

Financial Statements of

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

Year ended December 31, 2016

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

## Financial Statements

Year ended December 31, 2016

### Financial Statements

Management's Responsibility for the Financial Statements	1
Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8

## **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.

On behalf of the District:

  
\_\_\_\_\_  
Director of Financial Services



KPMG LLP  
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800-730 View Street  
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Canada  
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## 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, 2016, 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, 2016, 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

April 18, 2017  
Victoria, Canada

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

## Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 2,924,434	\$ 10,023,919
Investments (note 2)	22,473,176	12,519,488
Property taxes receivable	515,718	471,812
Accounts receivable	2,442,135	2,624,867
Other government receivables	355,842	93,593
	<u>28,711,305</u>	<u>25,733,679</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 3)	1,857,153	1,523,970
Refundable deposits	1,777,326	1,118,093
Deferred revenue (note 4)	5,099,397	4,985,152
Debt (note 5)	10,597,014	11,330,515
Employee future benefit obligations (note 6)	1,055,840	1,040,601
	<u>20,386,730</u>	<u>19,998,331</u>
Net financial assets	8,324,575	5,735,348
<b>Non-financial assets:</b>		
Tangible capital assets (note 7)	88,162,527	90,538,269
Inventory of supplies	529,210	473,792
Prepaid expenses	123,059	57,654
	<u>88,814,796</u>	<u>91,069,715</u>
<b>Accumulated surplus</b> (note 8)	<u>\$ 97,139,371</u>	<u>\$ 96,805,063</u>

Commitments and contingencies (note 11)

The accompanying notes are an integral part of these financial statements

On behalf of the District:



Director of Financial Services

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	Financial plan (note 12)	2016	2015
<b>Revenue:</b>			
Municipal property taxes (note 9)	\$ 14,960,472	\$ 14,926,307	\$ 14,211,259
Grants in lieu of taxes	321,700	321,658	321,015
Sale of services	756,965	1,309,025	1,631,201
Permits, licenses and interest	853,900	918,184	906,520
Government transfers (note 10)	2,649,254	1,183,830	1,362,092
Water utility	4,689,000	5,224,485	4,798,275
Sewer enterprise	1,148,771	1,245,162	1,122,530
Contributions and donations	22,500	268,375	626,140
<b>Total revenue</b>	<b>25,402,562</b>	<b>25,397,026</b>	<b>24,979,032</b>
<b>Expenses:</b>			
General government	3,194,289	3,213,579	2,981,284
Protective services	7,238,382	7,482,843	7,406,061
Transportation services	6,229,935	5,802,735	5,272,907
Environmental development services	516,920	375,137	342,520
Parks and cultural services	2,615,626	2,605,884	2,676,013
Water utility	3,974,407	4,278,215	3,983,122
Sewer enterprise	877,870	855,555	1,155,649
Other fiscal services	563,412	448,770	325,442
<b>Total expenses</b>	<b>25,210,841</b>	<b>25,062,718</b>	<b>24,142,998</b>
Annual surplus	191,721	334,308	836,034
Accumulated surplus, beginning of year	96,805,063	96,805,063	95,969,029
<b>Accumulated surplus, end of year</b>	<b>\$ 96,996,784</b>	<b>\$ 97,139,371</b>	<b>\$ 96,805,063</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, 2016, with comparative information for 2015

	Financial plan (note 12)	2016	2015
Annual surplus	\$ 191,721	\$ 334,308	\$ 836,034
Acquisition of tangible capital assets	(3,880,725)	(1,435,702)	(2,247,228)
Developer contributions of tangible capital assets	-	(260,325)	(590,150)
Amortization of tangible capital assets	4,300,000	4,060,481	4,257,436
Loss on disposal of tangible capital assets	-	11,288	-
	419,275	2,375,742	1,420,058
Acquisition of inventory of supplies	-	(55,418)	27,746
Use of prepaid expenses	-	(65,405)	(6,151)
	-	(120,823)	21,595
Change in net financial assets	610,996	2,589,227	2,277,687
Net financial assets, beginning of year	5,735,348	5,735,348	3,457,661
Net financial assets, end of year	\$ 6,346,344	\$ 8,324,575	\$ 5,735,348

