

City of Langford

2011
STATEMENT OF
FINANCIAL
INFORMATION

(Pursuant to the Financial Information Act)

CITY OF LANGFORD
2011 Statement of Financial Information

Table of Contents

Statement of Financial Information Approval	1
Schedule of Debts	2
Unaudited Schedules	
Schedule of Guarantee and Indemnity Agreements	3
Schedule of Grants or Contributions	3
Schedule of Employee Remuneration and Expenses	4
Schedule of Council Remuneration and Expenses	5
Schedule of Payments to Suppliers for Provision of Goods and Services	6-9
Audited Financial Statements	
Includes Financial Reporting Responsibility	



City of Langford

www.cityoflangford.ca

Statement of Financial information Approval

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

Handwritten signature of Steve Ternent in black ink.

Steve Ternent
Director of Finance

Handwritten signature of Matt Sahlstrom in black ink.

Matt Sahlstrom
Councillor

2011 Annual Debt Position Report Langford

Member	Issue	LA/CB	SI	Rgn SI	Term	Amount Borrowed	Principal Paid	Interest Paid	Accrued Interest	Balance Outstanding	Accrued Interest	Accrued	Sinking Fund Credit
Langford	64	53	159	2415	15	965,000.00	44,720.31	40,916.00	43,822.77	0.00	0.00	0.00	965,000.00
						965,000.00	44,720.31	40,916.00	43,822.77	0.00	0.00	0.00	965,000.00
Langford	66	143	211	2533	15	2,565,000.00	118,867.97	123,633.00	105,275.32	235,350.38	18,968.35	17,822.45	2,347,472.02
						2,565,000.00	118,867.97	123,633.00	105,275.32	235,350.38	18,968.35	17,822.45	2,347,472.02
Langford	69	143	297	2634	15	271,000.00	12,558.76	11,517.50	9,994.97	48,546.90	3,092.37	2,978.20	225,767.40
Langford	69	256	298	2634	15	735,000.00	34,061.58	31,237.50	27,108.12	131,667.81	8,387.05	8,077.40	612,321.19
						1,006,000.00	46,620.34	42,755.00	37,103.09	180,214.71	11,479.42	11,055.60	838,088.59
Langford	70	160	320	2686	15	1,100,000.00	54,788.03	34,650.00	32,829.36	287,383.66	2,847.95	21,414.55	834,089.53
Langford	70	214	299	2686	15	625,000.00	31,129.56	19,687.50	18,653.04	163,286.18	1,618.15	12,167.36	475,914.51
						1,725,000.00	85,917.59	54,337.50	51,482.40	450,669.84	4,466.10	33,581.91	1,308,004.04
Langford	73	160	494	2818	15	400,000.00	19,922.91	25,400.00	10,508.37	136,049.34	2,087.67	973.59	264,926.86
Langford	73	214	446	2818	15	208,000.00	10,359.91	13,208.00	5,464.35	70,745.65	1,085.59	506.27	137,761.97
Langford	73	455	495	2818	15	1,250,000.00	62,259.08	79,375.00	32,838.65	425,154.37	6,523.97	3,042.46	827,896.43
Langford	73	471	496	2818	15	500,000.00	24,903.63	31,750.00	13,135.46	170,061.80	2,609.59	1,216.99	331,158.57
						2,358,000.00	117,445.53	149,733.00	61,946.83	802,011.16	12,306.82	5,739.31	1,561,743.83
Langford	75	413	583	2900	15	140,000.00	6,487.92	7,966.00	3,576.97	58,395.64	350.96	334.44	81,939.73
Langford	75	414	582	2900	15	420,000.00	19,463.76	23,898.00	10,730.92	175,186.90	1,052.88	1,003.33	245,819.18
						560,000.00	25,951.68	31,864.00	14,307.89	233,582.54	1,403.84	1,337.77	327,758.91
Member Total						9,179,000.00	439,523.42	443,238.50	313,938.30	1,901,828.63	48,624.53	69,537.04	7,348,067.39

CITY OF LANGFORD
2011 Statement of Financial Information

Schedule of Guarantee and Indemnity Agreements (unaudited)

There are no Financial Guarantee and Indemnity Agreements in place which required government approval prior to being given under the Financial Administration Act.

Schedule of Grants or Contributions

The City of Langford does not consider grant-in-aid applications.

CITY OF LANGFORD
2011 Statement of Financial Information

Schedule of Employee Remuneration and Expenses (Unaudited)

		<u>Remuneration</u>	<u>Expenses</u>	<u>Total</u>
Adams, Steve	Fire Co-Ordinator	88,404.03	112.00	88,516.03
Aubrey, Chris	Fire Inspector	85,447.83	-	85,447.83
Baldwin, Maltheu	City Planner	139,424.57	1,174.00	140,598.57
Barber, Jennifer	Senior Building Inspector	90,665.47	3,320.26	93,985.73
Beckett, Bob	Fire Chief	134,880.49	708.00	135,588.49
Beli, Brian	Fire Maintenance	86,505.59	-	86,505.59
Bowden, Jim	Administrator	178,314.78	9,487.00	187,801.78
Caven, Lance	Fire Inspector	86,130.58	-	86,130.58
Chen, Victor	Engineering, Construction Manager	89,117.23	2,665.00	91,782.23
Davidson, Scott	Assistant Chief, Training	96,070.20	-	96,070.20
Fletcher, Lorne	Manager Bylaw	98,330.67	60.00	98,390.67
Henshall, George	PW and Operations Co-ordinator	86,752.18	1,492.00	88,244.18
Kaercher, Linda	Deputy Clerk	86,862.81	1,022.00	87,884.81
Kryklywyj, Audrey	Deputy Director of Finance	105,888.38	857.00	106,745.38
Leskiw, Mike	Parks Planner	96,659.73	601.00	97,260.73
Mahovich, Michelle	Deputy Manager of Engineering	105,062.85	1,607.00	106,669.85
Manson, John	City Engineer	141,940.10	3,212.00	145,152.10
Molnar, Brent	Land Development and Subdivision Co-ordinator	86,269.53	524.00	86,793.53
Palmer, Mike	IT Manager	105,701.36	854.00	106,555.36
Spriggs, Geoff	Assistant Chief, Communications	99,553.82	4,518.00	104,071.82
Taylor, Leanne	Planning Technician	81,076.98	1,566.40	82,643.38
Ternent, Steve	Director of Finance	146,980.27	592.00	147,572.27
Webb, Dave	Network Administrator	75,749.62	-	75,749.62
Worobec, Jerry	Building Inspector	76,728.36	682.00	77,420.36
Zado, Kerry	Deputy Fire Chief	110,409.49	2,128.00	112,537.49
		<u>\$ 2,578,926.92</u>	<u>37,191.66</u>	<u>2,616,118.58</u>

