

THE CORPORATION OF THE CITY OF DUNCAN

December 31, 2009

Consolidated Financial Statements

(Audited)

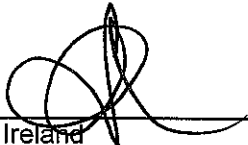
STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Corporation of the City of Duncan and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Council of the City met 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.

Hayes Stewart Little & Company as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the City in accordance with Canadian generally accepted accounting principles.



Tom Ireland
Chief Administrative Officer

AUDITOR'S REPORT

To the Mayor and members of Council of the
Corporation of the City of Duncan

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. These 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 Corporation of the City of Duncan 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.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including Schedules 1 to 13 has been presented for purposes of additional analysis. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the consolidated financial statements taken as a whole.



Hayes Stewart Little & Company
Chartered Accountants

Duncan, BC
November 18, 2010

THE CORPORATION OF THE CITY OF DUNCAN
Consolidated Financial Statements
For the Year Ended December 31, 2009

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**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2009**

	2009	2008 (Restated note 12)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 12,220,920	\$ 8,751,571
Accounts receivable (Note 4)	2,837,728	2,236,786
Deposit - Municipal Finance Authority (Note 5)	63,897	63,361
	<u>15,122,545</u>	<u>11,051,718</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	2,054,159	475,972
Sick and severance liability (Note 11(b))	287,232	283,244
Federal gas tax agreement funds (Note 14)	483,854	287,344
Developer deposits and unearned revenue	857,555	760,169
Reserve - Municipal Finance Authority (Note 5)	63,897	63,361
Long-term debt (Note 7)	1,848,943	466,755
Obligations under capital lease (Note 8)	155,425	186,079
Development cost charges reserve (Note 15)	1,841,585	1,745,922
	<u>7,592,650</u>	<u>4,268,846</u>
NET FINANCIAL ASSETS	<u>7,529,895</u>	<u>6,782,872</u>
NON-FINANCIAL ASSETS		
Net tangible capital assets (Schedule 1)	15,682,345	13,799,955
Inventories (Note 2)	144,828	102,451
Prepaid items	42,001	41,928
	<u>15,869,174</u>	<u>13,944,334</u>
ACCUMULATED SURPLUS (Schedule 2)	<u>\$ 23,399,069</u>	<u>\$ 20,727,206</u>

COMMITMENTS AND CONTINGENCIES (NOTES 9 AND 10)



Director of Finance

See accompanying notes to the financial statements

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2009**

	2009 Budget (Note 16)	2009 Actual	2008 Actual (Restated Note 12)
REVENUE (Schedule 3)			
Taxation and grants in lieu of taxes	\$ 3,231,874	\$ 3,223,597	\$ 2,667,480
Sales of services and connection fees	2,929,313	2,771,703	2,372,454
Government grants and transfers	3,884,457	2,632,998	534,644
Licences, permits, rentals and penalties	411,759	433,736	429,659
Capital contributions from developers	-	182,853	181,220
Return on investments	79,000	336,866	310,764
Municipal Finance Authority refunds	-	-	2,677
Gain on disposition of tangible capital assets	1,873,000	-	2,094,797
Total revenue	12,409,403	9,581,753	8,593,695
EXPENSES (Schedule 5)			
General government services	968,415	911,967	865,047
Protective services	1,229,685	1,386,672	563,106
Transportation services	1,046,652	1,366,815	1,506,852
Environmental health services	272,635	226,804	190,515
Environmental development services	81,569	30,816	4,926
Recreation and cultural services	807,262	1,324,809	804,177
Water services	1,081,800	1,069,049	1,060,180
Sewer services	568,500	592,958	448,804
Total expenses	6,056,518	6,909,890	5,443,607
ANNUAL SURPLUS	6,352,885	2,671,863	3,150,088
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR (Note 12)	20,727,206	20,727,206	17,577,118
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ 27,080,091	\$ 23,399,069	\$ 20,727,206

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2009**

	2009 Budget (Note16)	2009 Actual	2008 Actual
ANNUAL SURPLUS (DEFICIT)	\$ 6,352,885	\$ 2,671,863	\$ 3,150,088
Acquisition of tangible capital assets	(10,606,233)	(2,899,847)	(2,317,505)
Amortization of tangible capital assets	-	819,316	792,670
Gain on disposal of tangible capital assets (Schedule 5)	-	-	(2,094,797)
Loss on disposal of tangible capital assets (Schedule 5)	-	198,141	67,110
Proceeds on sale of tangible capital assets	1,873,000	-	3,506,931
Decrease (increase) in inventories	-	(42,377)	16,008
Decrease (increase) in prepaid expense	-	(73)	15,037
	<u>(8,733,233)</u>	<u>(1,924,840)</u>	<u>(14,546)</u>
CHANGE IN NET FINANCIAL ASSETS	(2,380,348)	747,023	3,135,542
NET FINANCIAL ASSETS, Beginning of Year	6,782,872	6,782,872	3,647,330
NET FINANCIAL ASSETS, End of Year	\$ 4,402,524	\$ 7,529,895	\$ 6,782,872

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2009**

	<u>2009</u>	<u>2008</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 2,671,863	\$ 3,150,088
Non-cash items included in annual surplus:		
Amortization	819,316	792,670
Gain on disposal of tangible capital assets	-	(2,094,797)
Loss on disposal of tangible capital assets	198,141	67,110
	<u>3,689,320</u>	<u>1,915,071</u>
Changes in non-cash items:		
Accounts receivable	(600,942)	(1,253,085)
Inventories	(42,377)	16,008
Prepaid items	(73)	15,037
Accounts payable and accrued liabilities	1,578,190	(890,402)
Sick and severance liability	3,988	9,554
Federal gas tax agreement funds	196,510	111,841
Developer deposits and unearned revenue	97,386	(1,024,675)
Development cost charges reserve	95,663	122,886
	<u>5,017,665</u>	<u>(977,765)</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	-	3,506,931
Cash used to acquire tangible capital assets	(2,899,847)	(2,317,505)
	<u>(2,899,847)</u>	<u>1,189,426</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	1,450,000	-
Debt repayment	(67,815)	(65,342)
Repayment of short term capital borrowing	-	(816,030)
Repayment of obligation under capital lease	(30,654)	(28,919)
	<u>1,351,531</u>	<u>(910,291)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,469,349	(698,630)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,751,571	9,450,201
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,220,920	\$ 8,751,571

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

1. General

The Corporation of the City of Duncan ("the City") is incorporated under the provisions of the British Columbia Local Government Act.

Its principal activities are the provision of local government services to the City, as governed by the Community Charter and the Local Government Act.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

a) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services.

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures and changes in fund balances and financial position of the City of Duncan. These consolidated financial statements consolidate the following operations:

General Revenue Fund
General Capital Fund
Reserve Funds
Waterworks Utility Revenue Fund
Waterworks Utility Capital Fund
Sewer Utility Revenue Fund
Sewer Utility Capital Fund

b) Reporting Entity

The City has several partnership agreements in place, and as such, consistent with generally accepted accounting treatment for government partnerships, the following local agencies, boards and commissions are accounted for on a proportionate consolidation basis whereby the City's pro-rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. Inter-company balances and transactions have been eliminated. The government partnerships include:

Pioneer Complex Committee	20%
Duncan-North Cowichan Joint Utilities Board	37%

Although the City of Duncan has partial ownership in the Cowichan Aquatic Centre, since the City has limited influence in the operations of the Centre, the City has recorded all costs for the Aquatic Centre on a cost basis.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

2. Significant Accounting Policies (continued)

d) Short Term Investments

Short term investments are accounted for at the lower of cost and market value

e) Inventory

Inventory is valued at the lower of cost and net realizable value, determined on a first in-first out basis.

f) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The City does not capitalize interest charges as part of the cost of its tangible capital assets.