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, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 334,308	\$ 836,034
Items not involving cash:		
Amortization of tangible capital assets	4,060,481	4,257,436
Loss on disposal of tangible capital assets	11,288	-
Donation of tangible capital assets	(260,325)	(590,150)
Actuarial adjustment on debt	(37,958)	(16,797)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	(43,906)	233,990
Accounts receivable	182,732	62,934
Other government receivables	(262,249)	34,818
Accounts payable and accrued liabilities	333,183	115,104
Refundable deposits	659,233	(382,452)
Deferred revenue	114,245	134,818
Employee future benefit obligations	15,239	(52,599)
Inventory of supplies	(55,418)	27,746
Prepaid expenses	(65,405)	(6,151)
	4,985,448	4,654,731
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(1,435,702)	(2,247,228)
<b>Investing activities:</b>		
Purchase of investments	(9,953,688)	(6,958,763)
<b>Financing activities:</b>		
Proceeds from issuance of long-term debt	-	8,523,540
Debt repaid	(695,543)	(5,994,686)
	(695,543)	2,528,854
Decrease in cash and cash equivalents	(7,099,485)	(2,022,406)
Cash and cash equivalents, beginning of year	10,023,919	12,046,325
Cash and cash equivalents, end of year	\$ 2,924,434	\$ 10,023,919
Supplemental cash flow information:		
Cash paid for interest	\$ (374,463)	\$ (251,263)
Cash received from interest	328,998	213,116
	\$ (45,465)	\$ (38,147)

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, 2016

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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, 2016

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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. Work performed for third parties is recognized in the statement of operations as a revenue and expense.

### (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 recognized 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, 2016

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## 1. Significant accounting policies (continued):

(j) Debt:

Debt is recorded net of repayments and actuarial earnings. Debt is recorded in the related segment that uses the proceeds to fund capital expenditures.

(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
Roads infrastructure	20 - 60
Drainage infrastructure	5 - 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. Heritage buildings are not amortized as they have an indefinite service potential. 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, 2016

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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) Liability for contaminated sites:

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. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the District is directly responsible or accepts responsibility for the liability
- (iv) future economic benefits will be given up, and
- (v) a reasonable estimate of the liability can be made.

### (m) 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.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 2. Cash and cash equivalents and investments:

	2016	2015
Bank deposits	\$ 1,362,123	\$ 1,011,039
Municipal Finance Authority - Money Market	1,434,127	8,888,181
Restricted cash - MFA cash deposit	128,184	124,699
	<u>\$ 2,924,434</u>	<u>\$ 10,023,919</u>
Investments	<u>\$ 22,473,176</u>	<u>\$ 12,519,488</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 \$1,432,420 (2015 - \$1,396,814) 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:

	2016	2015
Trade accounts payable	\$ 1,054,875	\$ 701,785
Other government agencies	209,730	265,915
Accrued salary, wages and employee benefits:		
Payroll	363,562	251,178
Vacation	138,879	217,916
Overtime	90,107	87,176
	<u>\$ 1,857,153</u>	<u>\$ 1,523,970</u>

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 4. Deferred revenue:

	2016	2015
Parkland acquisition funds	\$ 253,286	\$ 249,498
Development cost charges	1,432,420	1,396,814
Restricted contractor donations	1,793,147	1,681,765
Prepaid taxes and other	1,620,544	1,657,075
<b>Total deferred revenue</b>	<b>\$ 5,099,397</b>	<b>\$ 4,985,152</b>

## Schedule of Development Cost Charges

	2016	2015
Opening balance of unspent funds	\$ 1,396,814	\$ 1,353,333
Development cost charges received during year	21,567	34,224
Interest earned	14,039	9,257
	35,606	43,481
Less amount spent on projects and recorded as revenue	-	-
<b>Closing balance of unspent funds</b>	<b>\$ 1,432,420</b>	<b>\$ 1,396,814</b>

## 5. Debt:

- (a) The District obtains debt 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 2016	Net debt 2015
<b>General Capital Fund</b>	<b>\$ 11,942,413</b>	<b>\$ 1,345,399</b>	<b>\$ 10,597,014</b>	<b>\$ 11,330,515</b>

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 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, 2016, there were contingent demand notes of \$327,293 (2015 - \$327,293) 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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2017	\$	535,783
2018		535,783
2019		535,783
2020		335,363
2021		335,363

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(c) Included in debt is interim financing of nil (2015 - \$159,760).