Remuneration under \$75,000

3,611,985.98

Total Remuneration

\$ 6,190,912.90

The Schedule of Employee Remuneration has been prepared on a cash basis. The financial statements have been prepared on an accrual basis, and no reconciliation of this schedule with the financial statements has been prepared.

Remuneration may include extraordinary payments such as payout of unused vacation or retroactive pay.

There were two severance agreements under which payment commenced between The City of Langford and its non-unionized employees during the fiscal year 2011. Compensation was determined based on salary.

CITY OF LANGFORD
 2011 Statement of Financial Information

Schedule of Council Remuneration and Expenses (unaudited)

	<u>Indemnity</u>	<u>Expenses</u>	<u>Total</u>	<u>Budget</u>
Stewart Young	\$ 33,091.50	4,012.00	37,103.50	43,650.00
Denise Blackwell	15,958.00	4,681.00	20,639.00	25,175.00
Matt Sahlstrom	15,553.20	5,202.00	20,755.20	25,175.00
Lanny Seaton	15,541.50	4,785.00	20,326.50	25,175.00
Winnie Sifert	24,923.73	5,082.00	30,005.73	32,450.00
Roger Wade	15,588.30	6,169.00	21,757.30	25,175.00
Lillian Szpak	19,929.45	5,706.00	25,635.45	27,600.00
	<u>\$ 140,585.68</u>	<u>35,637.00</u>	<u>176,222.68</u>	<u>204,400.00</u>

The Schedule of Council Remuneration has been prepared on a cash basis. The financial statements have been prepared on an accrual basis, and no reconciliation of this schedule with the financial statements has been prepared.

CITY OF LANGFORD
2011 Statement of Financial Information

Schedule of Payments to Suppliers for the Provision of Goods and Services (Unaudited)

Vendor ID	Vendor Name	Amount Paid YTD
1STTE001	1st Team Consulting Ltd.	\$238,228.77
50154001	501546 BC Ltd	\$63,752.95
67920001	679200 BC Ltd.	\$36,993.59
ACCEN001	Accent Refrigeration Systems Ltd.,	\$3,172,462.98
ACOUS001	Acoustic Solutions Ltd.	\$55,552.00
AEBIG001	AEBIG Metal Works	\$243,932.40
ALLMA003	Allmar Inc	\$85,150.80
ALPHA001	Alpha 8 Developments	\$60,356.00
ALPIN002	Alpine Disposal & Recycling	\$44,263.91
APPLI002	Applied Engineering Solutions Ltd.	\$40,796.00
ATOMI001	Atomic Crayon	\$33,531.12
BCASS001	BC Assessment Authority	\$496,241.84
BCHYD001	BC Hydro	\$416,729.88
BCHYD002	BC Hydro	\$75,396.16
BCHYD004	BC Hydro CAD	\$46,245.92
BCTRA001	BC Transit	\$2,113,188.32
BELLM001	Bell Mobility Inc.	\$75,601.69
BLACK003	Black Press Group	\$86,246.85
BLAKE001	Blakes	\$70,578.84
BMTGR001	BMT Group Services Ltd.	\$28,807.07
BRICK001	Bricklok Surfacing & Landscape Supply Ltd	\$241,602.40
BRYSA001	Bry Sand Ice Arena Ltd.	\$356,179.97
CAMPB006	Campbell Construction Ltd.	\$613,792.20
CANEM001	Canem Systems Ltd.	\$1,082,526.58
CAPIT001	Capital City Paving Ltd.	\$467,822.35
CAPIT002	Capital Region Emerg.Serv.Telecom(CREST)	\$68,083.00
CAPIT003	Capital Electrical Systems Ltd	\$201,901.17
CAPIT004	Capital Regional District	\$3,692,651.58
CAPIT005	Capital Regional District-Bylaw/Animal Control	\$84,000.00
CAPIT006	Capital Regional District Water Dept	\$1,329,727.22
CAPIT007	Capital Regional Hospital District	\$2,121,212.77
CAPIT008	Capital Regional District Water Dept.	\$229,498.93
CASCA001	Cascadia Sport Systems Inc.	\$156,933.28
CBRIC001	CB Richard Ellis, In Trust	\$30,000.00
CHART002	Chart Canada Insurance Services (BC) Inc	\$199,991.00
COLUM002	Columbia Fuels	\$29,761.73
COLWO001	Colwood, City Of	\$549,371.96
CROCK0001	Crocker Equipment Co. Ltd.	\$114,282.00
DARWA001	Darwai Roofing Ltd.	\$138,825.00
DEKRA001	Dekra-Lite Industries Inc.	\$32,506.96
DENIS001	Denise Holdings	\$33,250.00
DEPEN001	Depend-a-Dor	\$60,524.24

