



ANNUAL REPORT 2016

FOR THE YEAR ENDING DECEMBER 31, 2016

**DISTRICT OF NORTH SAANICH
BRITISH COLUMBIA**



OUR VISION

Mission

Leadership and good governance that reflects the community vision and protects, promotes and enhances a safe and diverse community for current and future generations.

The Municipal Purposes outlined in the Community Charter, further detail the purposes of the District of North Saanich:

- providing for good government of its community,
- providing for services, laws and other matters for community benefit,
- providing for stewardship of the public assets of its community, and
- fostering the economic, social and environmental well-being of its community.



Vision

The future will ensure that:

- diverse neighbourhoods are respected and supported;
- rural, marine and agricultural values are preserved, maintained, and enhanced;
- the needs and priorities of our community are supported;
- the arts are supported;
- the community is inclusive, accessible and culturally vibrant;
- suitable, appropriately located economic activity is supported;
- efficient levels of service commensurate with appropriate taxation are established;
- natural environments are protected and a commitment is made to the preservation and enhancement of regionally significant green and blue spaces; and
- North Saanich is a sustainable community that plans for the potential impacts of climate change.

Source: Strategic plan information in the 2016 Annual Report is from the 2015 to 2018 Strategic Plan.



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A MESSAGE FROM THE MAYOR

On behalf of Council, I am pleased to present the 2016 Annual Report for the District of North Saanich. This report contains valuable information related to the District's operations, including the 2016 financial statements, 2016 highlights and accomplishments, and 2017 projects aimed to help achieve Council's 2017 strategic goals for the District.

With careful fiscal management in 2016 our average increase in property taxes was 1.8%. This allowed us to add the equivalent of 1% to our reserves, a necessity in forward planning for future needs. There was a 1.9% increase in sewer rates and a 2.0% increase for water rates to reflect the actual costs per household. The modest tax increase was attributable to growth in revenues and implementation of cost saving measures, without cuts to services to our residents.

North Saanich has the lowest residential tax rate in the Capital Regional District. Our business rate has decreased and stabilized since 2005, with a modest increase this year. Our vibrant business sector is a reflection of the ability for businesses to thrive in this area, close to the major transportation hubs for the whole region.

Throughout 2016 Council and staff have endured the extensive disruption caused by construction of the badly needed replacement of the east wing of the municipal hall. With considerable grace and energy staff has continued to deliver cheerful and effective service to our residents. In 2016 some staff transitioned to the partial new wing and we expect final completion in July 2017. Environmental

opportunities given by the new construction include the use of solar panels and battery power storage of energy.

A number of major decisions faced Council during 2016, including the rezoning application for the Dunsmuir Lodge property and advancement of the Sandown project. Council anticipates work on an affordable housing policy in 2017. We completed the review of a number of regulatory bylaws and prioritized others for updating.

As a Council, we strive to continue to improve the services that the District is providing to residents, as well as continuing to be good stewards of the community's assets. Work is continuing on electronic billing, asset management including vehicle and equipment replacement, pavement management, water and sewer modeling, communications and records management.

The final work of recognition for the Jubilee year was the Jubilee book which was completed and celebrated in 2016.

Council is working to build on its successes over the past year and continuing work on its Strategic Priorities. We will look forward to continuing to provide leadership and vision for the community in 2017 to make North Saanich an even better place to work, live and visit.



Alice Finall, Mayor





MAYOR AND COUNCIL

Elected by the citizens of North Saanich, Council is a legislative body that provides leadership to the District's government. Council is made up of the Mayor and six Councillors. The four year term is from December 2014 to November 2018.

North Saanich Council is committed to ensuring that the priorities of local citizens guide the policies it establishes and the decision it makes on civic matter such as land use and budget levels for operations and capital expenditures.

2016 Council

Mayor	A. Finall
Councillors	H. Gartshore
	J. McClintock
	G. Orr
	C. Stock
	J. Thornburgh
	M. Weisenberger



COMMUNITY PROFILE

North Saanich is situated on the Saanich Peninsula on Southern Vancouver Island within the Capital Regional District. It is approximately 25 km north of the province's capital city, Victoria. The population is over 11,000.

North Saanich's climate is mild with warm, dry summers and wet winters with a frost-free season of approximately 211 days, according to Environment Canada. Annual precipitation is approximately 883 millimetres which is much less than Vancouver's annual average of 1,189 millimetres.

The District is surrounded on three sides by ocean, with over 40 km of shoreline which is dotted with small beaches and accesses for swimmers and kayakers as well as being home to several Marinas. North Saanich has an extensive park and trails system that links municipal, provincial and Capital Regional District parklands, making it a very popular area for day hiking, cycling and horseback riding.

A large portion of North Saanich land is in the Agricultural Land Reserve. Farming is one of the many important industries located in the District. Another major industry is transportation, as we are the hub for domestic and international travel where we host the Swartz Bay BC Ferry terminal and the Victoria International Airport.

Most of the residents of North Saanich reside in several rural residential neighbourhoods including Ardmore, Deep Cove, Curteis Point, Cloake Hill/Green Park, Dean Park and the South East Quadrant.

The District of North Saanich is a wonderful community in which to work, play and live.

Please visit us in person, or online at www.northsaanich.ca



A MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

I am pleased to present our 2016 Annual Report for the District of North Saanich. Following our Jubilee year in 2015, there were several new initiatives begun and a number of earlier projects completed. Our efforts always respond to Council's Strategic Plan as well as to projects identified for improving our services. All of our efforts and accomplishments are the result of dedicated community volunteers and staff.

In 2016, we undertook many projects including:

- Implementation of improved records and document management processes;
- Review of Procurement Policies;
- Completed the Water System Master Plan;
- Completed the Sewer System Master Plan;
- Constructed the Downey Road Beach Access;
- Achieved a successful Canada 150 Grant Application for Jubilee Park Playground;
- Designed and Constructed Parking at Jubilee Park;
- Prepared a Bylaw Enforcement Policy to clarify bylaw enforcement procedures and practices;
- Hosted a Town Hall meeting on the proposed Liquid Natural Gas plant in Bamberton;
- Completed the District's Jubilee Book;
- Conducted a community survey to determine options for consideration regarding the growth areas established by Bylaw 1352 (which was adopted in 2014);
- Conducted a sea level rise review and commenced public consultation in order to guide the preparation of marine and shoreline development policies;
- Completed the Vision Sandown initiative which explores future uses at the Sandown site;
- Commenced the implementation of the Sandown agreement, including issuance of a Development Permit and Development Variance Permit for a Canadian Tire store on the first Phase of the commercial portion of the site; and

- The Emergency Services (Fire) Department responded to 560 emergency calls, conducted 760 inspections and was supported by the community volunteers with 10,446 volunteer hours. It also completed the refurbishment of pumper truck 2.

North Saanich continues to have the lowest residential tax rates in the region and we strive to find cost effective ways to deliver our services. In 2016 we initiated two very important projects: 1) an update of our Communications Strategy and 2) the development of a comprehensive Human Resource Strategy. These two initiatives will complete in 2017 and be important resources for Council and Administration to assist in delivering accountable, effective and efficient services.

Looking forward to our work in 2017, we will continue to be very busy addressing Council's Strategic Plan goals. The main capital projects we look forward to the completion of is the municipal hall partial replacement and the construction of Jubilee Park. At the time of writing this message, we are still under budget for this cost effective project. For those of you who attended a Council meeting during 2016, you will have seen how we have been using the Fire Hall 1 bays as the temporary Council Chambers. This has been a great use of existing resources during this transition period and we have very much appreciated the generosity and help of our Fire Department and volunteers in enabling this to happen.

By all accounts 2016 was another great year and we are excited to be working on many important initiatives in 2017.