(d) Interest expense on long-term debt during the year was \$357,651 (2015 - \$251,263). Interest rates on long-term debt range from 2.75% to 4.5% per annum. Included in revenue is \$37,958 (2015 - \$16,797) of investment income earned on the District's annual principal payments invested by MFA. This annual investment income ranges from 3.5% to 4.0% of cumulative principal payments on debt and results in a reduction in the overall cost of borrowing

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 6. Employee future benefit obligations:

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

	2016	2015
Employee benefit obligations:		
Accumulated sick leave	\$ 408,100	\$ 390,500
Retirement benefits	639,300	633,300
Total accumulated sick leave and retirement benefits	1,047,400	1,023,800
Other accrued benefits	8,440	16,801
	\$ 1,055,840	\$ 1,040,601

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, 2016.

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

	2016	2015
Accrued future benefit obligation:		
Balance, beginning of year	\$ 1,023,800	\$ 1,093,200
Current service cost	105,500	102,900
Interest cost	36,900	35,600
Benefits payments	(148,000)	(213,500)
Amortization of actuarial gain	15,700	2,600
Immediate recognition of past service costs	13,500	3,000
Balance, end of year	\$ 1,047,400	\$ 1,023,800

The difference between the actuarially determined accrued future benefit obligation as at December 31, 2016 of \$1,180,600 and the accrued benefit liability of \$1,047,400 is an actuarial gain of \$133,200. 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, 2016

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

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

	2016	2015
Discount rates	3.30%	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 (a jointly trustee 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 plans and adequacy of plan funding. The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation for the Municipal Pension Plan will be 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.

The District paid \$1,057,387 (2015 - \$1,052,595) for employer contributions while employees contributed \$771,254 (2015 - \$762,030) to the plan in fiscal 2016.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 7. Tangible capital assets:

2016	Land	Land improvements	Buildings	Equipment and vehicles	Roads infrastructure	Drainage infrastructure	Sewer infrastructure	Water infrastructure	Assets under construction	Total
<b>Cost:</b>										
Balance, beginning of year	\$ 30,689,824	\$ 7,885,136	\$ 16,887,403	\$ 11,257,060	\$ 54,777,761	\$ 15,362,049	\$ 14,479,168	\$ 15,324,575	\$ 214,404	\$ 166,877,380
Additions	35,000	38,000	87,634	697,782	287,318	82,166	115,632	401,824	119,565	1,864,921
Disposals/transfers	(3,209)	-	-	-	-	-	-	(22,576)	(168,894)	(194,679)
Balance, end of year	30,721,615	7,923,136	16,975,037	11,954,842	55,065,079	15,444,215	14,594,800	15,703,823	165,075	168,547,622
<b>Accumulated amortization:</b>										
Balance, beginning of year	-	3,637,373	4,617,286	7,652,719	38,123,751	9,012,907	7,006,876	6,288,199	-	76,339,111
Disposals	-	-	-	-	-	-	-	(14,497)	-	(14,497)
Amortization	-	126,163	399,625	567,257	2,317,931	209,575	219,996	219,934	-	4,060,481
Balance, end of year	-	3,763,536	5,016,911	8,219,976	40,441,682	9,222,482	7,226,872	6,493,636	-	80,385,095
<b>Net book value,</b>										
end of year	\$ 30,721,615	\$ 4,159,600	\$ 11,958,126	\$ 3,734,866	\$ 14,623,397	\$ 6,221,733	\$ 7,367,928	\$ 9,210,187	\$ 165,075	\$ 88,162,527

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 7. Tangible capital assets (continued):

2015	Land	Land improvements	Buildings	Equipment and vehicles	Roads infrastructure	Drainage 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	\$ 15,326,334	\$ 14,357,008	\$ 15,121,621	\$ 169,895	\$ 164,040,002
Additions	1,653,879	111,022	44,837	283,652	338,650	35,715	122,160	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	15,362,049	14,479,168	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	8,799,777	6,786,610	6,070,007	-	72,081,675
Amortization	-	125,754	398,560	624,131	2,457,403	213,130	220,266	218,192	-	4,257,436
Balance, end of year	-	3,637,373	4,617,286	7,652,719	38,123,751	9,012,907	7,006,876	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	\$ 6,349,142	\$ 7,472,292	\$ 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, 2016

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## 7. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction totaling \$165,075 (2015 - \$214,404) 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 \$260,325 (2015 - \$590,150) 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 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:

Included in disposals are write-downs of \$22,576 (2015 - nil).