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 50 years
Buildings and leasehold improvements	
Buildings	15 to 50 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	10-20 years
Machinery, equipment and furniture	5-15 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	5 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	10 to 20 years
Road grade	60 years
Sidewalk surface	20 to 30 years
Sidewalk grade	60 years
Bridges	50 years
Traffic lights and equipment	30 years
Water and Sewer	
Underground networks	40 to 80 years
Dams and other surface water structures	50 to 60 years

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

2. Significant Accounting Policies (continued)

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. The City of Duncan Totem collection has been recorded as capital assets due to their integral relationship to the economic and tourism strategy and identity of the City. Intangibles and crown lands that have not been purchased by the City, such as forests, water, and other natural resources are not recognized as tangible capital assets.

h) Leases

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

i) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the financial statements in the period which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

j) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits, collectability of accounts receivable, accrued liabilities and contingencies. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

3. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	<u>2009</u>	<u>2008</u>
Cash	\$ 502,363	\$ 1,291,588
Short-term Investments	<u>11,718,557</u>	<u>7,459,983</u>
	<u>\$ 12,220,920</u>	<u>\$ 8,751,571</u>

Short term investments are comprised of term deposits and investments with the Municipal Finance Authority.

Included in cash and short term deposits are the following restricted amounts that can only be expended in accordance with the terms of the Reserve Fund established due to external legislation or agreements (see SCHEDULE 8)

	<u>2009</u>	<u>2008</u>
Restricted short term deposits	<u>\$ 2,681,138</u>	<u>\$ 2,376,477</u>

4. Accounts Receivable

	<u>2009</u>	<u>2008</u>
Property taxes	\$ 234,286	\$ 141,510
Government grants	444,257	5,183
Water and sewer receivables	445,343	376,303
Federal Government - GST	85,990	51,698
Other municipalities and regional governments	1,460,367	1,602,512
Other receivables	<u>192,128</u>	<u>95,753</u>
	2,862,371	2,272,959
Less allowances for doubtful amounts	<u>(24,643)</u>	<u>(36,173)</u>
	<u>\$ 2,837,728</u>	<u>\$ 2,236,786</u>

5. Municipal Finance Authority - Reserve Deposits

The City issues debt instruments through the Municipal Finance Authority (MFA). As a condition of these borrowings, a portion of the debenture proceeds are withheld by the MFA as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. The details of the cash deposits and demand notes at year end are as follows:

	<u>2009</u>	<u>2008</u>
Cash deposits	\$ 19,398	\$ 18,862
Demand notes	<u>44,499</u>	<u>44,499</u>
	<u>\$ 63,897</u>	<u>\$ 63,361</u>

**THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009**

6. Accounts Payable and Accrued Liabilities

	<u>2009</u>	<u>2008</u>
Trade accounts and accrued liabilities	\$ 434,491	\$ 96,945
Provincial government	184,663	30,321
Contractor holdbacks	138,166	919
Salaries and wages	72,666	69,143
Other governments	1,224,173	278,644
	<u>\$ 2,054,159</u>	<u>\$ 475,972</u>

7. Long Term Debt

	<u>2009</u>	<u>2008</u>
General Fund:		
Short term capital borrowing for the 2008 Cowichan Aquatic Centre, interest at prime less 1.25%	\$ 1,450,000	\$ -
Debenture debt for 2002 Fire Truck, interest at 5.90%, maturing 2012 - MFA Issue #77	100,510	130,872
	<u>1,550,510</u>	<u>130,872</u>
Sewer and Water Utility Funds:		
Debenture debt for water fund - Gibbins Rd Reservoir, interest at 4.50%, maturing 2011 - MFA Issue # 51	38,196	55,941
Debenture debt for sewer fund - 1999 Lagoon Improvements, interest at 3.15%, maturing 2019 - MFA Issue #70	260,237	279,942
	<u>298,433</u>	<u>335,883</u>
	<u>\$ 1,848,943</u>	<u>\$ 466,755</u>

Principal payments in the next five years are as follows:

2010	\$ 96,624
2011	96,624
2012	88,881
2013	66,223
2014	66,223
	<u>\$ 414,575</u>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

8. Obligation Under Capital Lease

MFA lease payable for a 2005 Fire Truck, repayable at \$3,020.67 per month including interest at 3.25%, due April 28, 2010 with a final payment of \$144,983.50. Subsequent to year end, the lease was renewed, repayable at \$2,617.32 per month including interest at 1.25%, due April 28, 2015 with a final payment of \$2,617.11.

Future minimum lease payments under the capital lease together with the obligation due under the capital lease are as follows:

2010	\$	33,021
2011		31,408
2012		31,408
2013		31,408
2014		31,408
Remainder of lease		<u>13,323</u>
Total minimum lease payments		171,976
Less amount representing future interest at 1.25%		<u>(16,551)</u>
Balance of obligation	\$	<u><u>155,425</u></u>

Interest expense includes \$8,131 (2008 - \$9,110) with respect to this obligation.

Assets under capital lease includes the 2005 fire truck as follows:

	<u>2009</u>	<u>2008</u>
Cost of leased tangible capital asset	\$ 358,683	\$ 358,683
Accumulated amortization of leased tangible capital asset	<u>(89,671)</u>	<u>(71,737)</u>
	<u><u>\$ 269,012</u></u>	<u><u>\$ 286,946</u></u>

Amortization expense includes \$17,934 (2008 - \$17,934) on leased tangible capital assets.

9. Commitments

The Cowichan Aquatic Centre is jointly owned by the City of Duncan and the District of North Cowichan. Subsequent to year end, the City and the District finalized an agreement where the City contributes towards the ongoing operations of the Centre. This agreement commits the City to contribute to the operating costs of the Centre based on the City's proportionate share of property tax assessments.

10. Contingencies

Contingent Liabilities:

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

11. Retirement Benefits

a) Pension Liability:

The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension 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 governments.

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 City of Duncan paid \$105,506 (2008 - \$102,276) for employer contributions to the plan in fiscal 2009.

The above pension valuation represents the most current information as at November 18, 2010.

b) Sick Leave and Severance Liability:

The City provides compensated absences and pays out sick time on retirement to a maximum of six months pay. The City also provides severance pay on retirement or disability at the rate of one and one half and two days per total years of continuous service, for service years of 10 to 19 and over 20, respectively. The estimated sick leave and severance liability has been calculated by management under the following actuarial assumptions:

- annual inflation rate is 2.3%
- discount rate is 3.5%
- the probability of staff remaining for the required vesting period of 20 years is 100%

Based on these assumptions, sick leave and severance benefits accrued at December 31, 2009 is \$287,232 (2008 - \$283,244). The total sick leave expense including pay out for sick time and severance on retirement for 2009 is \$40,181 (2008 - \$39,848).