Rob Buchan, Chief Administrative Officer

ORGANIZATIONAL STRUCTURE

Mayor & Council

Chief Administrative Officer
Rob Buchan

Corporate Services
Curt Kingsley, Director

Financial and Information
Technology Services
Stephanie Munro, Director

Planning and Community Services
Anne Berry, Director

Infrastructure Services
Eymond Toupin, Director

Emergency and Fire Services
John Trelford, Director



MUNICIPAL AUDITORS
BDO Canada LLP



BANKERS
Toronto Dominion Bank



2016 STRATEGIC PLAN PRIORITIES

The Strategic Plan sets out Council's focus and strategic priorities for at least three years and beyond. The Strategic Plan sets the context for all that the District does and is the basis for the departments' business plans and annual budget submissions. Early in 2016 Council reviewed and updated the plan with new strategies to achieve the long-term goals. These new general strategies can be found in the 2015 – 2018 Strategic Plan at www.northsaanich.ca

Protect & Enhance Rural, Agricultural, Heritage, Marine and Environmental Resources

- Preserve and protect sensitive and significant environmental areas and ecosystems;
- Preserve and enhance the agricultural community;
- Preserve and protect sensitive marine and inter-tidal habitats;
- Mitigate Climate change impacts; and
- Enhance park and Trail System facilities and access to natural and rural assets.

Encourage Compatible Commercial and Local Business Development

- An operating environment supportive of local business; and
- A vibrant and sustainable agricultural economy advanced.

Maintain a Safe and Healthy Community

- Loss of life and property minimized; and
- Encourage and support active and healthy lifestyles.

Maintain a Strong Sense of Community

- A strong sense of pride, identity and belonging in North Saanich;
- An engaged community;
- The diversity of neighbourhoods within our municipality is recognized and respected; and
- Housing policies that support local and regional initiatives.

Ensure Strong Leadership, Fiscal Responsibility and Transparent Government

- Efficient and cost effective management of corporate assets;
- Efficient and effective administrative and regulatory processes;
- Effective governance and leadership promoted and practiced; and
- Positive and constructive relations with First Nations.



Department Overviews

CORPORATE SERVICES

The department's primary role is processing all business as it relates to Council, performing all statutory requirements of the *Local Government Act* and the *Community Charter* as well as providing a variety of support services to other District Departments.

The Department is responsible for:

- Providing advice with respect to Council procedures, policies, and functions;
- Coordinating all local government elections and other voting opportunities;
- Administering requests for access to information through the Freedom of Information and Protection of Privacy Act;
- Coordinating the management and maintenance of all vital records of the municipality such as agreements, minutes and bylaws;
- Executing legal documents on behalf of the District;
- Providing administrative support to Council, Committee of the Whole and the Chief Administrative Officer and various advisory bodies;
- Human Resource functions;
- Internal and external corporate communications; and
- District records management.

2016 Results

- Continued implementation of improved records and document management processes;
- Coordinated review and revision of regulatory bylaws more than 10 years old;
- Began review and update of District's Communications Strategy; and
- Began development of Human Resources plan.

2017 Goals and Major Projects

- Continue implementation of improved records and document management processes;
- Continue coordination of review of regulatory bylaws more than 10 years old;
- Complete update of Communications Strategy and implement recommendations;
- Complete review and development of Human Resources plan; and
- Develop new fully functioning website for the District.



Department Overviews

FINANCIAL AND INFORMATION TECHNOLOGY SERVICES

The department's primary role is to manage the District's finances and computer network systems.

The Department is responsible for:

- Budgeting, accounting, financial planning and reporting;
- Collection services including property taxes and utility billing;
- Cash and debt management;
- Payroll and benefits administration;
- Accounts Payable;
- Risk management;
- Overseeing the RCMP contract;
- Management and support of the District's computer network; and
- Management and support of the District's telephone and cellular communications.

2016 Results

- Maintained positive audit opinion on annual financial statements;
- Accounting reporting improvements;
- Continued staff cross-training and improved succession planning;
- Met all statutory requirements; and
- Began review of Procurement Policies

2017 Goals and Major Projects

- Review Municipal Building reserves;
- Develop new website;
- Desktop and telephone system upgrade projects;
- Continue review of Procurement Policies;
- Implement testing of electronic billing for Property Taxes;
- Begin implementation of electronic reporting for Purchasing Cards;
- Continue work on asset management plan implementation;
- Improve Annual Report information; and
- Accounting reporting improvements.



Department Overviews

INFRASTRUCTURE SERVICES

The department is responsible for the planning, construction, maintenance and records management of the District's infrastructure. This includes issuing permits for any works proposed on District roads or property. This department reviews designs for new subdivisions within the District and manages the design and construction of all new infrastructure projects.

The Department is responsible for:

- Planning and designing the District's infrastructure for roads, water mains, sanitary sewers, and drainage;
- Processing requests for service, municipal service information, addressing, soil permits, external utility permits, and permits for work on municipal property;
- Reviewing the engineering servicing of subdivision and building permit applications;
- Management of municipal trees, parks, trails, beach access and bike lanes within the District;
- All operational and maintenance activities for assets related to Roads, Drainage, Water utility, Sewer utility, Parks, Buildings and Fleet;
- Customer service requests both internally for different departments and externally for the public and other agencies; and
- Providing support to many volunteer initiatives and organizations that have relationships with the District. Friends of Dominion Brook Park, Friends of the Bike Jump Park, Peninsula Baseball, Peninsula Soccer.

2016 Results

- Water System Master Plan;
- Sewer System Master Plan;
- Downey Road Beach Access Construction;
- Successful Canada 150 Grant Application for Jubilee Park Playground; and
- Design and Construction of parking at Jubilee Park.

2017 Goals and Major Projects

- Design and Construction of 700 m of Water Main Upgrade on Lands End Road;
- Design and Construction of Pickleball Courts at Wain Road Park;
- Design and Construction of 1.5 km of Bike Lanes on West Saanich Road;
- Design and Construction of Jubilee Park Phase 1;
- Parks Asset Management Plan; and
- Survey and Inventory of Stormwater System.



Department Overviews

PLANNING AND COMMUNITY SERVICES

Planning and Community Services provides advice and services related to the regulation and administration of development activity and community growth. This includes policy review and development, development application processing, building permits, business licensing, and bylaw enforcement.

The department is also responsible for the provision of services to other departments, including:

- Planning advice related to subdivision applications;
- Facilitating inter-departmental meetings regarding development applications which may impact the operations of other departments;
- Budget preparation and review in cooperation with the Finance Department; and
- Municipal hall building maintenance.

2016 Results

- Prepared a Bylaw Enforcement Policy to clarify bylaw enforcement procedures and practices;
- Hosted an LNG Town Hall meeting;
- Completed the District's Jubilee Book;
- Established a process for the preparation and registration of 'do not stratify' covenants for secondary suites and guest cottages;
- Received and processed the rezoning application for the Dunsmuir Lodge site;
- Conducted a community survey to determine options for consideration regarding the growth areas established by Bylaw 1352 and presented an Options Report to Council for Bylaw 1352 Areas 1 & 2;
- Conducted a sea level rise review and commenced public consultation in order to guide the preparation of marine and shoreline development policies;
- Participated in the Capital Regional District review of the Regional Growth Strategy;
- Brought forward the Vision Sandown results to determine future uses at the Sandown site;
- Commenced the implementation of the Sandown agreement, including issuance of a Development Permit and Development Variance Permit for a Canadian Tire store on the first Phase of the commercial portion of the site;
- Adopted the zoning bylaw amendment to exclude Dean Park Estates from the allowable secondary suite areas;

- Prepared a new Firearms Bylaw;
- Renewed the Capital Regional District Animal Control Contract for Services;
- Implemented program to ensure updated license information for businesses located on Airport lands; and
- Approved the 57 lot Phase 1 subdivision at Eaglehurst.

