



Town of View Royal

Financial Information

Fiscal year ended December 31, 2009

Financial Information

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Statement of Financial Information Approval

For the year ended December 31, 2009

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

Kathy Young, CGA
Director of Finance
July 20, 2010

Graham Hill
Mayor
July 20, 2010

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 9

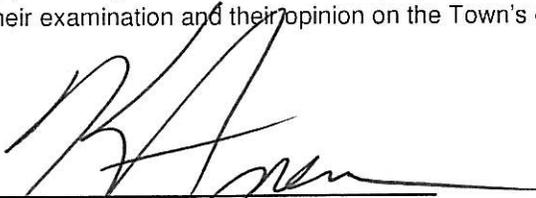
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Town of View Royal (the "Town") 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 Town'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 Town. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Chief Administrative Officer



Director of Finance



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St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada

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AUDITORS' REPORT

To the Mayor and Councillors of Town of View Royal

We have audited the consolidated statement of financial position of Town of View Royal 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 Town'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 Town 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

April 30, 2010

TOWN OF VIEW ROYAL

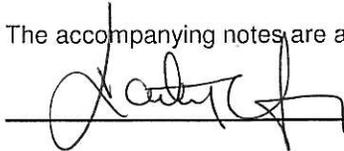
Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

| | 2009 | 2008 |
|--|----------------------|------------------------|
| | | (Restated - note 2) |
| Financial assets: | | |
| Cash and short-term investments (note 3) | \$ 10,288,783 | \$ 10,467,206 |
| Taxes receivable | 504,563 | 491,401 |
| Accounts receivable | 1,775,916 | 1,874,506 |
| | <u>12,569,262</u> | <u>12,833,113</u> |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities | 2,089,243 | 2,699,612 |
| Deposits | 608,751 | 715,076 |
| Deferred revenue (note 4) | 4,814,388 | 4,687,873 |
| Prepaid property taxes | 92,006 | 62,109 |
| Long-term debt (note 5) | 804,937 | 987,201 |
| Obligations under capital leases (note 5) | 35,582 | 99,735 |
| Employee future benefit obligations (note 6) | 106,549 | 90,970 |
| | <u>8,551,456</u> | <u>9,342,576</u> |
| Net financial assets | 4,017,806 | 3,490,537 |
| Non-financial assets: | | |
| Tangible capital assets (note 7) | 92,029,743 | 92,731,435 |
| Inventory of supplies | 814 | - |
| Prepaid expenses and deposits | 37,350 | 116,956 |
| | <u>92,067,907</u> | <u>92,848,391</u> |
| Accumulated surplus (note 8) | <u>\$ 96,085,713</u> | <u>\$ 96,338,928</u> |

Commitments and contingencies (note 10)

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



Director of Finance

TOWN OF VIEW ROYAL

Consolidated Statement of Operations

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

| | Budget | 2009 | 2008 |
|---|--------------------------|----------------------|------------------------|
| | (unaudited - note 11) | | (Restated - note 2) |
| Revenue: | | | |
| Taxation, net (note 9) | \$ 4,793,281 | \$ 4,757,127 | \$ 4,333,891 |
| User charges | 1,388,331 | 1,409,788 | 1,596,590 |
| Government transfers: | | | |
| Provincial | 4,102,522 | 3,026,307 | 3,407,417 |
| Federal | 3,997,193 | 473,379 | 145,713 |
| Municipal | 6,400 | 10,020 | 21,640 |
| Investment income | 150,000 | 229,772 | 330,055 |
| Interest on sinking fund assets | - | 20,219 | 13,222 |
| Penalties and fines | 90,000 | 94,913 | 91,635 |
| Development charges earned | - | 112,053 | - |
| Developer contributions | - | 193,760 | 137,183 |
| Contributions and donations | 3,000 | 7,589 | 3,000 |
| Other revenue from own sources | 808,870 | 824,710 | 848,899 |
| Total revenue | 15,339,597 | 11,159,637 | 10,929,245 |
| Expenses: | | | |
| General government | 1,616,328 | 1,757,786 | 1,676,590 |
| Protective services | 2,125,583 | 2,203,609 | 2,141,979 |
| Transportation services | 1,718,648 | 3,126,134 | 2,816,128 |
| Environmental health services | 968,375 | 1,021,816 | 896,376 |
| Planning and development | 548,000 | 436,111 | 375,138 |
| Recreation and cultural | 2,031,655 | 2,867,396 | 2,591,414 |
| Total expenses | 9,008,589 | 11,412,852 | 10,497,625 |
| Annual surplus (deficit) | 6,331,008 | (253,215) | 431,620 |
| Accumulated surplus, beginning of year | 96,338,928 | 96,338,928 | 95,907,308 |
| Accumulated surplus, end of year | \$ 102,669,936 | \$ 96,085,713 | \$ 96,338,928 |

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

TOWN OF VIEW ROYAL

Consolidated Statement of Change in Net Financial Assets

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

| | Budget (unaudited - note 11) | 2009 | 2008 (Restated - note 2) |
|--|------------------------------------|--------------|--------------------------------|
| Annual surplus (deficit) | \$ 6,331,008 | \$ (253,215) | \$ 431,620 |
| Acquisition of tangible capital assets | (6,711,033) | (1,835,702) | (2,539,691) |
| Amortization of tangible capital assets | - | 1,930,997 | 1,932,381 |
| Loss on sale of tangible capital assets | - | 38,676 | - |
| Proceeds on sale of tangible capital assets | - | 3,500 | 1,062 |
| Change in proportionate share of West Shore tangible capital assets | - | 564,221 | 346,118 |
| | (6,711,033) | 701,692 | (260,130) |
| Acquisition and consumption of inventory of supplies | - | (814) | - |
| Acquisition and consumption of prepaid expenses | - | 79,606 | (95,171) |
| Change in net financial assets | (380,025) | 527,269 | 76,319 |
| Net financial assets, beginning of year | 3,490,537 | 3,490,537 | 3,414,218 |
| Net financial assets, end of year | \$ 3,110,512 | \$ 4,017,806 | \$ 3,490,537 |