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

12. Changes in Accounting Policies

The City has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires governments to record and amortize their tangible capital assets on their financial statements. These adjustments are as follows:

2008 Opening Accumulated Surplus

2008 Opening Accumulated Surplus as previously reported	\$ 37,245,107
Change in accounting for tangible capital assets	<u>(19,667,989)</u>
2008 Opening Accumulated Surplus, restated	<u><u>\$ 17,577,118</u></u>

2008 Annual Surplus

Annual Surplus, as previously stated	\$ 2,194,206
Add:	
Tangible capital assets previously expensed	2,415,025
Repayment of debt	888,808
Actuarial adjustment to debt	21,483
Gain on disposal of tangible capital assets	2,094,797
Less:	
Amortization expense	(792,670)
Loss on disposal of tangible capital assets	(67,110)
Sale of assets	(3,506,931)
Capital fund expenditures	<u>(97,520)</u>
Annual Surplus, restated	<u><u>\$ 3,150,088</u></u>

2008 Tangible Capital Assets

Net book value of tangible capital assets as previously stated	\$ 34,425,249
Change in opening asset cost of tangible capital assets	50,909
Change in beginning accumulated amortization	(19,718,903)
Tangible capital asset expenditures previously capitalized	(97,520)
Amortization expense	(792,670)
Loss on disposal of tangible capital assets	(67,110)
Net book value of tangible capital assets, December 31, 2008, restated	<u><u>\$ 13,799,955</u></u>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

13. Financial Instruments

The City as part of its operations carries a number of financial instruments. It is management's opinion the City is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. Federal Gas Tax Agreement Fund

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. These amounts are recognized as revenue in the period in which the corresponding expenditures are incurred.

Federal Gas Tax Agreement Funds:

	<u>2009</u>	<u>2008</u>
Opening balance of unspent funds	\$ 287,344	\$ 175,502
Add: amount received during the year	186,098	103,702
Add: interest earned during the year	<u>10,412</u>	<u>8,140</u>
Closing balance of unspent funds	<u>\$ 483,854</u>	<u>\$ 287,344</u>

15. Development Cost Charges Reserve

Receipts that are restricted by the legislation of senior governments are deferred and reported as liabilities. Included in liabilities is the Development Cost Charges Reserve, the use of which, together with any earnings thereon, is restricted by legislation or agreement with external parties. These amounts are recognized as revenue in the period in which corresponding expenditures are incurred.

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 1,745,922	\$ 1,623,036
Contributions from developers	31,615	51,089
Return on investments	<u>64,048</u>	<u>71,797</u>
Balance, end of the year	<u>\$ 1,841,585</u>	<u>\$ 1,745,922</u>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

16. Budget Data

The budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on May 4, 2009. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to budget figures reported in these consolidated financial statements.

Financial Plan Bylaw surplus for the year	\$	-
Add back:		
Principal debt repayments		125,202
Transfers to Reserves		224,690
Capital expenditures		10,606,233
Less:		
Budgeted transfers from accumulated surplus		
General		(1,168,658)
General Capital - Fire		(110,000)
Water		(877,351)
Sewer		(184,231)
Budgeted transfers from own reserves		
General Capital		(1,318,000)
Water		(945,000)
Adjusted Annual Surplus	<u>\$</u>	<u>6,352,885</u>

17. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.

18. Debentures

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

19. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as roads, water, sewer and drainage infrastructure, fire protection, police protection (RCMP), recreation, garbage collection and parkland. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government:

Corporate Services and Finance departments. These departments provide the communications link between Council and other Municipal Departments and the general public, providing assistance and advice to citizens with respect to Council/Committee processes, reporting procedures and decisions.

Protective Services:

Fire protection, policing, bylaw enforcement and building inspection.

Bylaw enforcement administers, monitors, and seeks compliance with the bylaws enacted by the Mayor and Council to regulate the conduct of affairs in the City of Duncan.

Policing is provided under contract with the RCMP

Fire protection is provided by the Duncan Volunteer Fire Department.

The Building Department maintains the quality of life for citizens by regulating all construction within the City, using the City's Building Bylaw, the BC Building Code, the BC Fire Code, and other related bylaws and enactments of the City of Duncan including the development permit guidelines within the Official Community Plan.

Transportation:

Transportation is responsible for the essential services to the City:

Providing and maintaining the City's roads, sidewalks, street lights, signage and line markings, storm drainage and hydrants.

Parking control is also included under Transportation.

Transportation includes the maintenance of a separate system of underground pipes for storm water.

Environment and Public Health

Environmental Health is primarily the garbage collection and recycling programs operating in the City of Duncan and also includes the operating of the public washrooms on Canada Avenue. Garbage collection is performed by the City crews and recycling collection is performed by a contractor.

Development Services

Development Services provides short-term and long-term planning services.

Long-term planning includes work with the community on reviewing the City's Official Community Plan and other long term plans and strategies, and the review and updating of relevant bylaws. Short-term planning includes the processing of subdivision and development applications. Up to the end of 2009 the functions of Development services were accomplished by a combination of other departments and consultants.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

19. Segmented Information (continued)

Recreation and Culture

Recreation and Culture contributes to the quality of life and personal wellness of the community through the provision of a variety of programs, services and facilities. The City's various parks, including the Centennial Park Spray Park, McAdam Park, Rotary Park and Trails, City Square, and the City's financial contributions to the Cowichan Aquatic Centre, Kinsmen Park, Pioneer Park Ball Fields, and Vancouver Island Regional Library are included in Recreation and Culture.

Water and Sewer Services

Water and sewer services include the operations and maintenance of the City's Water and Sewer systems. The City's water system serves approximately 15,000 people, extending into portions of the District of North Cowichan, the Cowichan Valley Regional District Electoral areas D and E, and also Cowichan Tribes. The City has four well sites, and two reservoirs for water distribution.

The City maintains a separate system of underground pipes to collect sewer and waste water for treatment at the Joint Utilities Board (JUB) Lagoons that are jointly owned with the District of North Cowichan.

The City's proportional costs of maintaining the JUB Lagoons is included in Sewer services.

Capital funding

Reflects the monies required to fund capital projects during a fiscal year. Included in capital funding are transfers from restricted reserves, grants, donations, investment income and proceeds from sale of real property.

20. Operating Expenses By Object

	<u>2009</u>	<u>2008</u>
Amortization	\$ 819,316	\$ 792,670
Capital fund expenses	369,026	97,520
Contract services	1,542,282	651,038
Fuel	77,432	97,358
Goods and services	874,050	839,100
Grants in Aid	100,754	90,620
Hydro	237,570	225,033
Insurance	112,175	115,689
Interest	107,961	103,537
Leases	14,843	9,580
Professional fees	105,029	134,607
Regional Library	154,344	148,910
Travel, conference and training	59,524	58,337
Wages	2,162,155	2,033,981
Loss on disposal of tangible capital assets	198,141	67,110
Actuarial adjustment to debt	(24,712)	(21,483)
	<u>\$ 6,909,890</u>	<u>\$ 5,443,607</u>

THE CORPORATION OF THE CITY OF DUNCAN
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 Year Ended December 31, 2009

