>

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 10. Government transfers:

The District recognizes the transfer of government funding as revenue when received and all related eligibility criteria and stipulations have been satisfied. The government transfers reported on the statement of operations are:

	2015	2014
Provincial government:		
Small communities and equalization payments	\$ 455,391	\$ 298,580
Infrastructure grants	477	470
Other	205,081	85,142
	660,949	384,192
Federal government:		
Gas Tax Agreement funds	701,143	2,047,903
	\$ 1,362,092	\$ 2,432,095

## 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.
- (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.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 11. Commitments and contingencies (continued):

- (d) The District has identified a property that may be remediated in the future at an estimated cost of \$25,000. A liability for estimated costs has not been recognized, as there is no commitment to remediate and expected future economic benefits are not expected to be given up.
- (e) The District has entered into a contract to purchase a dump truck at a cost of approximately \$265,000, payable upon delivery in 2016.

## 12. Financial plan:

The financial plan presented in these financial statements is based upon the 2015 operating and capital budgets approved by Council on May 12, 2015.

## 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:

### **General Government:**

The general government operations provide the functions of building services and maintenance, corporate administration, finance, human resources, legislative services and any other functions categorized as non-departmental.

### **Municipal services:**

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

### **Water utility:**

The water utility installs and maintains the water mains and pump stations and oversees the distribution of water purchased from the Capital Regional District.

### **Sewer enterprise:**

The sewer enterprise installs and maintains the sewer mains and pump stations of the District.



# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 13. Segmented information (continued):

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The taxation revenues are allocated to the functions based on budgeted expenditures for 2015. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

2015	General government	Municipal services	Water utility	Sewer enterprise	Total
<b>Revenue:</b>					
Taxation	\$ 2,917,910	\$ 11,614,364	\$ -	\$ -	\$ 14,532,274
Non-taxation	472,950	4,046,903	4,699,996	2,571,060	11,790,909
Total revenue	3,390,860	15,661,267	4,699,996	2,571,060	26,323,183
<b>Expenses:</b>					
Salaries, wages and benefits	1,365,691	8,948,218	484,144	451,980	11,250,033
Materials and supplies	30,710	542,901	3,150,844	38,087	3,762,542
Services	1,382,057	2,811,007	58,855	1,644,303	5,896,222
Other	-	320,916	-	-	320,916
Amortization	202,826	3,393,801	191,000	469,809	4,257,436
Total expenses	2,981,284	16,016,843	3,884,843	2,604,179	25,487,149
Annual surplus (deficit)	\$ 409,576	\$ (355,576)	\$ 815,153	\$ (33,119)	\$ 836,034
<b>2014</b>					
	General government	Municipal services	Water utility	Sewer enterprise	Total
<b>Revenue:</b>					
Taxation	\$ 2,821,542	\$ 11,135,678	\$ -	\$ -	\$ 13,957,220
Non-taxation	-	4,555,615	4,404,804	2,228,036	11,188,455
Total revenue	2,821,542	15,691,293	4,404,804	2,228,036	25,145,675
<b>Expenses:</b>					
Salaries, wages and benefits	1,453,887	8,652,348	456,004	395,074	10,957,313
Materials and supplies	27,424	592,859	2,853,229	52,591	3,526,103
Services	1,297,689	3,122,228	141,101	1,642,755	6,203,773
Other	-	225,119	-	-	225,119
Amortization	206,635	3,457,527	194,586	478,631	4,337,379
Total expenses	2,985,635	16,050,081	3,644,920	2,569,051	25,249,687
Annual surplus (deficit)	\$ (164,093)	\$ (358,788)	\$ 759,884	\$ (341,015)	\$ (104,012)