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

TOWN OF VIEW ROYAL

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 surplus (deficit) | \$ (253,215) | \$ 431,620 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 1,930,997 | 1,932,381 |
| Loss on disposal of tangible capital assets | 38,676 | - |
| Change in employee benefits and other liabilities | 15,579 | (7,491) |
| Change in proportionate share of West Shore tangible capital assets | 564,221 | 346,118 |
| Actuarial adjustment on debt | (20,219) | (13,222) |
| Change in non-cash operating assets and liabilities: | | |
| Accounts receivable | 98,590 | (47,552) |
| Property taxes receivable | (13,162) | (34,056) |
| Accounts payable and accrued liabilities | (610,369) | 200,420 |
| Deposits | (106,325) | (67,565) |
| Deferred revenue | 126,515 | (66,214) |
| Prepaid property taxes | 29,897 | (12,037) |
| Inventory of supplies | (814) | - |
| Prepaid expenses and deposits | 79,606 | (95,171) |
| | 1,879,977 | 2,567,231 |
| Capital activities: | | |
| Acquisition of tangible capital assets | (1,835,702) | (2,539,691) |
| Proceeds on sale of tangible capital assets | 3,500 | 1,062 |
| | (1,832,202) | (2,538,629) |
| Financing activities: | | |
| Capital lease payments | (64,153) | (60,004) |
| Debt repaid | (162,045) | (162,032) |
| | (226,198) | (222,036) |
| Decrease in cash and short-term investments | (178,423) | (193,434) |
| Cash and short-term investments, beginning of year | 10,467,206 | 10,660,640 |
| Cash and short-term investments, end of year | \$ 10,288,783 | \$ 10,467,206 |

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

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements

Year ended December 31, 2009

Town of View Royal (the "Town") 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 Town 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 Town are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the combination of all the assets, liabilities, revenues, expenses, and changes in fund balances and in financial position of the Town. The financial statements of the Town includes the Town's proportionate interest in West Shore Parks and Recreation Society ("West Shore"), an organization jointly controlled by the Town. The Town does not administer any trust activities on behalf of external parties.

(b) Basis of accounting:

The Town 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.

Casino revenues are required to be spent on eligible expenditures as defined in the agreement with the provincial government. The gross revenue received is deferred and recorded as revenue when the related expenditures are incurred.

(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.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(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.

Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenses are incurred development cost charges are recognized as revenue in amounts which equal the associated expenses.

(e) Investment income:

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.

(f) Short-term investments:

Investments in the Municipal Finance Authority of British Columbia ("MFA") Bond, Intermediate and Money Market Funds are recorded at cost plus earnings reinvested in the funds.

(g) Employee future benefits:

- (i) The Town 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 Town'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.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(h) 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 cost, 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 and building improvements | 20 - 70 |
| Vehicles, machinery and equipment | 5 - 25 |
| Roads infrastructure | 10 - 75 |
| Drainage and sewer infrastructure | 75 - 100 |

Annual 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) Interest capitalization

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

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(iv) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(v) Inventory of supplies

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

(i) 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 the termination of employee benefit obligations and provision for contingencies.

In addition, the Town'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.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policy:

The Town 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 Town 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 | \$ 1,154,690 |
| Capital fund balance | 699,841 |
| Reserves | 2,951,767 |
| Equity in physical assets | 32,611,163 |
| Accumulated surplus, as previously reported | 37,417,461 |
| Change in net book value of tangible capital assets | 58,537,946 |
| Change in deferred revenue | (48,101) |
| Accumulated surplus, as restated | \$ 95,907,306 |

Annual surplus for 2008:

| | |
|--|-------------|
| Net revenues, as previously reported | \$ 206,652 |
| Assets capitalized but previously expensed | 2,539,691 |
| Amortization expense not previously recorded | (1,932,381) |
| Change in proportionate share of West Shore | (359,743) |
| Change in deferred revenue | (22,599) |
| Annual surplus, as restated | \$ 431,620 |

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

3. Cash and short-term investments:

| | 2009 | 2008 |
|---|----------------------|----------------------|
| Bank deposits | \$ 581,758 | \$ 2,431,344 |
| Municipal Finance Authority - Money Market | 4,347,481 | 2,367,635 |
| Municipal Finance Authority - Intermediate | 663,816 | 53,505 |
| Municipal Finance Authority - Short Term Bond | 4,678,042 | 2,811,079 |
| Other short-term investment | - | 2,803,643 |
| Restricted cash | 17,686 | - |
| | <u>\$ 10,288,783</u> | <u>\$ 10,467,206</u> |

4. Deferred revenue:

The Town has entered into an agreement with the Province whereby 10% of the net gaming revenue from community casinos is to be paid to local governments. The Town has also entered into a casino revenue sharing agreement with neighbouring municipalities whereby 55% of the revenue received from the Province in respect of the gaming facility situated within the Town is to be disbursed to these governments. The balance of the revenue received from the Province is to be retained by the Town. The disbursement of the 55% is not recorded in the financial statements for the Town and is disclosed below as a disbursement to other municipal partners.

| | 2009 | 2008 |
|---|---------------------|---------------------|
| Gaming revenue: | | |
| Deferred net gaming revenue, beginning of year | \$ 1,537,095 | \$ 2,133,921 |
| Amounts received during the year | 4,615,323 | 4,922,764 |
| Disbursements: | | |
| Eligible expenses | (2,169,303) | (2,812,053) |
| Other municipal partners | (2,538,428) | (2,707,537) |
| | <u>1,444,687</u> | <u>1,537,095</u> |
| Federal Gas Tax Agreement Funds: | | |
| Deferred gas tax agreement funds, beginning of year | 370,959 | 293,207 |
| Amounts received during the year | 289,332 | 153,176 |
| Interest earned | 15,365 | 16,384 |
| Eligible expenses | (226,637) | (91,808) |
| Deferred gas tax agreement funds, end of year | <u>449,019</u> | <u>370,959</u> |
| Deferred revenue - other | 379,787 | 361,021 |
| Deferred revenue - development cost charges | 2,540,895 | 2,418,798 |
| Total deferred revenue | <u>\$ 4,814,388</u> | <u>\$ 4,687,873</u> |

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

5. Debt:

(a) Long-term debt outstanding:

| | Gross debt | Sinking Fund assets | Net debt 2009 | Net debt 2008 |
|---------------|--------------|---------------------|---------------|---------------|
| MFA Issue #95 | \$ 1,493,000 | \$ 688,063 | \$ 804,937 | \$ 987,201 |

(b) Debenture debt:

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 of such borrowings, the resulting deficiency becomes a liability of the Town.