CITY OF LANGFORD
2011 Statement of Financial Information

DESJA001	Desjardins Financial Security	\$306,940.95
DIAMO001	Diamond Municipal Solutions	\$33,684.56
DRAYC001	Draycor Construction Ltd	\$462,043.25
DRYCO001	Dryco Systems Inc.	\$601,922.15
EAGER001	Eager Beaver Tree Service	\$77,222.80
EMERA00003	Emerald Lake Homes Ltd	\$88,907.59
EMERY001	Emery Electric Ltd	\$324,562.28
ENEXF001	Enex Fuels Ltd	\$35,286.85
ERBTE001	Erb Technical Contracting Ltd.	\$100,128.66
ESQUI001	Esquimalt, Township Of	\$370,707.98
ESRIC001	Esri Canada	\$30,240.00
FANTA001	Fantastic Cleaning Ltd.	\$126,088.84
FDMSO001	FDM Software Ltd	\$62,908.53
FISGA001	Fisgard Capital Corp	\$72,647.88
FOCUS003	Focus Corp	\$142,499.20
FORTI001	FortisBC-Natural Gas	\$49,293.22
FORTI002	FortisBC Energy (Vancouver Island) Inc.	\$36,269.53
G&EEQ001	G & E Contracting LP	\$583,097.12
GLEN0001	Glenoak Ford	\$35,386.26
GLOBA004	Global Rental Canada	\$59,628.80
GOLDS001	Goldstream Meadows Joint Venture	\$40,380.78
GOLDS006	Goldstream Ventures LLP	\$107,832.06
GREAT004	Greater Victoria Public Library	\$1,266,678.00
GREAT006	Greater Victoria Security	\$283,764.08
HABIT001	Habitat Systems Inc.	\$49,043.69
HARRI003	Harris Computer Systems	\$54,144.98
HAYWO001	Hayworth Communities Inc	\$63,894.83
HENDR001	Hendry Swinton McKenzie	\$25,419.00
HIGHL001	Highlands, District Of	\$71,583.25
HOUST001	Houston Sign 90 Ltd	\$114,378.38
IECIN001	IEC Infrastructure Engineering Consultants Ltd.	\$113,932.66
INFRA001	IMS Infrastructure Management Services	\$37,234.68
INSUR001	Insurance Corporation Of BC	\$37,441.00
ISLAN004	Island Key Computer Ltd.	\$123,517.11
ISLAN027	Island View Wholesale Nursery	\$31,906.00
JORDA003	Jordans	\$191,067.50
KINEM001	KineMedics Calgary	\$48,460.69
KPMGC001	KPMG LLP, T4348	\$32,704.00
KSVIL001	KS Village(Millstream) Inc.	\$116,749.98
LAKES001	Lakeshore Gardens Ltd	\$25,829.70
LAKEW001	Lakewood Estates Ltd	\$145,621.28
LANDM001	Landmark Sign Ltd.	\$102,314.87
LANGF003	Langford Volunteer Firefighters Assoc.	\$130,200.00
LESKI001	Mike Leskiw	\$27,536.65
LIMON001	Limona Construction Ltd.	\$41,061.62
LOBLA001	Loblaws Properties West Inc.	\$30,210.87
MAPLE0001	Maple Leaf Gold	\$161,455.73

CITY OF LANGFORD
2011 Statement of Financial Information

MASTE001	Mastercard	\$145,470.39
MEDIC001	Medical Services Plan Of BC	\$87,796.00
METCH001	Metchosin, District Of	\$106,222.98
MHUNT001	M. Hunter Holdings	\$50,817.50
MICRO002	Microsoft Licensing, GP	\$86,676.08
MINIS008	Minister Of Finance--School Tax /GIL	\$11,072,675.46
MINIS009	Minister Of Finance-cost share	\$29,280.87
NORTH007	Northern Savings Credit Union	\$15,000,000.00
PACIF002	Pacific Centre Family Services	\$65,269.92
PACIF014	Pacific Industrial & Marine Ltd	\$64,736.00
PARAD001	Paradise Homes	\$47,635.80
PARKE004	Parker Johnston Industries Ltd.	\$515,106.33
PBAEN001	PBA Engineering Ltd.	\$48,375.92
PERFO002	Performance Plus Hockey	\$38,691.02
PHOEN003	Phoenix Glass Inc.	\$295,636.32
PRBRI001	P. R. Bridge Systems Ltd	\$59,182.16
PRIDY001	Pridy Bros House Moving	\$49,525.84
QUEST001	Questica Inc.	\$49,078.40
RADAE001	Rada Enterprises Inc.	\$35,084.00
RAMSA001	Ramsay Painting Ltd.	\$327,578.51
RANDA001	Randall & Company	\$38,250.00
RAYLE001	Raylec Power Ltd.,	\$220,112.60
READJ001	Read Jones Christoffersen	\$42,661.45
RECEI001	Receiver General Of Canada	\$1,713,077.31
RECEI002	Receiver General -RCMP contract	\$2,914,980.59
RECEI003	Receiver General For Canada	\$102,733.76
RECOR001	Richard J. Record Ltd dba Record Fireproofing	\$104,855.70
RICHM001	Richmond Property Group	\$64,277.28
ROBTO001	Rob Tournour Masonry Ltd.	\$435,072.77
ROYAL007	RBC Royal Bank	\$35,449.00
RYZUK001	Ryzuk Geotechnical	\$60,104.19
SAANI001	The Corporation of the District of Saanich	\$95,264.54
SCANS001	Scansa Construction	\$1,490,302.49
SCHOO001	School District No.62	\$513,735.32
SCHOS001	Scho's Line Painting Service	\$176,418.31
SKADB002	Skadberg Holdings Inc.	\$85,175.55
SOOKE002	Sooke, District Of	\$252,367.78
SOUND002	The Sound Source & Lightrix	\$48,371.76
SPORT002	SportHost Victoria	\$25,000.00
STATI002	Station Villas Inc.	\$30,425.00
STEEL002	Steels Industrial Products Ltd	\$25,278.63
STEVE002	Stevens Engineering Ltd	\$66,220.71
STRIK003	Striker Installations Inc.	\$1,192,852.35
TERRA001	TerraWorx Landscape Contracting Inc	\$461,025.89
TERRA002	Terra Design Inc.	\$115,530.24
THURB001	Thurber Engineering	\$59,298.33
THYSS001	Thyssenkrupp Elevator	\$59,657.26