2017 Goals and Major Projects

- Prepare Affordable Housing Discussion Paper and provide further options on non-for profit housing;
- Bring forward the Vision Sandown results to determine future uses at the Sandown site, and pursue the implementation of the Sandown agreement;
- Revisit Interface Fire Hazard regulations;
- Prepare guidelines/policy regarding Agri-tourism;
- Implement Secondary Suites management program;
- Assist in the Capital Regional District Regional Growth Strategy resolution process;
- Review and update the District's Whole Community Agricultural Strategy;
- Continue sea level rise planning process and policy preparation; and
- Prepare an update to Zoning Bylaw No.1255 for improved clarity and administration.



Department Overviews

EMERGENCY AND FIRE SERVICES

The North Saanich Fire Department is a composite, career/volunteer department consisting of 4 career employees and 35 volunteers operating out of 2 fire halls. The department's main priority is to protect lives and property of District of North Saanich residents and visitors.

The fire department is responsible for providing fire suppression, medical first responder services, auto extrication, rescue, commercial building and solid fuel/oil burning appliance inspections, and fire cause investigations within the District of North Saanich. Other actions include: hazardous materials awareness response, disaster planning, fire prevention, and public education. The North Saanich Fire Department jointly operates the Peninsula Emergency Measures Program with the Town of Sidney and the District of Central Saanich.

2016 Results

CALLS	Duty	152
	Fire	172
	Medical	234
	Rescue	2
	2016 Total	560

VOLUNTEER HOURS	10,446
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TOTAL INSPECTIONS	Wood Appliance Inspections	44
	Burning Permits Issued	454
	Commercial Inspections	262
		760

2017 Goals and Major Projects

- Recruit Firefighter class to commence in the fall;
- iPads complete with mapping system installed in all apparatus;
- Paint the exterior of McTavish Fire Hall; and
- Complete outside storage shed at Wain Road.

- Increased interior and full service Firefighters designation with current volunteers as per the Structure Firefighters Competency and Training Playbook; and
- Refurbishment of pumper truck 2 complete and back in full service.



Department Overviews

POLICE SERVICES

The Sidney/North Saanich RCMP provides police services to the District of North Saanich and to the Town of Sidney through a federal/provincial/municipal contract. This detachment also provides diverse policing services to the four First Nations communities on the periphery of the Saanich Peninsula, the Willis Point region, 52 islands and the surrounding waters extending to the United States boundary. The detachment is also responsible for police service to the Victoria International Airport and the Swartz Bay Ferry Terminal.

Through discussion each year with the RCMP “E” Division Headquarters located in Vancouver, the District budgets its share of the costs of the members and operations at the detachment located in the Town of Sidney. The District of North Saanich also cost shares with the Town of Sidney for the RCMP premises and civilian staff.

The Sidney/North Saanich detachment is comprised of 32 police officers and 9 civilian support staff. There are 4 General Duty Watches, a 2 member Traffic Unit, a 4 member General Investigation Section and 2 First Nations Policing members included.

The management team is responsible for providing leadership and management of policing services to the District of North Saanich, Town of Sidney, and the Provincial area within the detachment boundaries. Detachment resources are assigned to general duties and specialized units who carry out a number of policing functions and duties. The Detachment is supported by Island District Headquarters which is located in Victoria. They provide support in areas of extra resources when required, training, oversight and accountability in police service delivery in every community on Vancouver Island.

The detachment policing priorities have been established through local consultation and in alignment with National, Provincial and District priorities. The priorities for 2016 and 2017 include Traffic Enforcement, Impaired driving, First Nations Policing, and Property Crime, Organized Crime/ Prolific Offenders and Community Policing. A number of specific objectives and strategies have been developed for each policing priority. The Detachment Commander provides feedback to the Mayors and Councils through a quarterly policing report and presentation on how the detachment is progressing towards reaching its defined goals for the year.

All detachment members contribute towards the achievement of these objectives and work with our community partners to reduce crime in the community.

The detachment is complimented by a number of dedicated volunteers who donate their time to help make North Saanich a desirable community in which to live. Victim Services, Restorative Justice, Speed Watch, Citizens on Patrol and Auxiliary Constables are programs that citizens can volunteer and enhance the police service to the community. A Community Consultative Group was recently established and includes interested community people from North Saanich and Sidney.

The community policing Auxiliary Constables are actively involved in the delivery of crime prevention and education programs and work closely with the youth through our school liaison program. The detachment has 8 Auxiliary Constables, many of whom are Mountain Bike trained and may be observed around our communities on Bike Patrol. These officers are included in Crime Prevention initiatives. The D.A.R.E. (Drug Awareness Resistance Education) program is also delivered to students in each of the elementary schools within North Saanich and Sidney.

North Saanich and Sidney enjoy one of the lowest crime rates in British Columbia. The support of the community in reporting and assisting in solving crime has contributed to the communities being recognized as safe in which to live. Often, police officers can be seen conducting foot patrols of the downtown areas and, when duties allow, on bikes promoting safe cycling. Further information can be found at www.sidney.rcmp.ca and @Sidney NS RCMP on Twitter.



A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

As Chief Financial Officer for the District, I am pleased to present the District of North Saanich's annual financial report for the year ending December 31, 2016. The purpose of the report is to publish the District of North Saanich's financial statements, Auditor's Report, and to provide an update on the District.

The financial statements are the responsibility of the District's management. The statements have been prepared in compliance with Section 167 of the Community Charter, and in accordance with generally accepted accounting principles approved by the Public Sector Accounting Board (PSAB). The financial statements have been audited by BDO Canada LLP, who have expressed their opinion that the statements present fairly, in all material aspects, the financial position of the District as at December 31, 2016. The District maintains a system of internal accounting controls designed to safeguard the assets of the District and provide reliable financial information.

The District relies heavily on property taxes, water and sewer charges to fund all of the services it provides. Of the \$19.9 million of revenue reported by the District for 2016, 61% of it came from property taxes. Another 21% came from water and sewer fees and charges. A significant portion of the property tax revenue comes from the Airport Land and that will continue to grow as the Airport lands are developed.

The District spends the revenues it collects on a variety of services. Transportation and Protective Services, which includes policing and fire protection, account for 35% of the expenses. Recreation, cultural and parks expenses are services that the District provides directly, or contracts with directly such as Library services. The Panorama Recreation Centre is funded through the Capital Regional District and its property tax levy.

In 2016 the District continued the practice of closing the infrastructure funding gap as tax funded capital reached \$1.24 million or 10% of municipal tax revenue. The infrastructure funding gap is the gap between what the District has saved for future capital works replacement projects and what will need to be spent to replace existing assets. Capital expenditures are amortized over the life of the assets and this is the expense seen on the Statement of Operations.

The majority of the debt that the District holds is for sewer infrastructure. The total debt for the District has decreased from \$8.8 million at the end of 2015 to \$8.1 million in 2016 as principal payments were made. Operating results for 2016 were better than budgeted expectations. The District's net investment in capital assets increased by \$1.3 million and statutory reserve funds increased by \$1.2 million.

Under the direction and guidance of the District's Council, the District of North Saanich is well positioned to continue delivering quality services to its residents now and in the future. I am proud of the significant accomplishments made this year by our team and look forward to the year ahead.

A handwritten signature in dark ink, reading "Stephanie Munro", written over a horizontal line.

Stephanie Munro, Director of Financial Services

District of North Saanich

FINANCIAL STATEMENTS

Year ended December 31, 2016

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District of North Saanich

December 31, 2016

Management's Responsibility for the Financial Statements

The accompanying financial statements of the District of North Saanich (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants 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 judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

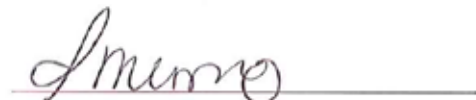
The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

The 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 BDO Canada LLP, independent external auditors appointed by the District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the District's financial statements.