The Town issues its debt instruments through the MFA. Most debt is issued on a sinking fund basis, where the MFA invests the Town's sinking fund payments so that the payments, plus investment income, will equal the original outstanding debt amount at the end of the repayment period. Actuarial adjustments on debt represent the repayment and/or forgiveness of debt by the MFA using surplus investment income generated by the sinking fund assets.

Principal payments on long-term debt for the next five years are as follows:

| | Total |
|------|------------|
| 2010 | \$ 162,032 |
| 2011 | 162,032 |
| 2012 | 162,032 |
| 2013 | 162,032 |

(c) Maturities and interest rates:

Existing long-term debt matures in annual amounts to the year 2013 and debenture interest is payable at 4.07%.

(d) Interest expense:

Total interest expense during the year was \$60,765 (2008 - \$60,765).

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

5. Debt (continued):

(e) Capital lease liability:

The Town has financed a portion of the purchase of an aerial fire truck, by entering into a capital leasing arrangement with the MFA and which is recorded as capital lease. The Town will acquire ownership of the truck at the end of the lease. Repayments are due as shown:

| | | |
|---|----|--------|
| Year ending December 31: | | |
| 2010 | \$ | 35,710 |
| Less amount representing interest at rates 3.25% | | 128 |
| Present value of net minimum capital lease payments | \$ | 35,582 |

6. Employee future benefits:

Employee benefit obligations represent accrued benefits as at December 31, 2008. Accrued sick leave is the estimated liability for sick leave for all employees. Accrued vacation is the amount of unused vacation entitlement carried forward into the next year. Sick leave entitlements can only be used while employed by the Town and are not paid out upon retirement or termination of employment.

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

| | 2009 | 2008 |
|------------------------------------|--------|--------|
| Discount rates | 4.50 % | 4.50 % |
| Expected future inflation rates | 3.00 % | 3.00 % |
| Expected wage and salary increases | 2.00 % | 2.00 % |

Municipal Pension Plan

The Town 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 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.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

6. Employee future benefits (continued):

Municipal Pension Plan (continued):

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 Town paid \$125,577 (2008 - \$110,958) for employer contributions and Town employees paid \$121,626 (2008 - \$99,643) for employee contributions to the plan in fiscal 2009.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

7. Tangible capital assets:

| | Land and improvements | Buildings and building improvements | Vehicles, machinery and equipment | Wastewater and storm drain infrastructure | Roads infrastructure | Assets under construction | Total 2009 | Total 2008 |
|----------------------------------|--------------------------|---|---|--|-------------------------|------------------------------|---------------|---------------|
| Cost: | | | | | | | | |
| Balance, beginning of year | \$34,665,252 | 9,276,560 | 4,660,154 | 29,169,903 | 36,638,391 | - | \$114,410,260 | \$112,500,211 |
| Additions | 292,432 | 68,943 | 394,554 | 162,404 | 324,525 | 592,843 | 1,835,701 | 2,539,691 |
| Disposals | (298,400) | (335,366) | (38,831) | (42,177) | - | - | (714,774) | (629,642) |
| Balance, end of year | 34,659,284 | 9,010,137 | 5,015,877 | 29,290,130 | 36,962,916 | 592,843 | 115,531,187 | 114,410,260 |
| Accumulated amortization: | | | | | | | | |
| Balance, beginning of year | 1,517,658 | 2,552,928 | 2,805,646 | 4,068,488 | 10,734,105 | - | 21,678,825 | 19,836,969 |
| Disposals | (6,281) | (71,820) | (30,276) | - | - | - | (108,377) | (90,525) |
| Amortization | 55,123 | 220,882 | 320,688 | 321,892 | 1,012,411 | - | 1,930,996 | 1,932,381 |
| Balance, end of year | 1,566,500 | 2,701,990 | 3,096,058 | 4,390,380 | 11,746,516 | - | 23,501,444 | 21,678,825 |
| Net book value, end of year | \$33,092,784 | 6,308,147 | 1,919,819 | 24,899,750 | 25,216,400 | 592,843 | \$92,029,743 | \$92,731,435 |

TOWN OF VIEW ROYAL

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: | | |
| Equity in tangible capital assets | \$ 91,189,224 | \$ 91,644,499 |
| Unrestricted general fund surplus | 965,397 | 698,301 |
| Unrestricted sewer fund surplus | 956,222 | 960,698 |
| Total surplus | 93,110,843 | 93,303,498 |
| Reserve funds set aside for specific purposes by Council: | | |
| Capital Works and Land Acquisition | 90,620 | 102,747 |
| Fire Department Equipment | 74,792 | 198,229 |
| Machinery and Equipment Depreciation | 61,999 | 73,855 |
| Municipal Roads Capital | 5,053 | 4,852 |
| Parks and Open Space | 207,595 | 173,678 |
| Parks and Recreation Equipment | 96,423 | 80,254 |
| Police Equipment, Property and Contract | 565,202 | 549,036 |
| Police Operation and Maintenance | 336,846 | 328,374 |
| Road Trust | 103,825 | 140,357 |
| Sewer System Capital | 1,198,034 | 1,119,450 |
| Sewer System Equipment Replacement | 48,914 | 45,048 |
| Tax Sale Land | 7,809 | 7,499 |
| West Shore reserves | 177,758 | 212,051 |
| Total reserve funds | 2,974,870 | 3,035,430 |
| | \$ 96,085,713 | \$ 96,338,928 |