Cost	General Capital Assets							Infrastructure			Totals	
	Land	Land Improvements and Parks	Buildings and Leasehold Improvements	Vehicles and Equipment	Stormwater Engineering Structures	Roads & Sidewalks	Water	Sewer	Assets Under Construction	2009	2008	
Opening costs	\$ 1,339,749	\$ 805,963	\$ 5,298,224	\$ 3,795,639	\$ 2,322,793	\$ 10,985,439	\$ 7,102,030	\$ 2,445,788	\$ 75,588	\$ 34,171,213	\$ 33,473,270	
Additions during the year	6,778	873,766	65,390	233,526	128,345	825,966	581,601	42,087	155,264	2,892,723	3,344,727	
Additions by developers							58,590			58,590	7,830	
Disposals and write downs	(35,065)	(820,344)			(2,277)	(105,961)	(13,076)	-		(976,724)	(1,619,560)	
Capitalization of Assets Under Construction									(51,468)	(51,468)	(1,035,054)	
Closing costs	1,346,527	1,644,663	4,543,270	4,029,165	2,448,861	11,705,443	7,709,145	2,487,875	179,384	36,094,335	34,171,213	
Accumulated Amortization												
Opening accumulated amortization	411,608	2,883,654	1,741,990	1,336,570	8,626,310	3,882,729	1,478,396	20,371,258	19,718,903			
Amortization:												
General Government			10,019	6,360						16,379	15,404	
Protective services			53,894	104,630						158,524	105,316	
Transportation	4,769	1,547		81,253	45,364	269,987				402,920	439,799	
Environmental health												
Water	113	592		10,544			112,911			124,160	115,501	
Sewer		1,224		2,000				43,998		47,222	45,926	
Environmental development			28,827	14,853		592				70,111	70,724	
Recreation and cultural	25,839											
Total amortization	30,721	96,103	28,827	219,640	45,364	270,579	112,911	43,998		819,316	792,670	
Disposals and write downs	(35,065)	(625,316)			(2,232)	(105,962)	(10,009)	-		(778,584)	(140,315)	
Closing accumulated amortization	407,264	2,354,441	1,951,630	1,379,702	8,790,927	3,995,631	1,522,394	20,411,990	20,371,258			
Net Book Value of Tangible Capital Assets	\$ 1,237,399	\$ 2,188,829	\$ 2,067,535	\$ 1,069,159	\$ 2,914,517	\$ 3,713,514	\$ 965,481	\$ 15,682,345	\$ 13,799,955			

THE CORPORATION OF THE CITY OF DUNCAN
Consolidated Schedule of Accumulated Surplus
Year Ended December 31, 2009

SCHEDULE 2

	2009	2008 (Restated - Note 12)
OPERATING FUNDS		
Unappropriated		
General	\$ 1,551,387	\$ 1,335,042
Waterworks Utility	1,207,139	1,153,148
Sewer Utility	607,793	487,116
Joint Parks Unappropriated	3,200	39,700
Total Unappropriated	3,369,519	3,015,006
Appropriated		
General:		
Joint Parks and Aquannis Pool Reserve	46,200	45,100
Waterworks Utility:		
Reserve for future expenditure	72,296	69,757
Reserve for uncollectable amounts	7,508	7,508
Sewer Utility:		
Joint Utilities Board Reserve	330,720	322,240
Total Appropriated	456,724	444,605
Total Operating Funds	3,826,243	3,459,611
CAPITAL FUNDS		
General Capital	152,167	140,020
Waterworks Utility	427,410	412,402
Sewer Utility	78,264	75,516
Total Capital Funds	657,841	627,938
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net Book Value Tangible capital assets (Schedule 1)	15,682,345	13,799,955
Less: Long term debt	(1,848,943)	(466,755)
Less: Obligation under capital lease	(155,425)	(186,079)
Net Investment in Tangible Capital Assets	13,677,977	13,147,121
RESERVE FUNDS		
Sale of real property	283,700	273,739
Sale of property - held in trust by District of North Cowichan	1,404,806	1,609,315
Parking improvement	507,070	489,265
Parking improvement - Restricted	71,999	69,472
Machinery and equipment	1,135,081	938,954
Capital works reserve	311,296	328,915
Public art reserve	26,032	10,438
Waterworks Utility	998,105	839,208
Sewer Utility	665,114	635,567
Temporary use by capital fund	(166,195)	(1,702,337)
Total Reserve Funds	5,237,008	3,492,536
Total Accumulated Surplus	\$ 23,399,069	\$ 20,727,206

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF REVENUES
Year Ended December 31, 2009**

SCHEDULE 3

	2009 Budget	2009 Actual	2008 Actual
Taxation			
Property taxes - General	\$ 2,645,737	\$ 2,633,761	\$ 2,516,505
Property taxes - Policing	430,000	428,072	-
	<u>3,075,737</u>	<u>3,061,833</u>	<u>2,516,505</u>
Special assessments:			
Business improvement area (BIA)	155,000	155,000	150,000
Utilities	102,817	102,819	98,216
Parcel taxes	42,820	42,860	42,920
	<u>300,637</u>	<u>300,679</u>	<u>291,136</u>
	<u>3,376,374</u>	<u>3,362,512</u>	<u>2,807,641</u>
Grants in lieu of taxation:			
Federal government	9,000	9,818	8,828
Provincial government	1,500	6,267	1,011
	<u>10,500</u>	<u>16,085</u>	<u>9,839</u>
Collections for other governments:			
School authorities tax levy	1,903,609	1,956,332	1,885,897
Provincial policing levy	-	-	205,312
Cowichan Valley Regional District levy	927,210	927,210	919,425
Regional Hospital District levy	150,548	150,548	125,690
	<u>2,981,367</u>	<u>3,034,090</u>	<u>3,136,324</u>
Joint boards and commissions:			
Municipal Finance Authority	156	155	105
British Columbia Assessment Authority	56,678	56,520	53,589
	<u>3,038,201</u>	<u>3,090,765</u>	<u>3,190,018</u>
Less: Transfers to other governments	<u>(3,038,201)</u>	<u>(3,090,765)</u>	<u>(3,190,018)</u>
Less: Transfers to BIA	<u>(155,000)</u>	<u>(155,000)</u>	<u>(150,000)</u>
Total taxation and grants in lieu of taxes	<u>3,231,874</u>	<u>3,223,597</u>	<u>2,667,480</u>

THE CORPORATION OF THE CITY OF DUNCAN
 CONSOLIDATED SCHEDULE OF REVENUES (continued)
 Year Ended December 31, 2009

SCHEDULE 3

	2009 Budget	2009 Actual	2008 Actual
Sale of Services			
General Revenue Fund			
Garbage fees	177,700	178,353	178,628
Cowichan Tribes Fire service agreement	75,000	76,870	64,110
Eagle Heights fire protection	160,000	136,528	127,610
Other fire protection	-	9,567	-
Administration recoveries	8,000	20,919	9,376
Public works miscellaneous recoveries	17,000	14,461	43,908
Cowichan Tribes roads contribution	-	365	-
Sports fields	12,000	15,060	16,089
	<u>449,700</u>	<u>452,123</u>	<u>439,721</u>
Waterworks Utility Revenue Fund			
Sale of water	1,243,028	1,364,459	1,240,016
Service charges	18,100	25,606	19,432
Water studies	-	5,502	9,238
	<u>1,261,128</u>	<u>1,395,567</u>	<u>1,268,686</u>
Sewer Utility Revenue Fund			
Sewer fees	617,551	658,430	586,103
Service charges	100	49	422
	<u>617,651</u>	<u>658,479</u>	<u>586,525</u>
Capital Connection Fees and Capital Donations			
General Capital	178,834	14,648	7,918
Water Capital	421,000	216,479	69,206
Sewer Capital	1,000	34,407	398
	<u>600,834</u>	<u>265,534</u>	<u>77,522</u>
Total Sale of Services	<u>2,929,313</u>	<u>2,771,703</u>	<u>2,372,454</u>