Chief Administrative Officer



Director of Financial Services



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BDO Canada LLP
Suite 500
1803 Douglas Street
Victoria BC V8T 5C3 Canada

Independent Auditor's Report

To the Mayor and Council of the District of North Saanich

We have audited the accompanying financial statements of District of North Saanich, which comprise the Statement Financial Position as at December 31, 2016, and the Statements of Operations, Change in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's 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 the auditor's 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, the auditor considers 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 District of North Saanich as at December 31, 2016 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Victoria, British Columbia
May 8, 2017

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

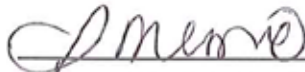
District of North Saanich

Statement of Financial Position

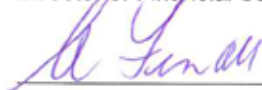
December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Cash and cash equivalents (note 2)	\$ 18,024,873	\$ 9,953,764
Portfolio investments (note 3)	10,269,383	14,418,213
Accounts receivable		
Taxes	471,120	501,718
Other (note 4)	1,407,769	1,590,602
Debt reserve deposits (note 8)	201,393	195,917
	\$ 30,374,538	\$ 26,660,214
Liabilities		
Accounts payable and accrued liabilities (note 5)	3,377,714	3,187,879
Prepaid property taxes	527,450	457,545
Deferred revenue (note 14)	1,662,840	1,262,828
Deposits	1,657,431	548,949
Employee future benefit liability (note 6)	376,700	381,600
Capital lease obligations	320	4,150
Debt (note 7)	8,086,521	8,843,878
	\$ 15,688,976	\$ 14,686,829
Net financial assets	\$ 14,685,562	\$ 11,973,385
Non-financial assets		
Tangible capital assets (note 9)	64,601,794	63,375,433
Materials and supplies	179,871	133,214
Prepaid expenses	83,281	63,751
	\$ 64,864,946	\$ 63,572,398
Accumulated surplus	\$ 79,550,508	\$ 75,545,783

Contingencies and commitments (notes 8,13 and 17)



Director of Financial Services



Mayor

Year ended December 31, 2016

District of North Saanich

Statement of Operations

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

	Budget (note 16)	2016	2015
Revenues: (note 15)			
Net taxes available for municipal purposes (note 11)	\$ 11,858,500	\$ 12,089,809	\$ 11,719,905
Sale of services			
General	543,000	1,140,870	688,163
Water utility fees and charges	2,829,900	3,088,960	2,893,506
Sewer utility fees and charges	1,157,900	1,167,313	1,123,819
Other revenue	-	918,450	100,274
Investment earnings	82,700	602,036	576,359
Government transfers (note 12)	960,300	940,788	1,181,613
Net gain on disposal of tangible capital assets	-	-	218,300
	\$ 17,432,300	\$ 19,948,226	\$ 18,501,939
Expenses: (note 15)			
General government	4,032,453	3,264,620	2,981,429
Protective services	2,969,149	2,698,998	2,904,025
Solid waste management and environment	70,000	60,805	64,882
Planning and community	964,500	933,783	871,575
Transportation	3,164,141	2,868,349	3,269,363
Parks, recreation and culture	1,304,274	1,286,536	1,253,774
Water utility	2,915,109	2,896,815	2,833,201
Sewer utility	1,981,274	1,933,595	1,935,667
	\$ 17,400,900	\$ 15,943,501	\$ 16,113,916
Annual surplus	31,400	4,004,725	2,388,023
Accumulated surplus, beginning of year	75,545,783	75,545,783	73,257,760
Impact of adoption of new accounting standard (note 17)	-	-	(100,000)
Accumulated surplus, end of year	\$ 75,577,183	\$ 79,550,508	\$ 75,545,783

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

Year ended December 31, 2016

District of North Saanich

Statement of Change in Net Financial Assets

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

	Budget (note 16)	2016	2015
Annual surplus	\$ 31,400	\$ 4,004,725	\$ 2,388,023
Acquisition of tangible capital assets	(6,354,300)	(3,760,221)	(1,207,984)
Amortization of tangible capital assets	2,288,700	2,533,860	2,408,739
Gain on sale of capital assets	-	-	(218,300)
Proceeds on sale of capital assets	-	-	587,152
	(4,034,200)	2,778,364	3,957,630
Acquisition of materials and supplies	-	(193,808)	(79,923)
Consumption of materials and supplies	-	147,154	119,786
Acquisition of prepaid expenses	-	(58,642)	(57,632)
Use of prepaid expenses	-	39,109	61,694
Change in net financial assets	(4,034,200)	2,712,177	4,001,555
Net financial assets, beginning of year	11,973,385	11,973,385	8,071,830
Impact of adoption of new accounting standard (note 17)	-	-	(100,000)
Net financial assets, end of year	\$ 7,939,185	\$ 14,685,562	\$ 11,973,385

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

Year ended December 31, 2016

District of North Saanich

Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 4,004,725	\$ 2,388,023
Items not involving cash:		
Contributed tangible capital assets	(450,000)	-
Gain on sale of capital assets	-	(218,300)
Amortization of tangible capital assets	2,533,860	2,408,739
Actuarial sinking fund earnings	(252,425)	(219,889)
	5,836,160	4,358,573
Change in non-cash operating assets and liabilities		
Decrease (increase) in accounts receivable - taxes	30,595	57,316
Decrease (increase) in accounts receivable - other	182,833	(232,591)
Decrease (increase) in debt reserve deposits	(5,476)	(16,426)
Decrease (increase) in prepaid expenses	(19,530)	4,061
(Decrease) increase in accounts payable and accrued liabilities	189,835	1,504,948
(Decrease) increase in prepaid property taxes	69,905	1,997
(Decrease) increase in deferred revenue	400,012	119,711
(Decrease) increase in employee future benefit obligations	(4,900)	(4,500)
Decrease (increase) in materials and supplies	(46,654)	39,863
Decrease (increase) in deposits	1,108,482	(10,622)
	7,741,262	5,822,330
Capital transactions:		
Acquisition of tangible capital assets	(3,310,221)	(1,207,984)
Proceeds on disposal of tangible capital assets	-	587,152
	(3,310,221)	(620,832)
Financing transactions:		
Repayment of long-term debt and capital lease obligations	(508,762)	(510,715)
Investing transactions:		
Change in portfolio investments, net	4,148,830	(6,892,580)
Increase (decrease) in cash and cash equivalents	8,071,109	(2,201,797)
Cash and cash equivalents, beginning of year	9,953,764	12,155,561
Cash and cash equivalents, end of year	\$ 18,024,873	\$ 9,953,764

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

NOTES TO THE FINANCIAL STATEMENTS

The District of North Saanich (the “District”) is a municipality in the Province of British Columbia that was created on August 19, 1965 pursuant to the Local Government Act of British Columbia and Community Charter of British Columbia. The District provides municipal services such as police, fire, public works, planning, parks and recreation, library, and general government operations.

1. Significant accounting policies

The financial statements of the District are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of presentation

The financial statements reflect the assets, liabilities, revenues and expenses of the District and its commissions, committees and cost sharing arrangements.

The District participates in the following cost share agreements with the Town of Sidney:

RCMP police services:

RCMP contract, civilian and building and courtroom maintenance costs are allocated to the District based on the ratio of staff assigned to the District and the total number of staff assigned to the detachment. Only the District's portion of these costs are recorded in the financial statements.

Library building maintenance and capital improvements:

Library maintenance and capital improvements are shared equally by the District and the Town of Sidney. Only the District's portion of these costs are recorded in the financial statements.

Shoal Senior Centre:

Operating expenditures and maintenance are allocated to the District based on the proportion of total North Saanich users and only the District's portion of these costs are recorded in the financial statements.

Interdepartmental and inter-fund transactions have been eliminated. The District does not administer any trust activities on behalf of external parties.

(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 a legal obligation to pay.

(c) Government transfers

Government transfers are recognized in the 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, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability. Transfers received for which expenses are not yet incurred are included in deferred revenue and will be recognized over the period the liability is settled.

(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.