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

9. Net taxes available for municipal purposes:

The Town is required to collect taxes on behalf of and transfer these amounts to the government agencies noted below. Taxes levied over or under the amounts requisitioned are recorded as accounts payable or receivable.

| | 2009 | 2008 |
|--|---------------|--------------|
| Taxes | | |
| Property taxes | \$ 10,160,232 | \$ 9,215,244 |
| Revenues in lieu of taxes | 191,475 | 182,817 |
| 1% utility taxes | 103,774 | 98,411 |
| | 10,455,481 | 9,496,472 |
| Less taxes levied for other authorities: | | |
| School authorities | 3,929,044 | 3,664,610 |
| Capital Regional District | 837,008 | 719,194 |
| Capital Regional Hospital District | 438,957 | 358,954 |
| BC Transit | 365,114 | 302,162 |
| BC Assessment Authority | 127,855 | 117,350 |
| Municipal Finance Authority | 376 | 311 |
| | 5,698,354 | 5,162,581 |
| Net taxes available for municipal purposes | \$ 4,757,127 | \$ 4,333,891 |

10. 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 Town.
- (b) The Town 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) There is a lawsuit pending in which the Town is named as co-defendant. It is considered that the potential claims against the Town resulting from such litigation not covered by insurance would not materially affect the consolidated financial statements.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

10. Commitments and contingencies (continued):

- (d) The Town is self-insured through membership in the Municipal Insurance Association of British Columbia. Under this program, member municipalities are to share jointly for general liability claims against any member in excess of \$10,000. Should the Association pay out claims in excess of premiums received, it is possible that the Town, along with the other participants, would be required to contribute towards the deficit.
- (e) Under borrowing arrangements with the MFA, the Town is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are included in the Town's financial assets as restricted cash and are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the Town. At December 31, 2009 there were contingent demand notes of \$96,469 (2008 - \$96,469) which are not included in the financial statements of the Town.

11. 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 13, 2009 (amended May 29, 2009). Amortization was not contemplated on development of the budget and, as such, has not been included. The chart following reconciles the approved budget to the budget figures reported in these consolidated financial statements.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

11. Budget data (continued):

| | Budget amount |
|-----------------------------------|---------------|
| Revenues: | |
| Operating budget | \$ 24,636,310 |
| West Shore | 738,270 |
| Less: | |
| Transfers from own funds | (2,041,028) |
| Collections for other governments | (7,993,955) |
| Total revenue | 15,339,597 |
| Expenses: | |
| Operating budget | 24,636,310 |
| West Shore | 738,270 |
| Less: | |
| Capital expenditures | (6,609,143) |
| Capital expenditures - West Shore | (101,890) |
| Transfer to own funds | (1,438,971) |
| Debt principal payments | (222,032) |
| Collections for other governments | (7,993,955) |
| Total expenses | 9,008,589 |
| Annual surplus | \$ 6,331,008 |

12. West Shore Parks and Recreation Society:

(a) Capital asset transfer:

The Capital Regional District (the "CRD") transferred the lands and facilities comprising the Juan de Fuca Recreation Centre to the following municipal partners (the "Municipalities") effective January 2, 2002: City of Langford, City of Colwood, District of Highlands, District of Metchosin and the CRD (on behalf of a portion of the Juan de Fuca Electoral Area).

The lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the Co-Owners' Agreement. Future improvements are allocated among the partners as per the cost sharing formula in effect each year for each service or facility, as outlined in a Members' Agreement. For 2009, the Town's share of improvements purchased by the Society on its behalf is \$71,778.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

12. West Shore Parks and Recreation Society (continued):

(a) Capital asset transfer (continued):

Because the cost sharing formula in the Members' Agreement produces different cost shares for the members from year-to-year, there is a gain or loss on the opening fund balances. In 2009, the Town recorded a loss of \$564,221 in Invested in tangible capital assets and a loss of \$16,123 in Reserve Funds.

The repayment of the long-term debt associated with the transferred assets will continue to be a regional function, in accordance with the terms of an Agreement to Transfer between the CRD, the Municipalities and the Society. The debt payments are charged to the Municipalities as part of the CRD's annual requisition. The maturity dates of the various borrowings range from 2012 through 2014.

The Municipalities have each become members in the Society, which was incorporated to provide parks, recreation and community services to the Municipalities under contract. Under terms of an Operating, Maintenance and Management Agreement, the Society is responsible to equip, maintain, manage and operate the facilities located at the recreation centre.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

12. West Shore Parks and Recreation Society (continued):

(b) Consolidation:

Financial results and budget for the Society are consolidated into the Town's financial statements proportionately, based on the cost sharing formula outlined in the Members' Agreement. In 2009, the Town's proportion for consolidation purposes was 14.109% (2008 - 15.270%). Condensed financial information for the Society is as follows:

| | 2009 | 2008 |
|-------------------------|--------------|--------------|
| Financial assets | \$ 3,085,770 | \$ 2,946,046 |
| Financial liabilities | 1,841,117 | 1,565,861 |
| Net financial assets | 1,244,653 | 1,380,185 |
| Non-financial assets | 758,343 | 745,387 |
| Accumulated surplus | \$ 2,002,996 | \$ 2,125,572 |
| Revenues | \$ 5,501,066 | \$ 4,815,341 |
| Requisition for members | 3,647,206 | 3,583,724 |
| | 9,148,272 | 8,399,065 |
| Expenses | 5,623,643 | 5,125,075 |
| Requisition for members | 3,647,206 | 3,583,724 |
| | 9,270,849 | 8,708,799 |
| Annual deficit | \$ (122,577) | \$ (309,734) |

13. Segmented information:

The Town is a diversified municipal organization that provides a wide range of services to its citizens. Town services are provided by departments and their activities reported separately. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

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

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

13. Segmented information (continued):

Protective services

Protective Services includes the View Royal Fire Rescue which is a paid / composite fire department responsible to provide fire suppression service, fire inspections of public buildings, and training and education of volunteer firemen as well as the citizens of View Royal. In addition, it also includes policing provided by the RCMP, emergency planning, animal control and the maintenance and enforcement of building and construction bylaws as well as all other municipal bylaws.