THE CORPORATION OF THE CITY OF DUNCAN
 CONSOLIDATED SCHEDULE OF REVENUES (continued)
 Year Ended December 31, 2009

SCHEDULE 3

	2009 Budget	2009 Actual	2008 Actual
Licences, Permits, Rentals and Penalties			
Trade Licences	66,000	69,056	65,212
Delivery vehicle Licences	1,172	2,547	1,047
Building permits and other fees	32,400	52,403	41,199
Dog Licences	4,000	5,223	4,237
	<u>103,572</u>	<u>129,229</u>	<u>111,695</u>
Equipment charges less operating costs	133,605	64,241	134,705
Parking fines	19,282	14,773	20,983
Parking permits and revenues	55,900	39,030	35,355
Rentals	65,100	75,713	68,816
Penalties and interest on taxes	29,000	38,274	33,785
	<u>302,887</u>	<u>232,031</u>	<u>293,644</u>
Donations and contributions	-	59,668	9,150
Other revenues and fees	5,300	12,808	15,170
	<u>5,300</u>	<u>72,476</u>	<u>24,320</u>
Total Licences, Permits, Rentals and Penalties	<u>411,759</u>	<u>433,736</u>	<u>429,659</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF REVENUES (continued)
Year Ended December 31, 2009

SCHEDULE 3

	2009 Budget	2009 Actual	2008 Actual
Other Income			
Return on investments			
General Fund	49,000	66,276	73,755
Waterworks Fund	15,000	36,326	36,627
Sewer Fund	15,000	17,643	19,580
Reserve Fund	-	193,522	154,343
General Capital Fund	-	5,343	5,309
Water Capital Fund	-	15,008	17,294
Sewer Capital Fund	-	2,748	3,856
	<u>79,000</u>	<u>336,866</u>	<u>310,764</u>
Other revenue:			
Gain on disposition of tangible capital assets	1,873,000	-	2,094,797
Municipal Finance Authority refunds	-	-	2,677
	<u>1,873,000</u>	<u>-</u>	<u>2,097,474</u>
Capital Contributions from developers	<u>-</u>	<u>182,853</u>	<u>181,220</u>
Government grants			
Capital Grants			
General Capital	2,430,741	1,008,127	44,768
Water Capital	453,621	-	-
Unconditional Transfers from Other Governments			
Provincial Revenue Sharing	534,000	931,117	472,634
Conditional Transfers from Other Governments			
Federal government	7,000	20,787	5,948
Provincial government	404,095	649,326	11,294
Cowichan Valley Regional District	-	14,000	-
Lake Cowichan	25,000	8,047	-
District of North Cowichan	30,000	1,594	-
	<u>3,884,457</u>	<u>2,632,998</u>	<u>534,644</u>
Total revenue	<u>\$ 12,409,403</u>	<u>\$ 9,581,753</u>	<u>\$ 8,593,695</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2009

SCHEDULE 4

	2009 Budget	2009 Actual	2008 Actual
General government services:			
Legislative	\$ 95,250	\$ 97,852	\$ 96,586
General administrative:			
Office salaries and benefits	592,051	536,456	551,556
Travel, conventions and receptions	40,800	32,758	40,986
Sick leave and severance expense	40,000	40,181	39,848
Computer services	36,000	41,398	35,242
Legal	19,000	10,779	11,641
Accounting and audit	18,000	34,000	21,837
Communications and consulting	47,951	18,174	19,266
City Hall maintenance and operation	82,900	75,306	76,774
Office supplies	18,700	19,121	34,496
Telephone and postage	8,000	6,027	19,877
Advertising	34,800	30,013	9,331
Insurance	61,500	56,782	60,269
Internal recoveries	(319,790)	(319,790)	(308,990)
	<u>679,912</u>	<u>581,205</u>	<u>612,133</u>
Other:			
Grants to organizations	24,618	22,200	17,355
Leased building maintenance	4,500	3,890	6,085
Senior citizen sewer and water rebates	2,500	1,811	1,527
Tourism	149,635	163,904	78,888
Sundry	3,000	3,932	4,761
General elections	5,000	-	5,733
	<u>189,253</u>	<u>195,737</u>	<u>114,349</u>
Total General Government services	<u>964,415</u>	<u>874,794</u>	<u>823,068</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF EXPENSES (continued)
Year Ended December 31, 2009

SCHEDULE 4

	2009 Budget	2009 Actual	2008 Actual
Protective services:			
Police	754,595	681,023	-
Fire:			
Chief and officers honorarium	17,400	15,927	15,628
Call pay	120,000	126,985	123,761
Training	20,000	17,618	14,016
Firemen's WCB and insurance	9,000	8,659	8,494
Telephone and radio alarm system	9,900	9,488	10,613
Fire hall operation and maintenance	32,800	23,691	32,336
Vehicle operation and maintenance	27,250	38,024	47,186
Fire investigation and prevention	15,500	15,338	15,755
Hydrant rental	9,000	9,624	8,912
Other	43,490	46,712	43,336
	<u>304,340</u>	<u>312,066</u>	<u>320,037</u>
Other protection:			
Animal control	14,400	16,200	14,400
Building inspection:			
Salaries and benefits	97,200	81,796	77,689
Travel and transportation	6,600	5,862	5,862
Other	8,250	2,012	1,694
Flood Control	900	1,210	-
Cowichan River Flooding	-	82,032	-
Security patrols and cameras	16,900	23,998	12,303
	<u>144,250</u>	<u>213,110</u>	<u>111,948</u>
Total Protective services	<u>1,203,185</u>	<u>1,206,199</u>	<u>431,985</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF EXPENSES (continued)
Year Ended December 31, 2009

SCHEDULE 4

	2009 Budget	2009 Actual	2008 Actual
Transportation services:			
Common services:			
Public works administration salaries and benefits	269,900	260,275	232,213
Other administration costs	72,400	55,693	60,779
Operation and maintenance of workshop and yard	53,000	56,639	54,604
Small tools and equipment	8,230	5,567	4,556
Engineering	68,000	70,418	1,200
Public works administration recoveries	(184,200)	(184,200)	(142,000)
	<u>287,330</u>	<u>264,392</u>	<u>211,352</u>
Road transport:			
Street maintenance	94,300	69,887	78,477
Sidewalk maintenance	80,000	65,027	60,190
Drainage	44,700	45,032	38,030
Street sweeping	73,050	70,734	75,326
Snow removal	105,700	85,523	118,929
Boulevard and median maintenance	88,591	79,642	80,223
Totem maintenance	23,100	3,379	42,374
Traffic lines and signs	67,500	72,375	54,613
Street lighting	67,600	67,481	66,834
Traffic light maintenance and control	34,000	25,821	29,970
Off street free parking lots	11,100	6,108	11,639
Special projects and repairs	-	3,475	-
	<u>689,641</u>	<u>594,484</u>	<u>656,605</u>
Parking:			
Parking control	61,400	53,528	59,343
Paid parking lots and areas	7,281	8,474	8,092
	<u>68,681</u>	<u>62,002</u>	<u>67,435</u>
Other:			
Other bylaw enforcement	1,000	-	-
Paratransit costs	-	3,477	-
	<u>1,000</u>	<u>3,477</u>	<u>-</u>
Total Transportation services	<u>1,046,652</u>	<u>924,355</u>	<u>935,392</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF EXPENSES (continued)
Year Ended December 31, 2009