Year ended December 31, 2016

1. Significant accounting policies (continued)

(e) Taxation revenue

Taxation revenue is recorded at estimated amounts when it meets the definition of an asset, has been authorized and the taxable event occurs. Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal services in the year they are levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Through the British Columbia Assessments' appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded.

(f) Cash equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(g) Portfolio Investments

Municipal Finance Authority Pooled Funds and term deposits which are recorded at fair market value (which approximates cost). All other investments are recorded on an amortized cost basis. Investment premiums and discounts are amortized over the term of the respective investment, using the effective interest method. Investments are written down when there is, in the opinion of management, a permanent decline in value.

(h) Investment income

Investment income is reported as revenue in the period earned except when required by the funding government or related legal statute, where investment income earned on deferred revenue is added to the investment and forms part the deferred revenue balance.

(i) Debt

Debt is recorded net of principal repayments and actuarial earnings.

(j) Employee future benefits

The District and its employees make contributions to the Municipal Pension Plan and the Greater Victoria Labour Relations Association (GVLRA) Long-Term Disability Trust. As these are multi-employer plans, contributions are expensed as incurred.

Sick leave benefits 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 obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits. Long-term disability income benefits are disclosed according to the Greater Victoria Labour Relations Associations' policy.

(k) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when all 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;
- (iv) it is expected that the future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

1. Significant accounting policies (continued)

(I) 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. Amortization on work in progress will commence when the asset is put into service.

Capital grants are not netted against the cost of the related tangible capital assets.

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

Estimated useful life for tangible capital assets is as follows with a useful life range provided for those further categorized into segments and/or components:

Asset	Useful life range in years
Buildings	25 to 50
Land improvements	10 to 40
Vehicles, machinery, and equipment	5 to 25
Engineering Structures:	
Roads	10 to 75
Drainage	25 to 80
Water	20 to 80
Sewer	20 to 80
Other	10 to 80

Land has an infinite life and is not amortized. Work in progress is not amortized until the project is substantially completed and put into use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services or when the value of the future economic benefits associated with the asset is less than the book value of the asset.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions including tangible capital assets in lieu of developer cost charges, is considered to be equal to its fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets

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

1. Significant accounting policies (continued)

(l) Non-financial assets (continued)

(v) 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.

(vi) Inventories of supplies

Inventories of supplies are recorded at the lower of cost and replacement cost.

(m) Deposits

Receipts restricted by third parties for future services or repayment are deferred as deposits and are refundable under certain circumstances. Deposits are recognized as revenue when qualifying expenditures are incurred.

(n) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expensed during the period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, provisions for accrued liabilities and in performing actuarial valuations of employee future benefits, assessment of contaminated sites and provision for contingencies. Actual results could differ from these estimates.

2. Cash and cash equivalents

Cash equivalents include term deposits in credit unions cashable within 90 days from acquisition. Term deposits have rates of return ranging from 1.20% to 1.55% (2015 - 1.25% to 1.55%).

	2016	2015
Cash	\$ 8,497,468	\$ 2,245,882
Term Deposits	9,527,405	7,707,882
	\$ 18,024,873	\$ 9,953,764

3. Portfolio investments

The District's portfolio of investments have maturity dates of more than 90 days at acquisition and include bonds, term deposits in credit unions, and deposits in the Municipal Finance Authority (MFA) Short Term Bond Fund. Term deposits in credit unions have varying maturity dates from May to November 2017 and have rates of return ranging from 1.40% to 1.90% (2015 - 1.40% to 1.90%).

	2016	2015
Term Deposits	\$ 10,269,383	\$ 12,568,103
MFA Short Term Bond Fund	-	1,850,110
	\$ 10,269,383	\$ 14,418,213

4. Other accounts receivable

Other accounts receivable consists of the following:

	2016	2015
Utility fees and charges	\$ 1,114,142	\$ 1,158,958
Grants	-	231,665
Sales tax rebates	144,084	118,126
Trade accounts receivable	47,055	53,462
Miscellaneous	102,488	28,391
	\$ 1,407,769	\$ 1,590,602

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2016	2015
Trade accounts payable	\$ 1,570,469	\$ 1,853,210
Other accounts payable	1,448,466	976,563
Accrued payroll liability	258,779	358,106
Contaminated sites liability	100,000	-
	\$ 3,377,714	\$ 3,187,879

6. Employee future benefit liability

The District provides sick leave and certain other benefits to its employees in addition to contributions to the Municipal Pension Plan and the GVLRA. These amounts and other employee-related liabilities will require funding in future periods and are set out below:

	2016	2015
Accumulated sick leave	\$ 198,995	\$ 200,168
Retirement benefit payment	177,705	181,432
	\$ 376,700	\$ 381,600

Information about the District's benefit plan for sick leave, retirement benefits and family leave is as follows:

	2016	2015
Accrued benefit obligation - opening:		
Balance, beginning of year	\$ 405,300	\$ 386,100
Current service cost	42,700	41,500
Interest cost	13,100	12,700
Benefits paid	(66,800)	(30,400)
Actuarial loss (gain)	10,900	(4,600)
Accrued benefit obligation - closing	405,200	405,300
Unamortized actuarial loss	(28,500)	(23,700)
Accrued employee future benefit liability	\$ 376,700	\$ 381,600

6. Employee future benefit liability (continued)

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

	2016	2015
Discount rates	3.30 %	3.10 %
Expected wage and salary increases	2.00 %	2.50 %
Expected inflation rate	2.00 %	2.50 %

The expected average remaining service life is 10 years (2015 - 10 years). The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$61,900 (2015 - \$60,800).

Accumulated sick leave

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

Retirement benefit payments

Retirement benefit payments represent the District's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments and death benefits.

The amount recorded for these benefits is based on a projected benefit actuarial valuation. The most recent valuation as at December 31, 2013 was projected to December 31, 2016. The actuarial valuation and assumptions upon which it is based are reviewed on a periodic basis.

Municipal pension plan

The District and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits are based on a formula. 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, and actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. The rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$437,640 for employer contributions to the plan in fiscal 2016 (2015 - \$444,620) and District employees paid \$348,760 (2015 - \$356,367).

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

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Year ended December 31, 2016

6. Employee future benefit liability (continued)

GVLRA/CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employees representing a number of CUPE locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. Employers and employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2014. At December 31, 2015, the total plan provision for approved and unreported claims was \$19,101,700 with a net deficit of \$1,519,598. The total plan provision for approved and unreported claims and net surplus or deficit at December 31, 2016 will be available later in 2017. The District paid 59,155 (2015 - \$62,300) for employer contributions and District employees paid \$59,155 (2015 - \$62,300) for employee contributions to the plan in 2016.

7. Debt

	Interest rate	Year of maturity	Gross Debt	Repayments and actuarial earnings	Net debt 2016	Net debt 2015
MFA Issue #80	2.40%	2018	\$ 4,900,000	\$ (4,071,253)	\$ 828,747	\$ 1,241,638
MFA Issue #102	4.82%	2032	7,722,907	(1,968,948)	5,753,959	6,008,599
MFA Issue #127	3.30%	2029	1,680,000	(176,185)	1,503,815	1,593,641
			\$ 14,302,907	\$ (6,216,386)	\$ 8,086,521	\$ 8,843,878

MFA debenture debt

The District issues debt instruments through the MFA, pursuant to security issuing bylaws under authority of the Local Government Act, to finance certain capital expenditures. MFA invests the District's principal payments so that the payments plus the investment income earned on repayments (actuarial earnings), will equal the original outstanding debt amount at the end of the repayment period.

The loan agreements with 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 District.

The aggregate amount of payments required on the District's debt during each of the next five years and thereafter is as follows:

	2016
2017	\$ 496,420
2018	496,420
2019	269,343
2020	269,343
2021	269,343
Thereafter	1,800,870
Future actuarial interest	4,484,782
	\$ 8,086,521

8. Municipal Finance Authority debt reserve fund

Under borrowing arrangements with the Municipal Finance Authority ("MFA"), the District is required to lodge security by means of demand notes and interest bearing cash deposits based on the amount of borrowing. As debt principal is retired, demand notes are released and the cash deposits are refunded.