Fire protection services are provided to the Songhees and Esquimalt First Nation communities under contract.

Transportation services

Transportation services is comprised of a wide variety of services such as the annual maintenance of all municipally owned roads and bridges, sidewalks, street signage, boulevards, bus shelters, street lighting and traffic signals.

Environmental health services

Environmental health services are comprised of the following services:

- Solid Waste Management – providing the service of solid waste collection and disposal to the citizens of View Royal.
- Liquid Waste Management (Sewer) Services – providing the removal of the municipality's waste water (sewage).
- Storm Drainage – design, inspection and maintenance of the storm drain collection systems.

Planning and development services

Environmental development services include all land use, planning and zoning issues in the Town of View Royal.

Recreation and cultural services

Recreation and culture is comprised of services meant to improve the health and development of the citizens of View Royal.

This segment includes maintenance and development of all parks and green space within the Town of View Royal as well as the Town's financial contribution to the services provided by the Greater Victoria Public Library and the West Shore Parks and Recreation Society.

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

13. Segmented information (continued):

| 2009 | General Government | Protective Services | Transportation Services | Environmental Health Services | Planning and Development Services | Recreation and cultural | Total |
|---|-----------------------|------------------------|----------------------------|-------------------------------------|---|----------------------------|---------------------|
| Revenue: | | | | | | | |
| Taxation | \$ 762,765 | \$ 1,735,399 | \$ 1,514,401 | \$ - | \$ 258,982 | \$ 485,580 | \$ 4,757,127 |
| User charges | - | 360,842 | 70,987 | 906,497 | 71,462 | - | 1,409,788 |
| Developer contributions | - | - | 193,760 | - | - | - | 193,760 |
| Donations | 7,589 | - | - | - | - | - | 7,589 |
| Developer charges earned | - | - | - | 58,256 | - | 53,797 | 112,053 |
| Other | 5,938 | 51,206 | - | - | - | 767,566 | 824,710 |
| Investment income | 195,866 | - | - | 33,906 | - | - | 229,772 |
| Penalties | 94,913 | - | - | - | - | - | 94,913 |
| Interest earned - sinking fund | - | - | 20,219 | - | - | - | 20,219 |
| Government transfers | 779,246 | 61,685 | 1,477,333 | 102,707 | 105,667 | 983,068 | 3,509,706 |
| Total revenue | 1,846,317 | 2,209,132 | 3,276,700 | 1,101,366 | 436,111 | 2,290,011 | 11,159,637 |
| Expenses: | | | | | | | |
| Salaries and wages | 829,107 | 912,778 | 165,406 | 190,103 | 293,560 | 713,177 | 3,104,131 |
| Contracted and general services | 260,173 | 859,349 | 1,527,289 | 531,882 | 129,183 | 1,022,098 | 4,329,974 |
| Supplies and utilities | 86,867 | 89,731 | 106,461 | 38,755 | 1,646 | 147,311 | 470,771 |
| Other | 485,271 | 175,085 | 79,902 | 50,891 | 11,722 | 193,764 | 996,635 |
| Amortization | 96,368 | 166,666 | 1,247,076 | 210,185 | - | 210,702 | 1,930,997 |
| Change in proportionate share of West Shore | - | - | - | - | - | 580,344 | 580,344 |
| Total expenses | 1,757,786 | 2,203,609 | 3,126,134 | 1,021,816 | 436,111 | 2,867,396 | 11,412,852 |
| Annual surplus (deficit) | \$ 88,531 | \$ 5,523 | \$ 150,566 | \$ 79,550 | \$ - | \$ (577,385) | \$ (253,215) |

TOWN OF VIEW ROYAL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

13. Segmented information (continued):

| 2008 | General Government | Protective Services | Transportation Services | Environmental Health Services | Planning and Development Services | Recreation and cultural | Total |
|---|-----------------------|------------------------|----------------------------|-------------------------------------|---|----------------------------|-------------------|
| Revenue: | | | | | | | |
| Taxation | \$ 601,074 | \$ 1,740,213 | \$ 1,566,499 | \$ - | \$ - | \$ 426,105 | \$ 4,333,891 |
| User charges | - | 630,285 | 48,700 | 869,676 | 47,929 | - | 1,596,590 |
| Developer contributions | - | - | - | - | 137,183 | - | 137,183 |
| Donations | 3,000 | - | - | - | - | - | 3,000 |
| Other | - | 45,151 | 69,202 | 455 | - | 734,091 | 848,899 |
| Investment income | 144,367 | 37,446 | 29,912 | 103,164 | 15,166 | - | 330,055 |
| Penalties | 61,332 | 30,303 | - | - | - | - | 91,635 |
| Interest earned - sinking fund | - | 13,222 | - | - | - | - | 13,222 |
| Government transfers | 265,691 | 212,180 | 1,693,677 | 340,306 | 17,827 | 1,045,089 | 3,574,770 |
| Total revenue | 1,075,464 | 2,708,800 | 3,407,990 | 1,313,601 | 218,105 | 2,205,285 | 10,929,245 |
| Expenses: | | | | | | | |
| Salaries and wages | 771,655 | 782,456 | 138,413 | 165,975 | 268,903 | 675,966 | 2,803,368 |
| Contracted and general services | 212,430 | 928,351 | 1,254,348 | 439,650 | 87,789 | 988,369 | 3,910,937 |
| Supplies and utilities | 73,374 | 101,547 | 119,881 | 34,773 | 3,367 | 152,644 | 485,586 |
| Other | 505,693 | 184,288 | 73,493 | 46,535 | 15,079 | 163,014 | 988,102 |
| Amortization | 113,438 | 145,337 | 1,229,993 | 209,443 | - | 234,170 | 1,932,381 |
| Change in proportionate share of West Shore | - | - | - | - | - | 377,251 | 377,251 |
| Total expenses | 1,676,590 | 2,141,979 | 2,816,128 | 896,376 | 375,138 | 2,591,414 | 10,497,625 |
| Annual surplus (deficit) | \$ (601,126) | \$ 566,821 | \$ 591,862 | \$ 417,225 | \$ (157,033) | \$ (386,129) | \$ 431,620 |