CITY OF LANGFORD
 2011 Statement of Financial Information

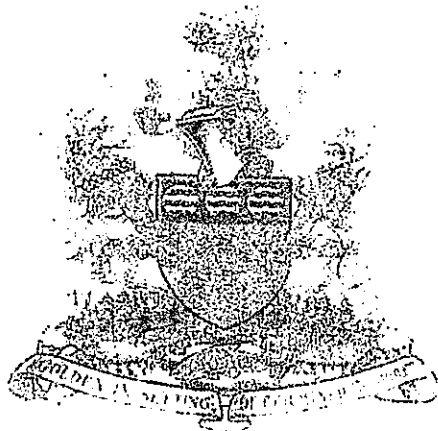
TIMES001	Times Colonist	\$32,708.30
TORON001	Toronto Weightlifting	\$26,625.06
TOTAL002	Total Fabrication	\$1,545,168.80
TOWER001	Tower Fence Products Ltd.	\$68,729.92
TRACR001	TRAC Records Inc.	\$74,417.43
TRANS001	Tran Sign (1999) Ltd	\$43,130.68
TROYL001	Troy Life & Fire Safety Ltd.	\$177,742.87
TYCON001	Tycon Steel (1998) Inc	\$33,510.96
UNITE004	United Rentals	\$88,090.28
UNIVE002	Universal Sheet Metal Ltd.	\$634,177.05
VENTU001	Venture Pacific Construction Management	\$658,197.11
VERIT001	Verity Developments Ltd.	\$65,511.10
VICDAV001	Vic Davies Architect (2003) Ltd	\$220,271.67
VICON001	Vicon Enterprises Inc	\$29,059.52
VICTO006	Victoria Contracting & Municipal Maint.	\$2,853,513.77
WESTE006	Western Grater Contracting Ltd	\$80,976.00
WESTE012	Western Turf Farms Ltd	\$37,128.00
WESTH001	Westhills Land Corp	\$736,127.00
WESTI001	West Isle Industries Ltd	\$192,585.12
WESTS001	West Shore Chamber Of Commerce	\$25,802.78
WESTS002	West Shore Parks & Recreation Society.	\$2,197,542.00
WESTS014	West Shore Environmental Services	\$647,338.32
WESTS028	Westshore Cabinets	\$25,715.60
WFRWHO01	WFR Wholesale Fire & Rescue Ltd.	\$26,646.51
WILLI010	Willing, Cristina J.	\$55,176.44
WILSO010	Wilson, Denise	\$28,000.00
WINDL001	Windley Contracting Ltd	\$551,149.05
WORKE001	Workers' Compensation Board Of BC	\$63,772.69
YORKE001	York Excavating Ltd	\$76,245.43
YOUNG004	Young, Anderson Barristers & Solicitors	\$127,652.58
	Total over \$25,000	\$76,418,381.62
	Under \$25,000	\$3,601,714.96
	Total	<u>\$80,020,096.58</u>

The Schedule of Payments to Suppliers for the Provision of Goods and Services has been prepared on a cash basis and the financial statements have been prepared on an accrual basis, therefore no reconciliation of this schedule with the financial statements has been prepared.

Consolidated Financial Statements of

CITY OF LANGFORD

Year ended December 31, 2011



CITY OF LANGFORD

British Columbia
Canada

Municipal Council

Mayor Stewart Young

Councillors
Denise Blackwell
Matt Sahlstrom
Lanny Seaton
Winnie Sifert
Lillian Szpak
Roger Wade

Municipal Officers

Administrator Jim Bowden, MPA
Treasurer Steve Ternent, CGA
Acting City Engineer Michelle Mahovlich, M.Eng., P.Geo
City Planner Matthew Baldwin, HCIP
Fire Chief Bob Beckett, MA

Auditors KPMG
Solicitors Young Anderson
Bankers Bank of Montreal
Police RCMP-West Shore

CITY OF LANGFORD

Consolidated Financial Statements

Year ended December 31, 2011

Financial Statements

Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the City of Langford (the "City") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Administration and Finance Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



Administrator

Treasurer



KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of The City of Langford

We have audited the accompanying consolidated financial statements of The City of Langford, which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of The City of Langford as at December 31, 2011, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

May 7, 2012

Victoria, Canada

CITY OF LANGFORD

Consolidated Statement of Financial Position

December 31, 2011, with comparative information for 2010

	2011	2010
Financial assets:		
Cash and cash equivalents (note 2)	\$ 11,790,206	\$ 10,040,244
Property taxes receivable	3,215,811	4,557,321
Accounts receivable	7,025,151	7,354,318
Other assets	162,207	179,434
	<u>22,193,375</u>	<u>22,131,317</u>
Financial liabilities:		
Accounts payable and accrued liabilities	6,170,162	6,804,268
Prepaid property taxes and licences	485,202	543,839
Deferred revenue (note 3)	10,174,118	10,429,438
Refundable deposits	6,475,267	6,141,637
Debt (note 4):		
Short-term	11,750,000	22,250,864
Long-term	15,554,601	2,865,501
Capital lease obligations (note 4)	518,161	560,981
	<u>51,127,511</u>	<u>49,596,528</u>
Net debt	(28,934,136)	(27,465,211)
Non-financial assets:		
Tangible capital assets (note 5)	301,298,540	275,334,367
Sewer franchise agreement (note 6)	7,962,219	5,958,363
Land held for resale	6,157,060	5,958,139
Prepaid expenses	325,139	164,457
	<u>315,742,958</u>	<u>287,415,326</u>
Accumulated surplus (note 7)	\$ 286,808,822	\$ 259,950,115