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 held by the MFA to act as security against the possibility of debt repayments default. If the debt is returned without default, the deposits are refunded to the District. At December 31, 2016, deposits of \$201,393 (2015 - \$195,917) are recorded as debt reserve deposits.

At December 31, 2016 there were contingent demand notes of \$436,602 (2015 - \$436,602) which are not included in the financial statements of the District.

9. Tangible capital assets

Work in progress having a value of \$1,834,576 (2015 - \$778,165) has not been amortized as items are not yet in use.

There are no significant art nor historic treasures owned and held by the District. No tangible capital assets were written down in 2016 or 2015.

2016	Engineering Structures										Total	Total
	Land	Land Improvement	Buildings	Vehicles, Machinery & Equipment	Roads	Drainage	Water	Sewer	Other	Work in Progress	2016	2015
Cost												
Opening balance	\$ 12,983,568	\$ 1,292,437	\$ 5,873,989	\$ 6,040,080	\$ 31,183,848	\$ 4,774,994	\$ 10,571,504	\$ 26,792,296	\$ 65,381	\$ 778,165	\$100,356,262	\$ 99,584,190
Add: Additions	450,000	354,074	20,233	358,998	230,012	40,566	48,177	441,707	-	1,816,454	3,760,221	1,207,984
Less: Disposals	-	-	(449,677)	-	-	-	-	-	-	-	(449,677)	(435,912)
Less: Completed work in progress	-	-	190,532	2,767	497,404	19,962	-	49,378	-	(760,043)	-	-
Closing balance	13,433,568	1,646,511	5,635,077	6,401,845	31,911,264	4,835,522	10,619,681	27,283,381	65,381	1,834,576	103,666,806	100,356,262
Accumulated Amortization												
Opening balance	-	602,339	2,006,108	3,911,373	18,391,212	1,461,376	5,025,783	5,542,432	40,206	-	36,980,829	34,639,150
Add: Additions	-	50,619	436,125	352,637	967,939	60,579	132,947	531,845	1,169	-	2,533,860	2,408,739
Less: Disposals	-	-	(449,677)	-	-	-	-	-	-	-	(449,677)	(67,060)
Closing balance	-	652,958	1,992,556	4,264,010	19,359,151	1,521,955	5,158,730	6,074,277	41,375	-	39,065,012	36,980,829
Net book value	\$ 13,433,568	\$ 993,553	\$ 3,642,521	\$ 2,137,835	\$ 12,552,113	\$ 3,313,567	\$ 5,460,951	\$ 21,209,104	\$ 24,006	\$ 1,834,576	\$ 64,601,794	\$ 63,375,433

10. Accumulated surplus

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

	2016	2015
Surplus		
Invested in tangible capital assets	\$ 56,514,953	\$ 54,527,405
Other	6,534,170	5,563,768
Total surplus	63,049,123	60,091,173
Reserves set aside by Council		
Working funds	8,364,712	7,684,853
Federal Gas Tax Agreement funds	1,976,322	1,461,487
	10,341,034	9,146,340
Reserve funds set aside for specific purposes by Council		
Replacement reserves	2,144,190	2,052,646
Growth and opportunity reserves	1,998,105	2,292,408
Local improvement reserve	971,453	954,293
Parks capital and acquisition reserves	1,046,603	1,008,923
Total reserve funds	6,160,351	6,308,270
	\$ 79,550,508	\$ 75,545,783

11. Net taxes available for municipal purposes

	Budget	2016	2015
Taxes collected for general municipal purposes:			
Property and business taxes	\$ 9,366,700	\$ 9,392,382	\$ 9,040,744
Grants in lieu of taxes	1,121,100	1,339,483	1,328,116
Water and sewer system parcel taxes	1,370,700	1,357,944	1,351,045
Total	11,858,500	12,089,809	11,719,905
Taxes collected on behalf of and paid to other governments:			
School Authorities	-	7,924,987	7,911,846
Regional Hospital District	-	1,295,521	1,247,901
Municipal Finance Authority	-	893	834
British Columbia Assessment Authority	-	251,350	255,730
BC Transit Authority	-	1,322,499	1,292,690
Regional District	-	2,783,323	2,652,219
Total	-	13,578,573	13,361,220
Gross taxes collected	\$ 11,858,500	\$ 25,668,382	\$ 25,081,125

12. Government transfers

The following government transfers have been included in revenues:

	Budget	2016	2015
Transfers			
Provincial	\$ 440,000	\$ 417,633	\$ 440,271
Federal	520,300	520,285	503,335
Regional and other	-	2,870	238,007
	\$ 960,300	\$ 940,788	\$ 1,181,613

13. Contingencies and commitments

(a) Commitment

The District has entered into a five-year renewable agreement with the Town of Sidney, effective January 1, 2012, for the use of the RCMP facilities located in the Town of Sidney. This agreement requires that the District reimburse the Town of Sidney for a share of facility, equipment and staffing costs, based upon the ratio of staff assigned to the District and the total number of staff assigned to the detachment under the Policy Agreement. The annual estimated cost of this contract is \$343,400.

(b) Insurance

The District is a defendant in various lawsuits and historical circumstances may result in additional legal claims. 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 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 their deductible. Should the Association pay out claims in excess of premiums received, it is possible that the District, along with the other participants, would be required to contribute towards the deficit.

(c) CREST

The District is a shareholder and member of the Capital Regional 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.

(d) Regional District debt

Regional District debt is, under the provisions of the Local Government Act, a direct, joint and several liability of the Regional District and each member municipality within the Regional District, including the District.

14. Deferred revenue

	2015	Contributions	Recorded as revenue	2016
Sewer Upgrade Contributions	\$ 600,000	\$ -	\$ (444,097)	\$ 155,903
Specified Area Charges	482,905	-	-	482,905
Prepaid Building Permits	174,923	463,075	(540,506)	97,492
Victoria Airport Authority	5,000	-	-	5,000
Amenity Fee Contributions	-	799,040	-	799,040
Cash in Lieu of Parkland Contributions	-	122,500	-	122,500
	\$ 1,262,828	\$ 1,384,615	\$ (984,603)	\$ 1,662,840

15. Segmented information

The District is a diversified government organization that provides a wide range of services to its citizens as follows:

Protective Services - RCMP, Fire Department and Animal Control

The mandates of the RCMP and Fire Departments are to enforce laws, prevent crime and maintain peace, order and security by protecting life, property and the environment through the provision of emergency response thus, ensuring safe homes and community. The District cost shares with the Town of Sidney to provide policing services through the Royal Canadian Mounted Police (RCMP). District animal control services are provided under contract by the Capital Regional District.

Parks, Recreation and Cultural Services

The Parks division of the Infrastructure Services Department is responsible for providing and facilitating high quality parks and recreational facilities. The District cost shares with the Town of Sidney to provide access to recreation and cultural services through the Mary Winspear Centre and Shoal Centre located nearby in the Town of Sidney. The District is a member of the Vancouver Island Regional Library which provides access to information through the library facility located in the Town of Sidney.

General Government Services - Legislative; Corporate Services; Financial and Information Technology Services

The functions within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing District assets; ensuring effective financial and human resource management; monitoring performance and ensuring that high quality District service standards are met.

Transportation Services - Engineering and Public Works; Roads; Drainage

The Infrastructure Services Department is responsible for the delivery of municipal transportation and storm drainage systems and services and for approving subdivision plans.

Solid Waste Management and Environmental Services

The management of garbage pickup on municipal public property is the responsibility of the Infrastructure Services Department. Council, through the establishment of Commission and Committees of the District, are provided with feedback and advice to assist in providing policy direction to protect and enhance rural, agricultural, heritage and environmental characteristics.