Schedule of Payments for Goods and Services (Unaudited)

Year ended December 31, 2009

| Supplier Name | Aggregate amount paid to supplier |
|---|--------------------------------------|
| CITY OF LANGFORD - IN TRUST | \$ 1,826,480 |
| CAPITAL REGIONAL DISTRICT- ACCOUNTS | 198,586 |
| CITY OF LANGFORD | 892,180 |
| VICTORIA CONTRACTING & MUNICIPAL MTC CORP | 795,636 |
| RECEIVER GENERAL FOR CANADA - RCMP POLICING | 593,509 |
| WEST SHORE PARKS & REC. SOCIETY | 575,156 |
| PACIFIC INDUSTRIAL & MARINE LTD. | 435,442 |
| GREATER VICTORIA PUBLIC LIBRARY | 360,585 |
| NORTHRIDGE EXCAVATING LTD | 324,529 |
| CORPORATION OF THE TOWNSHIP OF ESQUIMALT | 258,995 |
| G & E EQUIPMENT RENTALS LTD | 199,447 |
| MCELHANNEY CONSULTING SERVICES LTD | 190,315 |
| WASTE MANAGEMENT OF CANADA CORP. | 153,978 |
| MAINROAD SOUTH ISLAND CONTRACTING LTD | 149,382 |
| ISLAND ASPHALT COMPANY | 132,334 |
| MUNICIPAL PENSION PLAN | 125,577 |
| EMERY ELECTRIC LTD | 115,829 |
| CITY SPACES CONSULTING LTD | 105,998 |
| RON'S DISPOSAL INC | 104,007 |
| BC HYDRO | 103,681 |
| FIVE STAR PAVING CO LTD | 95,243 |
| VICTORIA CORPORATION OF THE CITY | 92,348 |
| SPARKER CONSTRUCTION LTD | 90,451 |
| MUNICIPAL FINANCE AUTHORITY | 83,667 |
| MUNICIPAL INSURANCE ASSOCIATION OF BRITISH | 82,732 |
| 650088 BC LTD | 75,968 |
| NOVUS CONSULTING INC | 70,825 |
| CAPITAL REGIONAL DISTRICT WATER DEPARTMENT | 52,350 |
| CAPITAL CITY PAVING LTD | 69,296 |

Schedule of Payments for Goods and Services (Unaudited) - continued

Year ended December 31, 2009

| Supplier Name | Aggregate amount paid to supplier |
|--|--------------------------------------|
| RCL CONSULTING LTD | 66,145 |
| CLL RENOVATIONS | 60,184 |
| ABSTRACT DEVELOPMENTS | 53,354 |
| RAYLEC POWER LTD | 51,138 |
| SCHO'S LINE PAINTING LTD | 50,165 |
| JENNER CHEVROLET BUICK GMC LTD | 48,603 |
| REGAL TANKS LTD | 46,969 |
| STANTEC CONSULTING LTD (SCL) | 45,323 |
| KANG & GILL CONSTRUCTION | 43,545 |
| RECEIVER GENERAL FOR CANADA-E DIVISION FSS | 43,418 |
| WESTLAND INSURANCE GROUP LTD | 42,054 |
| CRD BYLAW ENFORCEMENT & ANIMAL CONTROL | 39,624 |
| BULLDOG HOMES LTD | 39,461 |
| LIBERTY CONTRACT MANAGEMENT INC | 38,126 |
| TOWER FENCE PRODUCTS LTD | 37,834 |
| PHILLIPS TERRY R | 35,355 |
| SOUTH ISLAND POWER SWEEPING LTD | 34,472 |
| BLACK PRESS GROUP LTD | 34,064 |
| PENTILLION CONSTRUCTION | 33,463 |
| MCRAE'S ENVIRONMENTAL SERVICES LTD | 33,404 |
| KONICA MINOLTA BUSINESS SOLUTIONS (CANADA) LTD | 33,077 |
| CREST | 33,067 |
| ESRI CANADA LIMITED | 32,832 |
| TOMAHAWK TREE SERVICE (2001) LTD | 31,763 |
| MACNUTT ENTERPRISES LTD | 31,172 |
| DAVID J. GAWLEY | 30,949 |
| LANDO & COMPANY LLP | 30,788 |
| BUNT & ASSOCIATES | 28,768 |
| ADRIANS MASONRY | 28,660 |
| MONK OFFICE | 27,540 |
| MATTHEWS STORE FIXTURES & SHELVING | 27,188 |
| TELUS MOBILITY | 27,020 |
| BHANGU BAL | 26,328 |