SCHEDULE 4

	2009 Budget	2009 Actual	2008 Actual
Environmental health services:			
Solid waste collection and disposal	219,500	187,270	174,904
Comfort stations	16,135	18,384	10,944
Mosquito control	7,000	3,329	4,667
Environmental programs	30,000	14,858	-
Other	-	106	-
	<u>272,635</u>	<u>223,947</u>	<u>190,515</u>
Environmental development services:			
Planning salaries and benefits	62,500	12,304	-
Materials and contracted services	19,069	18,512	4,926
	<u>81,569</u>	<u>30,816</u>	<u>4,926</u>
Recreation and cultural services:			
General parks and playgrounds	370,318	315,490	336,078
Joint Parks Contributions	32,000	64,400	32,770
Aquannis Centre - Municipality of North Cowichan	6,000	3,627	106,308
Cowichan Aquatic Centre - Municipality of North Cowichan	155,000	182,889	66,589
Library	154,344	154,344	148,910
Senior Citizens' Activity Centre	3,100	3,061	2,794
	<u>720,762</u>	<u>723,811</u>	<u>693,449</u>
Interest			
Interest in General Fund			
General government	4,000	237	3,448
Protective services	26,500	25,402	26,381
Recreation and cultural services	86,500	52,658	39,130
	<u>117,000</u>	<u>78,297</u>	<u>68,959</u>
Interest in waterworks fund	12,000	11,520	11,520
Interest in sewer fund	23,100	18,144	23,058
	<u>152,100</u>	<u>107,961</u>	<u>103,537</u>
Water and sewer services (Schedule 6):			
Waterworks	1,069,800	937,343	939,103
Sewer	545,400	518,893	385,815
	<u>1,615,200</u>	<u>1,456,236</u>	<u>1,324,918</u>
Other			
Amortization	-	819,316	792,670
Capital expense	-	369,026	97,520
Loss on disposition of tangible capital assets	-	198,141	67,110
Actuarial debt adjustment	-	(24,712)	(21,483)
	<u>-</u>	<u>1,361,771</u>	<u>935,817</u>
Total expenses	<u>\$ 6,056,518</u>	<u>\$ 6,909,890</u>	<u>\$ 5,443,607</u>

THE CORPORATION OF THE CITY OF DUNCAN
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 Year Ended December 31, 2009

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Development Services	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
REVENUE										
Taxation and grants in lieu of taxes	\$ 3,223,597	\$ 2,667,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of services and connection fees	35,567	17,294	222,965	191,720	14,826	43,908	178,353	178,628	-	-
Government grants and transfers	1,045,077	489,876	579,794	-	590,000	44,768	-	-	-	-
Licences, permits, rentals and penalties	263,703	201,351	57,626	45,437	112,407	182,871	-	-	-	-
Capital contributions from developers	-	-	-	-	-	-	-	-	-	-
Return on investments	265,141	233,407	-	-	-	-	-	-	-	-
Gain on disposition of tangible capital assets	-	-	-	-	-	-	-	-	-	-
Municipal Finance Authority refunds	-	-	-	2,677	-	-	-	-	-	-
Total revenue	4,833,085	3,609,408	860,385	239,834	717,233	271,547	178,353	178,628	-	-
EXPENSES										
Operating expenses	874,794	823,068	1,206,199	431,985	924,355	935,392	223,947	190,515	30,816	4,926
Capital fund expenses	20,557	23,127	4,253	5,684	39,494	65,830	2,857	-	-	-
Amortization	16,379	15,404	158,524	105,316	402,920	439,799	-	-	-	-
Interest	237	3,448	25,402	26,381	-	-	-	-	-	-
Loss on disposition of tangible capital assets	-	-	-	-	46	65,831	-	-	-	-
Actuarial adjustment to debt	-	-	(7,706)	(6,260)	-	-	-	-	-	-
Total expenses	911,967	865,047	1,386,672	563,106	1,366,815	1,506,852	226,804	190,515	30,816	4,926
Surplus (Deficit)	\$ 3,921,118	\$ 2,744,361	\$ (526,287)	\$ (323,272)	\$ (649,582)	\$ (1,235,305)	\$ (48,451)	\$ (11,887)	\$ (30,816)	\$ (4,926)

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

SCHEDULE 5

THE CORPORATION OF THE CITY OF DUNCAN
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 Year Ended December 31, 2009

	Recreation and Cultural Services		Water Services		Sewer Services		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
REVENUE								
Taxation and grants in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,223,597	\$ 2,667,480
Sales of services and connection fees	15,060	16,089	1,612,046	1,337,892	692,886	586,923	2,771,703	2,372,454
Government grants and transfers	418,127	-	-	-	-	-	2,632,998	534,644
Licences, permits, rentals and penalties	-	-	-	-	-	-	433,736	429,659
Capital contributions from developers	-	-	176,509	140,879	6,344	40,341	182,853	181,220
Return on investments	-	-	51,334	53,921	20,391	23,436	336,866	310,764
Gain on disposition of tangible capital assets	-	2,094,797	-	-	-	-	-	2,094,797
Municipal Finance Authority refunds	-	-	-	-	-	-	-	2,677
Total revenue	433,187	2,110,886	1,839,889	1,532,692	719,621	650,700	9,581,753	8,593,695
EXPENSES								
Operating expenses	723,811	693,449	937,343	939,103	518,893	385,815	5,440,158	4,404,253
Capital fund expenses	283,201	874	2,962	2,005	15,702	-	369,026	97,520
Amortization	70,111	70,724	124,160	115,501	47,222	45,926	819,316	792,670
Interest	52,658	39,130	11,520	11,520	18,144	23,058	107,961	103,537
Loss on disposition of tangible capital assets	195,028	-	3,067	1,209	-	70	198,141	67,110
Actuarial adjustment to debt	-	-	(10,003)	(9,158)	(7,003)	(6,065)	(24,712)	(21,483)
Total expenses	1,324,809	804,177	1,069,049	1,060,180	592,958	448,804	6,909,890	5,443,607
Surplus (Deficit)	\$ (891,622)	\$ 1,306,709	\$ 770,840	\$ 472,512	\$ 126,663	\$ 201,896	\$ 2,671,863	\$ 3,150,088

THE CORPORATION OF THE CITY OF DUNCAN
 CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
 Year Ended December 31, 2009

	The Corporation of The City of Duncan		Joint Utility Board		Pioneer Complex Committee		Total
	2009	2008	2009	2008	2009	2008	
STATEMENT OF FINANCIAL POSITION							
Cash	\$ 11,840,800	\$ 8,344,531	\$ 330,720	\$ 322,240	\$ 49,400	\$ 84,800	\$ 12,220,920
Accumulated surplus	\$ 23,018,949	\$ 20,320,166	\$ 330,720	\$ 322,240	\$ 49,400	\$ 84,800	\$ 23,399,069
							\$ 20,727,206
STATEMENT OF OPERATIONS							
Sewer services	\$ 527,375	\$ 438,075	\$ (8,482)	\$ (52,260)	\$ -	\$ -	\$ 518,893
Recreation and cultural services	\$ 688,411	\$ 691,735	\$ -	\$ -	\$ 35,400	\$ 1,714	\$ 723,811
							\$ 693,449