Planning and Community Services

The Planning and Community Services Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the District; and conducting building inspections and bylaw enforcement.

Water Utility - Infrastructure Services, Utilities

The Utilities Division of the Infrastructure Services Department installs and maintains the water mains and pump stations and oversees the distribution of water purchased from the Capital Regional District.

Sewer Utility - Infrastructure Services, Utilities

The Utilities Division of the Infrastructure Services Department installs and maintains the sewer mains and pump stations of the District.

Statement of Segmented Information

The following statement provides additional information for the foregoing functions. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

15. Segmented information (continued)

December 31, 2015	General Government	Protective Services	Solid Waste Management & Environment	Planning and Community	Parks, Recreation and Cultural	Water Utility	Sewer Utility	2015
Revenues								
Net taxes available for municipal purposes	\$ 10,368,860	\$ -	\$ -	\$ -	\$ -	\$ 452,239	\$ 898,806	\$ 11,719,905
Sale of services	83,749	93,221	45,544	374,244	60,435	2,893,506	1,123,819	4,705,488
Other revenue	100,274	-	-	-	-	-	-	100,274
Investment earnings	255,558	-	-	-	-	39,660	281,140	576,359
Government transfers	741,342	440,271	-	-	-	-	-	1,181,613
Net gain on disposal of tangible capital assets	218,300	-	-	-	-	-	-	218,300
	11,768,083	533,492	45,544	374,244	60,435	3,385,405	2,303,765	18,501,939
Expenses								
Salaries, wages and employee benefits	1,731,445	604,827	25,102	815,396	1,292,636	218,169	216,146	5,349,236
Contracted services	866,820	1,994,853	39,506	49,860	686,575	972,840	535,321	5,234,261
Supplies and materials	143,212	91,280	274	6,318	136,111	15,133	138,643	2,562,372
Interest and bank charges	14,021	55,440	-	-	-	-	489,844	559,305
Amortization	225,931	157,625	-	-	1,154,041	47,632	555,713	2,408,739
	2,981,429	2,904,025	64,882	871,574	3,269,363	1,253,774	1,935,667	16,113,913
Annual surplus (deficit)	\$ 8,786,654	\$ (2,370,533)	\$ (19,338)	\$ (497,330)	\$ (3,208,928)	\$ (1,222,805)	\$ 368,098	\$ 2,388,023
December 31, 2016								
Revenues								
Net taxes available for municipal purposes	\$ 10,729,480	\$ -	\$ -	\$ -	\$ -	\$ 457,924	\$ 902,405	\$ 12,089,809
Sale of services	81,320	84,805	43,283	640,669	255,799	3,088,960	1,167,313	5,397,143
Other revenue	474,353	-	-	-	-	-	444,097	918,450
Investment earnings	281,832	-	-	-	-	28,371	291,833	602,036
Government transfers	940,788	-	-	-	-	-	-	940,788
	12,507,773	84,805	43,283	640,669	255,799	3,575,255	2,805,648	19,948,226
Expenses								
Salaries, wages and employee benefits	1,833,895	528,947	28,936	791,153	1,299,425	212,005	185,867	5,394,930
Contracted services	857,500	1,867,256	31,425	131,462	315,207	1,001,295	552,420	4,805,299
Supplies and materials	78,580	91,188	444	5,878	155,000	21,620	140,900	2,651,032
Interest and bank charges	13,095	55,440	-	-	-	-	489,844	558,380
Amortization	481,550	156,167	-	5,290	1,098,717	51,616	564,564	2,533,860
	3,264,620	2,698,998	60,805	933,783	2,868,349	1,286,536	1,933,595	15,943,501
Annual surplus (deficit)	\$ 9,243,153	\$ (2,614,193)	\$ (17,522)	\$ (293,114)	\$ (2,612,550)	\$ (1,251,542)	\$ 872,053	\$ 4,004,725

16. Budget data

The budget data presented in these financial statements is based upon the 2016 budget in Financial Plan Bylaw #1394, Schedule A passed by Council on May 8, 2016.

	2016
Revenues	
Net taxes available for municipal purposes	\$ 11,858,500
Water utility fees and charges	2,829,900
Sewer utility fees and charges	1,157,900
Sale of services	543,000
Other revenue	82,700
Government transfers	960,300
Total revenue	17,432,300
Expenses	
Interest and bank charges	545,300
Amortization	2,288,700
General operating fund	10,824,100
Water operating fund	2,754,900
Sewer operating fund	987,900
	17,400,900
Annual surplus	31,400
ALLOCATIONS	
Add	
Amortization expense	2,288,700
Transfers from own funds	4,530,700
Total additions	6,819,400
Deduct	
Principal payments on debt	496,500
Capital expenditures	6,354,300
Total deductions	6,850,800
Financial Plan balance	\$ -

17. Liability for contaminated sites

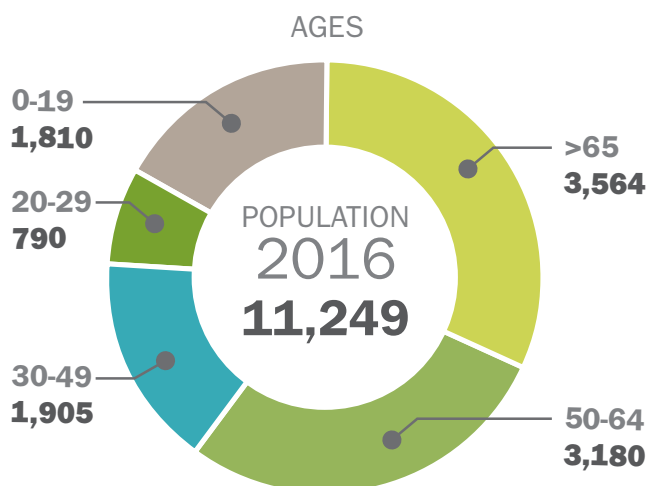
A liability for contaminated sites has been recorded in amount of \$100,000 (2015 - \$100,000).

2016 PERMISSIVE PROPERTY TAX EXEMPTIONS

In accordance with Section 98 (2)(b) of the Community Charter, we disclose that the following properties were provided permissive property tax exemptions by the District of North Saanich Council in 2016. Permissive tax exemptions are those exemptions granted by bylaw in accordance with Section 224 of the Community Charter.

PROPERTY / ORGANIZATION	ADDRESS	2016 MUNICIPAL TAXES EXEMPTED	
Air Cadets - 676 Kittyhawk Sponsoring Committee Society	1979 Anson Drive	\$	2,702
BC Aviation Museum	1910 Norseman Road		17,283
Holy Trinity Anglican Church	1319 Mills Road		6,261
Holy Trinity Anglican Church	1325 Mills Road		2,058
Kiwanis Elderly Citizens Village	10585 McDonald Park Road		10,431
Navy League of Canada (Saanich Peninsula Branch)	6595 B Hurricane Road		1,311
Saanich Peninsula Chamber of Commerce	10382 Pat Bay Highway		2,062
Saanich Peninsula Presbyterian Church	9296 East Saanich Road		10,170
Seventh Day Adventist Church	9300 Willingdon Road		12,824
Sidney & North Saanich Memorial Park Society	10640 McDonald Park Road		6,079
Sidney & North Saanich Memorial Park Society	10714 McDonald Park Road		10,600
Sidney Pentecostal Church	10364 McDonald Park Road		6,090
St. John's United Church	10990 West Saanich Road		3,836
Town of Sidney	1665 McTavish Road		8,669
Capital Regional District	1717 McTavish Road		30,195
		\$	130,571

STATISTICS



POPULATION

11,121	2012
11,153	2013
11,185	2014
11,217	2015
11,249	2016

EDUCATION OF POPULATION AGED 25-64

245	No certificate, diploma or degree
1,305	High school diploma or equivalent
765	Apprenticeship or trades certificate or diploma
1,215	College, CEGEP or other non-university certificate or diploma
310	University certificate or diploma below bachelor level
1,935	University certificate, diploma or degree at bachelor level or above

OCCUPATION

120	Operations unique to primary industry
850	Management
815	Business, finance and administration
555	Natural and applied sciences
540	Health
495	Education, law and social, community and government services
200	Art, culture, recreation and sport
1,055	Sales and service occupations
710	Trades, transport and related occupations
140	Natural resources, agriculture and related occupations

*Source: Numbers and graphs on this page are updated from Census information available every 5 years.