Schedule of Payments for Goods and Services (Unaudited) - continued

Year ended December 31, 2009

| Supplier Name | Aggregate amount paid to supplier |
|--|--------------------------------------|
| CANSEL SURVEY EQUIPMENT INC. | 26,018 |
| RADIOWORKS | 25,163 |
| Total of aggregate payments exceeding \$25,000 | 9,671,557 |
| Consolidated total of payments of \$25,000 or less | 1,346,905 |
| Total aggregate payments to suppliers | 11,018,462 |
| Grants in Aid Exceeding \$25,000 | |
| SHORELINE COMMUNITY MIDDLE SCHOOL | 50,000 |
| VIEW ROYAL FIREFIGHTERS ASSOCIATION | 48,101 |
| VIEW ROYAL READING CENTRE | 38,500 |
| Total aggregate grants in aid exceeding \$25,000 | 136,601 |
| Total grants in aid of \$25,000 or less | 82,803 |
| Total aggregate grants in aid | 219,404 |
| Total Disbursements | 11,237,867 |
| Per Note 13 to the financial statements - Segmented information | 11,412,850 |
| | (174,983) |
| Amortization not a cash expense | 1,930,997 |
| Employee and council remuneration not included in payment to suppliers | 2,221,064 |
| Change in proportionate share of West Shore not a cash expense | 580,344 |
| West Shore expenses included in Note 13 not included in payment to suppliers | 700,619 |
| Capital project expenses not included in Note 13, included in payment to suppliers | (1,930,997) |
| Payments to City of Langford - In Trust not included in Note 13 - Casino Revenue Sharing Agreement | (1,826,480) |
| Payments to City of Langford not included in Note 13 - Casino Revenue Sharing Agreement | (692,299) |
| Debt payments on principal not included in Note 13 | (226,198) |
| Variance | \$ 582,067 |

The variance occurs for the following reasons:

- the financial statements are prepared on an accrual basis and this report is on a cash basis
- GST is included in payments to suppliers but is not included in the financial statement total

Prepared under the Financial Information Regulation, Schedule 1, section 7 and the Financial Information Act, section 2

Statement of Remuneration and Expenses (Unaudited)

Year ended December 31, 2009

| | | Elected Officials | | |
|---|---|--------------------------|-------------------|---------------------|
| | | Remuneration | Expenses | Total |
| Hill, Graham | Mayor | \$ 22,299 | \$ 8,003 | \$ 30,302 |
| Britton, Andrew | Councillor | 10,193 | 3,768 | 13,961 |
| Rogers, John | Councillor | 10,193 | 5,960 | 16,153 |
| Screech, David | Councillor | 10,193 | 6,145 | 16,338 |
| Rast, Heidi | Councillor | 10,193 | 4,868 | 15,061 |
| | | \$ 63,071 | \$ 28,744 | \$ 91,815 |
| | | Employees | | |
| | | Remuneration | Expenses | Total |
| Brennan, Mark | Chief Administrative Officer | \$ 125,467 | \$ 6,891 | \$ 132,359 |
| Hurst, Paul | Fire Chief | 108,486 | 1,960 | 110,446 |
| Jones, Sarah | Director of Corporate Administration | 103,354 | 5,880 | 109,234 |
| Becelaere, Deb | Superintendent Public Works and Engineering | 102,627 | 305 | 102,932 |
| Chase, Lindsay | Director of Development Services | 100,959 | 3,056 | 104,015 |
| McCusker, Emmet | Director of Engineering | 89,887 | 7,603 | 97,490 |
| Bevan, Heath | Firefighter | 80,542 | 1,214 | 81,756 |
| Marshall, Rob | Firefighter | 78,607 | 1,828 | 80,435 |
| Mollin, Troy | Firefighter | 75,375 | 2,668 | 78,043 |
| Other Employees (under \$75,000) | | 1,194,653 | 80,808 | 1,275,461 |
| | | \$ 2,059,959 | \$ 112,212 | \$ 2,172,171 |
| Reconciliation of Remuneration | | | | |
| 1. Elected Officials | | | | \$ 63,071 |
| 2. Employees | | | | 2,059,959 |
| 3. Receiver General for Canada (Employer portion CPP & EI) | | | | 98,034 |
| 4. West Shore Parks and Recreation Society - wages | | | | 484,541 |
| 5. Health and Pension Benefits | | | | 240,940 |
| 6. RCMP (West Shore Detachment) Civilian Staff Wages paid to City of Langford | | | | 157,586 |
| Total per note 13 to the audited financial statements | | | | \$ 3,104,131 |

Prepared under the Financial Information Regulation, Schedule 1, section 6(2), (3), (4), (5) and (6)

Statement of Permissive Tax Exemptions (Unaudited)

Year ended December 31, 2009

| Organization | Folio | Municipal Property Tax |
|---|---------------|-----------------------------------|
| Places of public worship | | |
| All Saints Church - 287 Pallisier Ave | 401-04412.018 | \$ 3,873.43 |
| St. Columbia Church - 40 High Street | 401-07654.010 | 3,458.42 |
| Community activity centres | | |
| Strawberry Vale Community Hall - 11 High Street | 401-07647.010 | 4,444.07 |
| View Royal Community Hall - 292 Beaumont | 401-04399.010 | 4,321.30 |
| Not for profit organizations | | |
| Island Corridor Foundation | | |
| PID 023-005-459; Sections 6, 97, and 103: Plan VIP60330 | 401-18806.000 | 2,838.92 |
| PID 011-825-871;014-980-258;024-036-021;024-039-209;024-839-957 | 401-18807.000 | 4,802.18 |
| PID 024-635-987; Lot 1, Sections 8 & 27; Plan VIP69799 | 401-18807.002 | 140.23 |
| | | \$ 23,878.55 |

Statement of Development Cost Charges (DDC) (unaudited)

Year ended December 31, 2009

| | Balance January 1 | Transfer to Capital Projects | DCC's Received | Interest Earned | Balance December 31 |
|----------------------|------------------------------|---|---------------------------|----------------------------|--------------------------------|
| Drainage DCC | \$ 589,287 | \$ 58,976 | \$ 15,834 | \$ 24,407 | \$ 570,553 |
| Highways DCC | 831,481 | | 77,750 | 34,438 | 943,669 |
| Park Improvement DCC | 80,653 | 53,797 | 7,066 | 3,340 | 37,262 |
| Park Land DCC | 172,924 | | 17,653 | 7,162 | 197,738 |
| Sewer DCC | 744,453 | | 16,386 | 30,833 | 791,672 |
| | \$ 2,418,798 | \$ 112,773 | \$ 134,688 | \$ 100,181 | \$ 2,540,895 |