**THE CORPORATION OF THE CITY OF DUNCAN
EQUITY IN TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2009**

SCHEDULE 7

	2009	2008 (Restated - Note 12)
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net Investment in Tangible Capital Assets, beginning of year	\$ 13,147,121	\$ 12,191,239
Add: Tangible capital asset additions	2,841,254	2,309,675
Tangible capital asset additions contributed by developers	58,590	7,830
Debt repayment	73,757	72,778
Repayment of short term capital borrowing	-	816,030
Actuarial adjustment to debt	24,712	21,483
Less: Amortization	(819,316)	(792,670)
Net book value of tangible capital assets disposed of	(198,141)	(1,479,244)
Proceeds from long-term debt	(1,450,000)	-
Net Investment in Tangible Capital Assets	\$ 13,677,977	\$ 13,147,121

THE CORPORATION OF THE CITY OF DUNCAN
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2009

SCHEDULE 8

	2009 Actual	2008 Actual (Restated)
REVENUE		
Investment income	\$ 193,522	\$ 154,343
Water capital contributions from developers	176,509	140,879
Sewer capital contributions from developers	6,344	40,341
NET REVENUES	376,375	335,563
TRANSFERS		
Transfers from operating fund	483,680	479,306
Transfers from general capital fund	934,259	303,076
Transfers to water capital fund	(49,842)	-
CHANGE IN RESERVE FUND BALANCES	1,744,472	1,117,945
FUND SURPLUS, BEGINNING OF YEAR (Restated)	3,492,536	2,374,591
FUND SURPLUS, END OF YEAR	\$ 5,237,008	\$ 3,492,536
SUMMARY OF RESERVE FUND POSITIONS		
Sale of real property	* \$ 283,700	\$ 273,739
Sale of property - held in trust by District of North Cowichan	1,404,806	1,609,315
Parking improvement	507,070	489,265
Parking improvement - Restricted	* 71,999	69,472
Machinery and equipment	1,135,081	938,954
Capital works reserve	311,296	328,915
Public art reserve	26,032	10,438
Water capital cost contributions	661,082	513,993
Water capital reserve	337,023	325,215
Sewer capital cost contributions	65,260	56,776
Sewer capital reserve	599,854	578,791
Temporary use by capital fund	(166,195)	(1,702,337)
Total Reserve Fund Equity	\$ 5,237,008	\$ 3,492,536
RESERVES HELD AS LIABILITIES		
Federal gas tax agreement funds (Note 14)	* 483,854	287,344
Development Cost Charges Reserve (Note 15)	* 1,841,585	1,745,922
Total Reserve Funds	\$ 7,562,447	\$ 5,525,802

* Restricted Short Term Deposits (Note 3)

THE CORPORATION OF THE CITY OF DUNCAN
 FINANCIAL POSITION FUNDS - Non - Consolidated
 Year Ended December 31, 2009

SCHEDULE 9

	General Fund		General Capital Fund		Reserve Fund		Waterworks Utility Fund	
	2009	2008	2009	2008	2009	2008	2009	2008
FINANCIAL ASSETS								
Cash and short-term investments	3,291,355	2,332,451	152,167	146,823	6,157,641	3,916,487	1,144,064	998,223
Accounts receivable	2,668,352	2,072,234	-	-	-	-	150,395	145,432
Due to From General Fund	-	-	-	-	1,404,806	1,602,512	-	-
Due from Capital Fund	21,215	21,105	-	-	-	6,803	-	-
Deposits - Municipal Finance Authority	5,980,922	4,425,790	152,167	146,823	7,562,447	5,525,802	1,316,517	1,165,476
	2,050,011	471,016	-	-	-	-	3,061	3,061
Accounts payable and accrued liabilities	287,232	283,244	-	-	-	-	-	-
Sick leave and severance liabilities	853,100	760,169	-	-	-	-	4,455	-
Developer deposits and unearned revenue	1,404,806	1,602,512	-	6,803	-	-	-	-
Due to Reserve Fund	21,215	21,105	-	-	-	-	22,058	21,821
Reserve - Municipal Finance Authority	-	-	-	-	-	-	-	-
Long-term debt (Note 7)	-	-	-	-	-	-	-	-
Obligations under capital lease (Note 8)	-	-	-	-	483,854	287,344	-	-
Federal gas tax agreement funds (Note 14)	-	-	-	-	1,841,585	1,745,922	-	-
Development Cost Charges Reserve (Note 15)	-	-	-	-	-	-	-	-
	4,616,364	3,138,046	-	6,803	2,325,439	2,033,266	29,574	24,882
	1,364,558	1,287,744	152,167	140,020	5,237,008	3,492,536	1,286,943	1,140,594
NET FINANCIAL ASSETS								
NON-FINANCIAL ASSETS								
Tangible capital assets (Schedule 1)	144,828	5,370	-	-	-	-	-	89,819
Inventories	42,001	41,928	-	-	-	-	-	-
Prepaid items	186,829	47,298	-	-	-	-	-	89,819
	\$ 1,551,387	\$ 1,335,042	\$ 152,167	\$ 140,020	\$ 5,237,008	\$ 3,492,536	\$ 1,286,943	\$ 1,230,413
ACCUMULATED SURPLUS								

THE CORPORATION OF THE CITY OF DUNCAN
 FINANCIAL POSITION FUNDS - Non - Consolidated
 Year Ended December 31, 2009

	Equity in Tangible Capital Assets						Total
	Water Capital Fund		Sewer Utility Fund		Sewer Capital Fund		
	2009	2008	2009	2008	2009	2008	
FINANCIAL ASSETS							
Cash and short-term investments	427,410	412,402	589,899	462,629	78,264	75,516	11,840,800
Accounts receivable	-	-	18,981	19,120	-	-	2,837,728
Due to From General Fund	-	-	-	-	-	-	1,404,806
Due from Capital Fund	-	-	20,624	20,435	-	-	6,803
Deposits - Municipal Finance Authority	-	-	629,504	502,184	78,264	75,516	16,147,231
	427,410	412,402	1,248,908	1,004,368	156,528	151,032	12,253,993
LIABILITIES							
Accounts payable and accrued liabilities	-	-	1,087	1,895	-	-	2,054,159
Sick leave and severance liabilities	-	-	-	-	-	-	287,232
Developer deposits and unearned revenue	-	-	-	-	-	-	857,555
Due to Reserve Fund	-	-	-	-	-	-	1,404,806
Reserve - Municipal Finance Authority	-	-	20,624	20,435	-	-	63,897
Long-term debt (Note 7)	-	-	-	-	1,848,943	466,755	466,755
Obligations under capital lease (Note 8)	-	-	-	-	155,425	186,079	186,079
Federal gas tax agreement funds (Note 14)	-	-	-	-	-	-	483,854
Development Cost Charges Reserve (Note 15)	-	-	-	-	-	-	1,841,585
	-	-	21,711	22,330	-	652,834	8,997,456
	427,410	412,402	607,793	479,854	78,264	75,516	7,149,775
NET FINANCIAL ASSETS							
	-	-	-	-	-	-	15,682,345
	-	-	-	7,262	-	-	144,828
	-	-	-	-	-	-	42,001
	-	-	-	7,262	-	-	13,799,955
	-	-	-	-	-	-	15,869,174
	427,410	412,402	607,793	487,116	78,264	75,516	23,018,949
							\$ 20,320,166
NON-FINANCIAL ASSETS							
Tangible capital assets (Schedule 1)	-	-	-	-	-	13,799,955	13,799,955
Inventories	-	-	-	-	-	-	102,451
Prepaid items	-	-	-	-	-	-	41,928
	-	-	-	-	-	13,799,955	13,944,334
ACCUMULATED SURPLUS							
							\$ 23,018,949
							\$ 20,320,166