Commitments and contingencies (note 5(a) and 11)

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

Treasurer

CITY OF LANGFORD

Consolidated Statement of Operations

Year ended December 31, 2011, with comparative information for 2010

	Budget (unaudited - note 12)	2011	2010
Revenue:			
Taxation, net (note 8)	\$ 19,690,742	\$ 19,781,425	\$ 19,669,214
Development cost charges	2,323,300	2,015,112	2,438,024
Sewer capital recovery fees	-	2,556,204	1,594,685
Utility charges	5,000	5,000	5,000
Other	4,045,586	4,146,857	4,140,704
Licences and permits	2,026,400	2,014,027	2,290,847
Penalties and interest	515,000	588,385	565,528
Government transfers (note 9)	12,472,400	9,024,495	5,594,614
Commercial leasing	484,500	369,698	351,317
Casino	1,200,000	1,236,239	1,308,718
Investment earnings	75,000	41,293	50,179
Developer and property owner contributions	1,275,600	15,647,977	16,799,340
Gain on sale of tangible capital assets	-	-	662
Total revenue	44,113,528	57,426,712	54,808,832
Expenses:			
General government services:			
Legislative	525,300	484,569	304,635
Administrative	1,970,700	3,110,226	3,273,029
Other	930,400	960,948	942,880
	3,426,400	4,555,743	4,520,544
Protective services:			
Police and bylaw enforcement	5,319,100	4,617,338	4,787,937
Fire protection and emergency response	2,290,600	2,454,078	2,502,932
Building inspection and other	530,800	475,230	523,321
	8,140,500	7,546,646	7,814,190
Engineering and public works:			
Common services	980,700	791,584	795,395
Subdivision services	480,800	473,784	515,194
Roads, streets and storm drainage	4,126,800	6,797,507	6,352,101
	5,588,300	8,062,875	7,662,690
Community services:			
Environmental and development services	831,200	678,695	866,487
Recreation and cultural services	3,679,300	4,585,114	3,900,370
West Shore Parks and Recreation (note 13)	4,648,655	4,222,208	4,573,987
	9,159,155	9,486,017	9,340,844
Utility and enterprise services:			
Sewer infrastructure	-	552,348	546,975
Sewer maintenance	-	410	500
Debt interest	425,500	363,966	373,334
	425,500	916,724	920,809
Total expenses	26,739,855	30,568,005	30,259,077
Annual surplus	17,373,673	26,858,707	24,549,755
Accumulated surplus, beginning of year	259,950,115	259,950,115	235,400,360
Accumulated surplus, end of year	\$ 277,323,788	\$ 286,808,822	\$ 259,950,115

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

CITY OF LANGFORD

Consolidated Statement of Change in Net Debt

Year ended December 31, 2011, with comparative information for 2010

	Budget (unaudited - note 12)	2011	2010
Annual surplus	\$ 17,373,673	\$ 26,858,707	\$ 24,549,755
Acquisition of tangible capital assets	(20,447,900)	(18,859,796)	(14,411,692)
Decrease (increase) in land held for resale	-	(198,921)	786,048
Amortization of tangible capital assets	-	5,307,561	4,632,099
Gain on sale of tangible capital assets	-	-	(662)
Loss on sale of tangible capital assets	-	65,421	496,164
Proceeds on sale of tangible capital assets	-	4,144	54,250
Loss on sale of land held for resale	-	-	157,020
Proceeds on sale of land held for resale	-	-	397,974
Sewer capital recovery fees	-	(2,556,204)	(1,594,685)
Developer contributions of tangible capital assets	(1,275,600)	(10,972,343)	(14,419,881)
Change in proportionate share of West Shore	-	(956,812)	(339,456)
	(4,349,827)	(1,308,243)	306,934
Acquisition of prepaid expenses	-	(160,682)	(19,317)
Change in net financial assets (debt)	(4,349,827)	(1,468,925)	287,617
Net debt, beginning of year	(27,465,211)	(27,465,211)	(27,752,828)
Net debt, end of year	\$ (31,815,038)	\$ (28,934,136)	\$ (27,465,211)

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

CITY OF LANGFORD

Consolidated Statement of Cash Flows

Year ended December 31, 2011, with comparative information for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 26,858,707	\$ 24,549,755
Items not involving cash:		
Amortization of tangible capital assets	5,307,561	4,632,099
Gain on sale of tangible capital assets	-	(662)
Loss on sale of tangible capital assets	65,421	496,164
Developer contributions of tangible capital assets	(10,972,343)	(14,419,881)
Sewer capital recovery fees	(2,556,204)	(1,594,685)
Loss on sale of land held for resale	-	157,020
Actuarial adjustment on debt	(309,406)	(287,562)
Change in proportionate share of West Shore	(956,812)	(339,456)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	1,341,510	60,889
Accounts receivable	329,167	(2,976,055)
Other assets	17,227	(3,472)
Accounts payable and accrued liabilities	(634,106)	1,189,150
Prepaid property taxes and licences	(58,637)	118,635
Deferred revenue	(255,320)	(733,585)
Refundable deposits	333,630	(50,805)
Prepaid expenses	(160,682)	(19,317)
	18,349,713	10,778,232
Capital activities:		
Acquisition of tangible capital assets	(18,859,796)	(14,411,692)
Decrease (increase) in land held for resale	(198,921)	786,048
Proceeds on sale of land held for resale	-	397,974
Proceeds on sale of tangible capital assets	4,144	54,250
	(19,054,573)	(13,173,420)
Financing activities:		
Capital lease payments	(42,820)	(42,218)
Debt proceeds	4,700,000	4,572,950
Debt proceeds (payments) (West Shore)	(64,779)	284,280
Debt payments	(2,137,579)	(1,786,536)
	2,454,822	3,028,476
Increase in cash and cash equivalents	1,749,962	633,288
Cash and cash equivalents, beginning of year	10,040,244	9,406,956
Cash and cash equivalents, end of year	\$ 11,790,206	\$ 10,040,244
Supplemental cash flow information:		
Cash paid for interest	\$ 791,511	\$ 661,068
Cash received from interest	146,106	116,940

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

CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2011

The City of Langford (the "City") is incorporated and operates under the provisions of the British Columbia Local Government Act and the Community Charter of British Columbia.