Statistical Information (Unaudited)

Taxable Assessments of Land and Improvements

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------|----------------|------------------|------------------|------------------|------------------|
| Residential | \$ 908,941,900 | \$ 1,088,431,600 | \$ 1,308,121,100 | \$ 1,459,912,702 | \$ 1,519,410,702 |
| Utilities | 491,110 | 459,035 | 423,315 | 317,800 | 317,800 |
| Business | 86,836,754 | 88,742,303 | 111,577,599 | 123,792,700 | 134,034,700 |
| Rec/Non Profit | - | 4,575,000 | 3,577,000 | 5,938,000 | 5,938,000 |
| Farm | 78,700 | 92,359 | 92,382 | 79,635 | 71,790 |
| | \$ 996,348,464 | \$ 1,182,300,297 | \$ 1,423,791,396 | \$ 1,590,040,837 | \$ 1,659,772,992 |

Property Tax Rates 2005 to 2009 - Municipal (\$ per \$1,000 assessment)

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------|---------|---------|----------|----------|----------|
| Residential | 2.4813 | 2.3614 | 2.14086 | 2.03648 | 2.16151 |
| Utilities | 26.4757 | 31.6425 | 28.68758 | 26.95688 | 28.61845 |
| Business | 9.4948 | 10.0359 | 8.56346 | 8.14592 | 8.64606 |
| Rec/Non Profit | - | 10.0359 | 8.56346 | 8.14592 | 8.64606 |
| Farm | 36.3513 | 34.5942 | 31.36367 | 14.25536 | 18.05945 |

Municipal Property Tax Billings by Property Class 2005 to 2009

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------|--------------|--------------|--------------|--------------|--------------|
| Residential | \$ 2,255,376 | \$ 2,570,205 | \$ 2,800,510 | \$ 2,973,083 | \$ 3,284,221 |
| Utilities | 13,002 | 14,525 | 12,144 | 8,567 | 9,095 |
| Business | 824,495 | 890,607 | 955,490 | 1,008,405 | 1,158,872 |
| Rec/Non Profit | - | 45,914 | 30,631 | 48,370 | 51,340 |
| Farm | 2,861 | 3,195 | 2,897 | 1,135 | 1,296 |
| | \$ 3,095,734 | \$ 3,524,447 | \$ 3,801,673 | \$ 4,039,561 | \$ 4,504,825 |

Statistical Information (Unaudited) continued
Long Term Debt and Capital Lease Obligations

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|----------------|------------------|------------------|------------------|------------------|
| Long-term debt | | | | | |
| General - transportation services | \$ 804,937 | \$ 987,201 | \$ 1,162,455 | \$ 1,330,968 | \$ 1,493,000 |
| Consolidated entity debt | - | - | - | 149,418 | - |
| | <u>804,937</u> | <u>987,201</u> | <u>1,162,455</u> | <u>1,480,386</u> | <u>1,493,000</u> |
| Capital lease obligation | | | | | |
| General - protective services | 35,841 | 101,067 | 159,740 | 214,534 | 268,956 |
| | <u>35,841</u> | <u>101,067</u> | <u>159,740</u> | <u>214,534</u> | <u>268,956</u> |
| Total Long Term Debt and Capital Lease Obligations | <u>840,778</u> | <u>1,088,268</u> | <u>1,322,195</u> | <u>1,694,920</u> | <u>1,761,956</u> |
| Population | 9,461 | 9,393 | 9,117 | 8,768 | 8,366 |
| Debt per capita | <u>\$ 89</u> | <u>\$ 116</u> | <u>\$ 145</u> | <u>\$ 193</u> | <u>\$ 211</u> |

Statement of Gaurantee and Indemnity Agreements (unaudited)

Year ended December 31, 2009

The Town of View Royal has not provided any guarantees or indemnities under the Gaurantee and Indemnities Regulation.

Statement of Severance Agreements

Year ended December 31, 2009

There was one severance agreement under which payment commenced between the Town of View Royal and a non-unionized employee during the fiscal year 2009.

This agreement represented 47.9 days of salary plus 15% in lieu of benefits and pension contributions.

Strategic Community Investment Funds Plan and Progress Report

(1) SCI Funds received or anticipated

| Strategic Community Investment Funds | Use | Date | Amount |
|--------------------------------------|---|------------|------------|
| SC Grants | local government services | March 2009 | \$ 530,472 |
| | | July 2009 | \$ 190,212 |
| | | July 2010 | \$ 114,430 |
| TFRS Grants | Defray the cost of local police enforcement | March 2009 | \$ 77,988 |
| | | July 2009 | \$ 37,610 |
| | | July 2010 | \$ 29,041 |

(2) SCI Funds intended use, performance targets and progress made:

Small Community or Regional District Portion of the SCI Funds

| Intended Use | Performance Targets | Progress made in first reporting period |
|---|--|---|
| Use funding to support local government services to avoid tax rate increases. | Use 50% to Minimize tax rate increases in 2009 and set the remainder aside to minimize tax rate increases in 2010. | Moderate tax rate increases were needed due to increases in service levels to Protective Services, and to meet financial sustainability targets in Councils Revenue Policy. Without the SC Grant, the tax increase would have been an additional 9% or an equivalent decrease in service levels. |

Traffic Fine Revenue Sharing Portion of the SCI Funds

| Intended Use | Performance Targets | Progress made to first reporting period |
|---|---|--|
| Funding used to support police enforcement. | 100% of Funds used to support integrated police units in the Greater Victoria Region. | 54% of the funds maintained <ul style="list-style-type: none"> o View Royals participation in the Greater Victoria Integrated Regional Crime Unit, and o Community policing in View Royal. The remaining 46% has been set aside to maintain these activities during the 2010 year. |

(3) Report Date: June 30, 2010