THE CORPORATION OF THE CITY OF DUNCAN
 STATEMENT OF GENERAL REVENUE FUND OPERATIONS
 Year Ended December 31, 2009

SCHEDULE 10

	2009 Budget	2009 Actual	2008 Actual
REVENUE			
Taxes	\$ 3,221,374	\$ 3,207,512	\$ 2,657,641
Grants in lieu of taxes	10,500	16,085	9,839
Sales of services	449,700	452,123	439,721
Government transfers - unconditional	534,000	931,117	472,634
Government transfers - conditional	466,095	693,754	17,242
Investment income	49,000	66,276	73,755
Other revenue from own sources	411,759	433,736	429,659
Total revenue	5,142,428	5,800,603	4,100,491
EXPENSES			
General government	964,415	874,794	823,068
Protective services	1,203,185	1,206,199	431,985
Transportation services	1,046,652	924,355	935,392
Environmental health services	272,635	223,947	190,515
Environmental development services	81,569	30,816	4,926
Recreation and cultural services	720,762	688,411	691,735
Interest	117,000	78,297	68,959
Total expenses	4,406,218	4,026,819	3,146,580
NET REVENUES	736,210	1,773,784	953,911
TRANSFERS			
Transfers to general capital fund	(1,532,658)	(977,586)	(645,792)
Transfers to reserve fund	(224,690)	(483,680)	(479,304)
Transfers to parcel taxes - sewer fund	(42,820)	(42,860)	(42,920)
Long term debt repayment	(104,700)	(53,313)	(52,334)
	(1,168,658)	216,345	(266,439)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,335,042	1,335,042	1,601,481
ACCUMULATED SURPLUS, END OF YEAR	\$ 166,384	\$ 1,551,387	\$ 1,335,042

THE CORPORATION OF THE CITY OF DUNCAN
 STATEMENT OF WATERWORKS UTILITY REVENUE FUND OPERATIONS
 Year Ended December 31, 2009

SCHEDULE 11

	2009 Budget	2009 Actual	2008 Actual
REVENUE			
Sale of water	\$ 1,243,028	\$ 1,364,459	\$ 1,240,016
Water studies	-	5,502	9,238
Service charges	18,100	25,606	19,432
Investment income	15,000	36,326	36,627
	<u>1,276,128</u>	<u>1,431,893</u>	<u>1,305,313</u>
EXPENSES			
Administration	396,500	387,141	352,572
Transmission and distribution	460,175	342,073	304,739
Pumping	213,125	208,129	281,792
Interest on debenture debt	12,000	11,520	11,520
	<u>1,081,800</u>	<u>948,863</u>	<u>950,623</u>
NET REVENUES	194,328	483,030	354,690
TRANSFERS			
Transfers to waterworks utility capital fund	(1,063,879)	(418,758)	(288,386)
Long-term debt repayment	(7,800)	(7,742)	(7,742)
	<u>(877,351)</u>	<u>56,530</u>	<u>58,562</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,230,413	1,230,413	1,171,851
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 353,062</u>	<u>\$ 1,286,943</u>	<u>\$ 1,230,413</u>

THE CORPORATION OF THE CITY OF DUNCAN
 STATEMENT OF SEWER UTILITY REVENUE FUND OPERATIONS
 Year Ended December 31, 2009

SCHEDULE 12

	2009 Budget	2009 Actual	2008 Actual
REVENUE			
Sewer rentals	\$ 617,551	\$ 658,430	\$ 586,103
Service charges	100	49	422
Investment income	15,000	17,643	19,580
Total revenue	632,651	676,122	606,105
EXPENSES			
Administration	182,400	160,604	147,939
Collection and disposal	148,000	124,424	107,387
Cost sharing - municipal government	(15,000)	(20,015)	(18,847)
Joint Utilities Board	230,000	262,362	201,596
Interest on debenture debt	23,100	18,144	23,058
Total expenses	568,500	545,519	461,133
NET REVENUES	64,151	130,603	144,972
TRANSFERS			
Transfers to sewer capital fund	(278,500)	(40,084)	(97,719)
Transfers from general revenue fund - parcel tax	42,820	42,860	42,920
Long-term debt repayment	(12,702)	(12,702)	(12,702)
	(184,231)	120,677	77,471
ACCUMULATED SURPLUS, BEGINNING OF YEAR	487,116	487,116	409,645
ACCUMULATED SURPLUS, END OF YEAR	\$ 302,885	\$ 607,793	\$ 487,116

THE CORPORATION OF THE CITY OF DUNCAN
 STATEMENT OF CAPITAL FUND OPERATIONS
 Year Ended December 31, 2009

SCHEDULE 13

	2009 Budget	2009 Actual	2008 Actual
REVENUE			
Connection Fees and miscellaneous donations			
General Capital	\$ 178,834	\$ 14,648	\$ 7,918
Water Capital	421,000	216,479	69,206
Sewer Capital	1,000	34,407	398
Capital Grants			
General Capital	2,430,741	1,008,127	44,768
Water Capital	453,621	-	-
Investment income			
General Capital Fund	-	5,343	5,309
Water Capital Fund	-	15,008	17,294
Sewer Capital Fund	-	2,748	3,856
MFA Refunds	-	-	2,677
Total Revenue	<u>3,485,196</u>	<u>1,296,760</u>	<u>151,426</u>
EXPENSES (not capitalized)			
General government services	-	20,557	23,127
Protective services	-	4,253	5,684
Transportation services	-	39,494	65,830
Environmental health services	-	2,857	-
Recreation and cultural services	-	283,201	874
Water services	-	2,962	2,005
Sewer services	-	15,702	-
Total expenses	<u>-</u>	<u>369,026</u>	<u>97,520</u>
NET REVENUES	3,485,196	927,734	53,906
TRANSFERS			
Transfers from general operating fund	1,532,658	977,586	645,792
Transfers from water operating fund	1,063,879	418,758	288,386
Transfers from sewer operating fund	278,500	40,084	97,719
Transfers from general reserve funds	1,318,000	515,744	2,052,745
Transfers to general reserve funds	-	(1,450,000)	(2,355,821)
Transfers from water utility reserve funds	945,000	49,842	-
Tangible capital asset purchases	(10,606,233)	(2,899,844)	(2,317,505)
Proceeds from sale of tangible capital assets	1,873,000	-	3,506,931
Debt Proceeds (Repayment)	-	1,450,000	(816,030)
	<u>(110,000)</u>	<u>29,904</u>	<u>1,156,123</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>627,938</u>	<u>627,938</u>	<u>(528,185)</u>
ACCUMULATED, END OF YEAR	<u>\$ 517,938</u>	<u>\$ 657,841</u>	<u>\$ 627,938</u>