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 8. Accumulated surplus:

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

	2016	2015
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 77,565,513	\$ 79,207,754
General	10,432,742	9,413,376
Total surplus	87,998,255	88,621,130
<b>Reserve funds set aside for specific purposes by Council:</b>		
Public works equipment	381,189	468,336
Fire department equipment	642,753	505,033
Local service area	155,491	133,680
Capital expenditures	2,157,383	1,935,779
Total	3,336,816	3,042,828
<b>Reserves set aside for specific purposes by Council:</b>		
General	2,406,758	2,212,130
Water utility	1,894,143	1,497,994
Sewer enterprise	1,503,399	1,430,981
Total	5,804,300	5,141,105
	\$ 97,139,371	\$ 96,805,063

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 9. Municipal property taxes:

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

	2016	2015
General taxation:		
Property and business taxes	\$ 30,611,683	\$ 30,032,650
Less taxes levied for other authorities:		
Provincial Government - school taxes	8,331,593	8,548,938
Capital Regional District	4,371,999	4,292,199
Capital Regional Hospital District	1,316,568	1,305,495
BC Transit Authority	1,407,032	1,405,630
BC Assessment Authority	257,275	268,255
Municipal Finance Authority	909	874
	15,685,376	15,821,391
	\$ 14,926,307	\$ 14,211,259

## 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:

	2016	2015
Provincial government:		
Small communities and equalization payments	\$ 412,959	\$ 455,391
Infrastructure grants	5,893	477
Other	40,224	205,081
	459,076	660,949
Federal government:		
Gas Tax Agreement funds	724,754	701,143
	\$ 1,183,830	\$ 1,362,092

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 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.
- (d) The District has identified a property that will be remediated in the future. A liability for estimated costs of \$190,000 has been recognized, as the District has committed to remediation and future economic benefits are expected to be given up.

## 12. Financial plan:

The financial plan presented in these financial statements is based upon the 2016 operating and capital budgets approved by Council on May 2, 2016.

## 13. Comparative information:

Certain 2015 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

# THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 14. 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, 2016

## 14. 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 2016. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

2016	General government	Municipal services	Water utility	Sewer enterprise	Total
<b>Revenue:</b>					
Taxation	\$ 3,028,632	\$ 12,219,333	\$ -	\$ -	\$ 15,247,965
Non-taxation	290,993	3,923,906	4,689,000	1,245,162	10,149,061
Total revenue	3,319,625	16,143,239	4,689,000	1,245,162	25,397,026
<b>Expenses:</b>					
Salaries, wages and benefits	1,329,889	8,957,266	548,933	450,957	11,287,045
Materials and supplies	30,797	574,998	3,441,333	52,983	4,100,111
Services	1,685,764	3,338,972	68,015	131,619	5,224,370
Other	-	390,711	-	-	390,711
Amortization	-	3,620,551	219,934	219,996	4,060,481
Total expenses	3,046,450	16,882,498	4,278,215	855,555	25,062,718
Annual surplus (deficit)	\$ 273,175	\$ (739,259)	\$ 410,785	\$ 389,607	\$ 334,308
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	4,053,003	4,798,275	1,122,530	10,446,758
Total revenue	3,390,860	15,667,367	4,798,275	1,122,530	24,979,032
<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	2,817,107	157,134	195,773	4,552,071
Other	-	320,916	-	-	320,916
Amortization	202,826	3,393,801	191,000	469,809	4,257,436
Total expenses	2,981,284	16,022,943	3,983,122	1,155,649	24,142,998
Annual surplus (deficit)	\$ 409,576	\$ (355,576)	\$ 815,153	\$ (33,119)	\$ 836,034