1. Significant accounting policies:

The consolidated financial statements of the City are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the City are as follows:

(a) Reporting entity:

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The consolidated financial statements also include the City's proportionate interest in the West Shore Parks and Recreation Society ("West Shore"), an organization jointly controlled by the City. The City does not administer any trust activities on behalf of external parties.

(b) Basis of accounting:

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenses are not yet incurred are included in deferred revenue.

(d) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

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

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(e) Refundable deposits:

Receipts restricted by third parties are deferred and reported as refundable deposits under certain circumstances. Refundable deposits are returned when the third party meets their obligations or the deposits are recognized as revenue when qualifying expenditures are incurred.

(f) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(g) Cash equivalents:

Cash equivalents include short-term highly liquid investments that are cashable on demand or have a term to maturity of 90 days or less at acquisition.

(h) Long-term debt:

Long-term debt is recorded net of related sinking fund balances.

(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.

(l) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Land improvements	10 - 50
Buildings	25 - 70
Vehicles, machinery, equipment	5 - 25
Sewer and storm infrastructure	75 - 100
Roads infrastructure	10 - 75

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(i) Tangible capital assets (continued)

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

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) 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.

(iv) Interest capitalization

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

(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) Inventory of supplies

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

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(j) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets and in estimating provisions for accrued liabilities. Actual results could differ from these estimates.

(k) Comparative information:

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

2. Cash and cash equivalents:

	2011	2010
West Shore Parks and Recreation Society	\$ 929,831	\$ 838,970
Cash	3,860,375	3,183,326
Term Deposits	7,000,000	6,017,948
Total	\$ 11,790,206	\$ 10,040,244

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

3. Deferred revenue:

Deferred revenue, reported on the consolidated statement of financial position, is comprised of the following:

	2011	2010
Federal Gas Tax funds	\$ 633,832	\$ 1,684,716
Development cost charges	9,122,046	8,409,130
Hotel room tax	216,801	186,328
Other	201,439	149,264
Total deferred revenue	\$ 10,174,118	\$ 10,429,438

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.

	2011	2010
Opening balance of unspent funds	\$ 1,684,716	\$ 1,205,561
Add:		
Amounts received during the year	653,574	653,644
Interest earned	19,615	13,878
	2,357,905	1,873,083
Less amount spent on projects and recorded as revenue	(1,724,073)	(188,367)
	\$ 633,832	\$ 1,684,716

Development cost charges:

	2011	2010
Opening balance of unspent funds	\$ 8,409,130	\$ 9,475,056
Add:		
Development cost charges received during year	2,634,822	1,318,892
Interest earned	93,206	53,206
	11,137,158	10,847,154
Less amount spent on projects and recorded as revenue	(2,015,112)	(2,438,024)
	\$ 9,122,046	\$ 8,409,130

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

4. Debt:

(a) Short-term debt:

Short-term debt is comprised of an interim financing facility through the TD Bank and bears interest at the Bankers Acceptance Rate plus stamping fee or prime minus 65 basis points.

(b) Long-term debt:

Long-term debt consists of the following:

	2011	2010
Municipal Finance Authority ("MFA")	\$ 1,832,291	\$ 2,581,221
West Shore five year fixed rate loan	219,502	284,280
TD Bank	13,502,808	-
Total	\$ 15,554,601	\$ 2,865,501

Long-term debt through the MFA is issued on a sinking fund basis, where the MFA invests the City's sinking fund payments so that the payments, plus investment income, will equal the original outstanding debt amount at the end of the repayment period. Actuarial adjustments on debt represent the repayment and/or forgiveness of debt by the MFA using surplus investment income generated by the sinking fund assets. The amount payable of \$1,832,291 (2010 - \$2,581,221) is net of the sinking fund balance of \$7,348,067 (2010 - \$6,613,727). Existing MFA long-term debt matures in annual amounts to 2018 and bears interest at rates from 3.15% to 6.35%.

Long-term debt from the TD Bank consists of five year floating rate term loans maturing in 2016, with a current interest rate of 1.26%.

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

	General	Sewer	Total
2012	\$ 1,132,120	\$ 748,962	\$ 1,881,082
2013	1,132,120	745,929	1,878,049
2014	1,119,206	627,576	1,746,782
2015	1,041,990	467,247	1,509,237
2016	8,036,083	191,841	8,227,924

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

4. Debt (continued):

(d) Capital lease obligations:

Year ending December 31:		
2012	\$	49,780
2013		49,780
2014		49,780
2015		379,215
		<hr/>
		528,555
Less amount representing interest (at rates ranging from 1.3% to 1.6%)		(10,394)
		<hr/>
Present value of net minimum capital lease payments	\$	518,161