STATISTICS

Taxable Assessment of Land and Improvements

THOUSANDS	2012	2013	2014	2015	2016
Residential	\$ 3,529,044	\$ 3,387,402	\$ 3,208,316	\$ 3,226,868	\$ 3,514,071
Utilities	727	718	710	697	688
Light Industrial	26,812	27,241	27,201	26,832	26,576
Business/Other	192,123	209,676	212,861	211,369	216,738
Recreation/Non-profit	47,294	45,399	43,486	45,104	54,668
Farm	3,136	3,150	3,120	3,158	3,124
	\$ 3,799,136	\$ 3,673,586	\$ 3,495,694	\$ 3,514,028	\$ 3,815,865

Property Tax Levies

THOUSANDS	2012	2013	2014	2015	2016
District of North Saanich	\$ 10,747	\$ 11,202	\$ 11,273	\$ 11,720	\$ 12,090
School Authorities	7,845	7,972	7,962	7,912	7,925
Regional Hospital District	1,236	1,259	1,277	1,248	1,296
Municipal Finance Authority	1	1	1	1	1
BC Assessment Authority	265	266	263	256	251
BC Transit Authority	1,079	1,214	1,293	1,292	1,322
Regional District	2,471	2,488	2,645	2,652	2,783
	\$ 23,644	\$ 24,402	\$ 24,714	\$ 25,081	\$ 25,668



Top Five Principal Corporate Taxpayers

Victoria Airport Authority
BC Transportation Financing Authority (BC Ferry Services Inc)
Jace Holdings
Westerkirk Alberta Inc
Seaspan Ferries Corp

Source: District of North Saanich Financial Services Department

STATISTICS

Debenture Debt

(IN THOUSANDS EXCEPT FOR POPULATION, HOUSEHOLDS AND PER CAPITA/PER HOUSEHOLD DATA)

	2012	2013	2014	2015	2016
Gross Outstanding Debt	\$ 9,275	\$ 8,702	\$ 9,804	\$ 9,308	\$ 8,811
Actuarial Allocation	(194)	(204)	(236)	(464)	(724)
Net Outstanding Debt	\$ 9,081	\$ 8,498	\$ 9,568	\$ 8,844	\$ 8,087

DEBT SERVICING COST*

Property Tax Supported	\$ -	\$ -	\$ -	\$ 139	\$ 139
Specified Area	1,019	1,019	902	903	903
Total Debt Servicing Cost	\$ 1,019	\$ 1,019	\$ 902	\$ 1,042	\$ 1,042

Debt Capacity Available	\$ 6,919	\$ 7,502	\$ 6,432	\$ 7,156	\$ 7,913
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Population	11,121	11,153	11,185	11,217	11,249
Households	4,529	4,555	4,580	4,605	4,630

Net Debt per Capita	\$ 817	\$ 762	\$ 855	\$ 788	\$ 719
Net Debt per Household	\$ 2,005	\$ 1,866	\$ 2,089	\$ 1,920	\$ 1,747

Debt Servicing per Capita	\$ 92	\$ 91	\$ 81	\$ 93	\$ 93
Debt Servicing per Household	\$ 508	\$ 546	\$ 432	\$ 542	\$ 596

*Debt servicing cost includes principal and interest payments made during the year.

Construction

	2012	2013	2014	2015	2016
Building Permits	168	139	152	146	169
Construction Value (THOUSANDS)	\$ 17,197	\$ 18,537	\$ 20,008	\$ 31,342	\$ 33,344

Source: District of North Saanich Financial Services Department, population and household information is an estimate based on 2011/2016 Census



STATISTICS

REVENUES BY TYPE

	THOUSANDS	2012	2013	2014	2015	2016
Net taxes available for municipal purposes		\$ 10,747	\$ 11,202	\$ 11,273	\$ 11,720	\$ 12,090
Sale of services		4,450	4,277	4,437	4,706	5,397
Other revenue		224	508	200	100	918
Investment earnings		521	481	499	576	602
Government transfers		869	999	1,512	1,182	941
Net gain on disposal of tangible capital assets		-	-	-	218	-
		\$ 16,811	\$ 17,467	\$ 17,921	\$ 18,502	\$ 19,948

EXPENSES BY FUNCTION

	THOUSANDS	2012	2013	2014	2015	2016
General government		\$ 2,864	\$ 2,648	\$ 2,810	\$ 2,980	\$ 3,265
Protective services		2,886	2,706	2,827	2,904	2,699
Solid waste management and environment		51	56	61	65	61
Planning and community		858	902	879	872	934
Transportation		3,513	3,452	3,497	3,269	2,868
Parks, recreation and culture		1,126	1,110	1,235	1,254	1,286
Water utility		2,411	2,295	2,607	2,833	2,897
Sewer utility		2,027	1,967	1,949	1,936	1,934
		\$ 15,736	\$ 15,136	\$ 15,865	\$ 16,114	\$ 15,944

EXPENSES BY OBJECT

	THOUSANDS	2012	2013	2014	2015	2016
Salaries, wages and employee benefits		\$ 5,036	\$ 5,166	\$ 5,400	\$ 5,349	\$ 5,395
Contracted services		5,543	4,940	5,222	5,234	4,805
Supplies and materials		2,334	2,145	2,409	2,562	2,651
Interest and bank charges		639	593	545	559	559
Amortization		2,184	2,242	2,289	2,409	2,534
Loss on disposal of capital assets		-	50	-	-	-
		\$ 15,736	\$ 15,136	\$ 15,865	\$ 16,114	\$ 15,944

Source: District of North Saanich Financial Services Department



STATISTICS

NET FINANCIAL ASSETS

MILLIONS

2012	\$ 1.96
2013	\$ 4.61
2014	\$ 8.07
2015	\$ 11.97
2016	\$ 14.69

ACQUISITION OF TANGIBLE ASSETS

MILLIONS

2012	\$ 1.76
2013	\$ 1.21
2014	\$ 1.04
2015	\$ 1.95
2016	\$ 1.76

REVENUES

MILLIONS

2012	\$ 16.81
2013	\$ 17.47
2014	\$ 17.92
2015	\$ 18.50
2016	\$ 19.95

EXPENSES

MILLIONS

2012	\$ 15.73
2013	\$ 15.14
2014	\$ 15.86
2015	\$ 16.11
2016	\$ 15.94

ANNUAL SURPLUS

MILLIONS

2012	\$ 1.07
2013	\$ 2.33
2014	\$ 2.06
2015	\$ 2.39
2016	\$ 4.00

TOTAL ACCUMULATED SURPLUS

MILLIONS

2012	\$ 68.87
2013	\$ 71.20
2014	\$ 73.26
2015	\$ 75.55
2016	\$ 79.55

Total Accumulated Surplus Breakdown:**INVESTED IN TANGIBLE****CAPITAL ASSETS**

MILLIONS

2012	\$ 57.61
2013	\$ 57.85
2014	\$ 55.37
2015	\$ 54.53
2016	\$ 56.51

RESERVES

MILLIONS

2012	\$ 9.07
2013	\$ 9.14
2014	\$ 13.24
2015	\$ 15.45
2016	\$ 16.50

OTHER

MILLIONS

2012	\$ 2.19
2013	\$ 4.21
2014	\$ 4.65
2015	\$ 5.57
2016	\$ 6.54