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

5. Tangible capital assets:

	Land improvements	Land	Buildings	Vehicles, machinery, equipment	Sewer and storm infrastructure	Roads infrastructure	Assets under construction	West Shore(e)	Total 2011	Total 2010
Cost:										
Opening	\$99,852,969	9,268,887	19,503,423	6,301,041	36,955,337	84,651,002	26,641,850	29,084,117	\$312,268,626	\$283,756,950
Additions	8,716,034	2,958,625	12,431,797	4,296,812	1,552,747	5,723,192	1,551,243	539,575	37,780,025	30,406,151
Disposals	(51,034)	-	-	(92,490)	-	(6,155)	(7,947,886)	(19,991)	(8,117,556)	(2,306,411)
Change in share	-	-	-	-	-	-	-	1,177,816	1,177,816	411,936
Balance, end of year	108,527,969	12,227,512	31,935,220	10,505,363	38,518,084	90,368,039	20,245,207	30,781,517	343,108,911	312,268,626
Accumulated amortization:										
Opening	-	2,012,054	2,716,582	2,853,355	5,186,594	18,820,515	-	5,345,159	36,934,259	32,958,736
Disposals	-	-	-	(83,892)	-	(6,155)	-	(10,058)	(100,105)	(182,081)
Amortization	-	443,528	542,412	622,320	648,307	1,967,619	-	531,027	4,755,213	4,085,124
Change in share	-	-	-	-	-	-	-	221,004	221,004	72,480
Balance, end of year	-	2,455,582	3,258,994	3,391,783	5,834,901	20,781,979	-	6,087,132	41,810,371	36,934,259
Net book value, end of year	\$108,527,969	9,771,930	28,676,226	7,113,580	32,683,183	69,586,060	20,245,207	24,694,385	\$301,298,540	\$275,334,367

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

5. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$20,245,207 (2010 - \$26,641,850) have not been amortized. Amortization of these assets will commence when the asset is put into service. Major construction contracts of \$3,360,000 were in process at December 31, 2011 with estimated costs to complete of \$551,150.

Included in assets under construction is \$17,960,203 for work done on the Leigh Road Interchange. Upon completion of the project, ownership of the portion of the interchange that is in the Trans Canada Highway right of way will be transferred to the Province of BC. At December 31, 2011 the cost of the assets to be transferred totaled \$16,099,219.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is \$10,972,343 (2010 - \$14,419,881) comprised of land \$6,825,776 (2010 - \$6,187,515), land improvements \$45,000 (2010 - \$367,700), sewer and storm infrastructure \$1,240,582 (2010 - \$2,117,756) and roads infrastructure \$2,860,985 (2010 - \$5,746,910).

(c) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(d) Write-down of tangible capital assets:

No tangible capital assets were written down in 2011 or 2010.

(e) West Shore:

The City's proportionate share of West Shore assets includes land, buildings, and equipment which are subject to amortization policies consistent with those of the City.

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

6. Sewer franchise agreement:

During 2004, the City entered into a franchise and partnering agreement with West Shore Environmental Services Inc. ("WSES") and Terasen Utility Services Inc. The term of the agreement is 21 years, with a single 21 year renewal. Under the agreement, the City grants an exclusive franchise to WSES to design, construct, finance, own, operate and maintain sanitary sewers in the City. The City also grants an exemption from municipal property tax for sewer infrastructure and WSES has been granted an Order in Council to extend that exemption to property taxes for all other jurisdictions. Upon termination of the agreement, the sewer infrastructure constructed by WSES will be acquired by the City for a nominal payment.

WSES will recover its capital costs by imposition of a sewer capital recovery fee ("SCRF") on owners of property who wish to connect to the sewer. WSES will also bill and collect all user fees. Fees were frozen for five years, ending in 2009. WSES will pay the City franchise fees that are estimated to total \$11 million over the 21 year term of the agreement.

The City records the costs of sewer infrastructure constructed by WSES \$546,873 (2010 - \$205,195) and a corresponding remaining cost to be recovered. The remaining cost to be recovered is reduced as SCRF's are collected by WSES.

The cost of WSES sewer infrastructure, less residual value, is amortized on a straight line basis over their estimated useful lives, 60 to 70 years.

	Opening	Increase	Decrease	Closing
WSES sewer infrastructure				
Cost	\$ 32,351,033	\$ 546,873	\$ -	\$ 32,897,906
Accumulated amortization	(2,569,035)	(552,348)	-	(3,121,383)
	29,781,998	(5,475)	-	29,776,523
Remaining cost to be recovered	(23,823,635)	(546,873)	2,556,204	(21,814,304)
	\$ 5,958,363	\$ (552,348)	\$ 2,556,204	\$ 7,962,219

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

7. Accumulated surplus:

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

	2011	2010
Surplus:		
Invested in tangible capital assets	\$281,437,997	\$ 255,615,384
Invested in land held for resale	6,157,060	5,958,139
Other	(5,017,767)	(4,034,239)
Total surplus	282,577,290	257,539,284
Reserves set aside by Council:		
Future operational contingencies	523,107	572,543
West Shore	504,076	663,272
Total reserves	1,027,183	1,235,815
Reserve funds set aside for specific purposes by Council:		
Capital works	(2,666,316)	(2,998,873)
Archeological assessment	-	59,652
Affordable housing	655,308	590,228
Parks and open space	2,268,767	1,830,800
Parkland improvement	32,406	310,102
General amenity	1,796,375	708,236
Statues, art, beautification	-	101,207
Equipment replacement	30,132	(9,240)
City park	-	(561,145)
Sidewalk capital	42,334	19,066
Bear Mountain firehall	824,425	783,647
Special police capital	200,640	226,823
ALR acquisition	-	136,806
South Langford storm water	-	(42,370)
School crossing guard	-	7
Downtown parking	20,278	20,070
Total reserve funds	3,204,349	1,175,016
	\$ 286,808,822	\$ 259,950,115

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

8. Taxation:

Taxation revenue, reported on the consolidated statement of operations, is comprised of the following:

	2011	2010
General	\$ 19,369,552	\$ 19,270,617
Revenue in lieu of taxes	86,286	101,497
Collections for other governments	23,564,883	23,072,640
1% utility taxes	325,590	297,100
	<u>43,346,310</u>	<u>42,741,854</u>
Less taxes levied for other authorities:		
Capital Regional District - General Operating	2,705,866	2,742,544
Revenue in lieu of taxes	77,489	79,178
Capital Regional Hospital District	2,117,469	2,093,253
School Authorities	16,018,623	15,971,502
BC Assessment Authority	498,482	506,840
Municipal Finance Authority	1,488	1,421
BC Transit	2,145,468	1,677,902
	<u>23,564,885</u>	<u>23,072,640</u>
	<u>\$ 19,781,425</u>	<u>\$ 19,669,214</u>

9. Government transfers:

The City recognizes the transfer of government funding as revenue or expense in the period that the events giving rise to the transfer occurred. The Government transfers reported on the consolidated statement of operations are:

	2011	2010
Operating transfers:		
Federal	\$ -	\$ 20,969
Provincial	877,113	430,593
Other	278,026	467,894
	<u>1,155,139</u>	<u>919,456</u>
Capital transfers:		
Provincial	4,500,416	2,433,774
Federal	3,368,940	2,241,384
Total revenue	<u>\$ 9,024,495</u>	<u>\$ 5,594,614</u>

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

10. Municipal pension plan:

The City 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 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 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The City paid \$529,732 (2010 - \$549,250) for employer contributions while employees contributed \$466,317 (2010 - \$456,154) to the Plan in fiscal 2011.

11. Commitments and contingencies:

(a) Contingent liabilities:

The CRD debt, under provisions of the Local Government Act, is a direct, joint and several liability of the CRD and each member municipality within the CRD, including the City of Langford.

The City is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated who 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.

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

11. Commitments and contingencies (continued):

(b) Municipal Finance Authority contingent demand notes:

Under borrowing arrangements with the MFA, the City is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are included in the City's financial assets as other assets and are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the City. At December 31, 2011 there were contingent demand notes of \$350,464 which are not included in the financial statements of the City.

(c) Litigation liability:

There are several lawsuits pending in which the City is involved. It is considered that the potential claims against the City resulting from such litigation will be covered by insurance and not materially affect the consolidated financial statements of the City.

(d) Commitments:

The City entered into a long-term contract with the Royal Canadian Mounted Police for the provision of police services effective October 1, 1994. Under the terms of this contract, the City is responsible for 90% of policing costs. The 2012 estimated cost of this contract is \$4,085,000.

12. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 operating and capital budgets approved by Council on April 18, 2011. Amortization expense was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

12. Budget data (continued):

	Budget amount
Revenues:	
Operating budget	\$ 28,098,442
Capital budget	20,447,900
West Shore	2,891,186
Less:	
Transfers from own funds	6,024,000
Proceeds on debt issue	1,300,000
Total revenue	44,113,528
Expenses:	
Operating budget	28,098,442
Capital budget	20,447,900
West Shore	2,633,513
Less:	
Capital expenditures	20,447,900
Transfer to own funds	1,847,100
Debt principal payments	2,145,000
Total expenses	26,739,855
Annual surplus	\$ 17,373,673

13. West Shore Parks and Recreation Society:

(a) Capital asset transfer:

The Capital Regional District (the "CRD") transferred the lands and facilities comprising the Juan de Fuca Recreation Centre to the following municipal members (the "Municipalities") effective January 2, 2002: City of Langford, City of Colwood, District of Highlands, District of Metchosin and the CRD (on behalf of a portion of the Juan de Fuca Electoral Area). Effective January 1, 2007 the Town of View Royal became a member of the Society.

In 2002 the lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the Co-Owners' Agreement. The lands and facilities were reallocated amongst the members on January 1, 2007 when the Town of View Royal became a member. Future improvements are allocated among the members as per the cost sharing formula in effect each year for each service or facility, as outlined in a Members' Agreement. For 2011, the City's share of improvements purchased by the Society on its behalf is \$539,575.

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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

(a) Capital asset transfer (continued):

Because the cost sharing formula in the Members' Agreement produces different cost shares for the members from year-to-year, there is a gain or loss on the opening fund balances. In 2011, the City recorded a gain of \$956,812.

The repayment of the long-term debt associated with the transferred assets will continue to be a regional function, in accordance with the terms of an Agreement to Transfer between the CRD, the Municipalities and the Society. The debt payments are charged to the Municipalities as part of the CRD's annual requisition. The maturity dates of the various borrowings range from 2012 through 2014. The proportionate share of the debt funded by the City through the requisition process as at December 31, 2011 was \$989,000.

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

(b) Consolidation:

Financial results and budget for the Society are consolidated into the City's financial statements proportionately, based on the cost sharing formula outlined in the Members' Agreement. In 2011, the City's proportion for consolidation purposes was 49.34% (2010 - 47.380%).

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

14. Segmented information (continued):

City services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide are as follows:

General Government Services

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

Protective Services

The Departments within Protective Services are Police and Bylaw Enforcement; Fire Protection and Emergency Response; and Building Inspection. The mandates of these departments are to enforce laws, prevent crime, maintain peace, order and security by protecting life, property and the environment.

Engineering and Public Works

The Engineering Department is responsible for the transportation services within the City. This includes roads, storm drains, sidewalks, streetlighting and trolley.

Community Services

The Departments within Community Services include Environmental and Development Services and Recreation and Cultural Services. The Environmental and Development Services Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the City and for reviewing and approving new development. The Recreation and Cultural Services Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities and cultural services.

Utility and Enterprise Services

This Department is responsible for administering the Sewer Franchise Agreement (note 6) for the City.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements. The following table provides additional financial information for the foregoing segments.

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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

(b) Consolidation (continued):

Condensed financial information for the Society is as follows:

	2011	2010
Financial assets	\$ 2,099,082	\$ 2,809,521
Financial liabilities	1,850,172	2,205,113
Net financial assets	248,910	604,408
Non-financial assets	763,902	795,491
Accumulated surplus	\$ 1,012,812	\$ 1,399,899
Invested in tangible capital assets	\$ 753,692	\$ 779,067
Reserve funds	1,248,963	1,235,341
Other	(989,843)	(614,509)
	\$ 1,012,812	\$ 1,399,899
Revenues	\$ 5,480,807	\$ 7,051,888
Requisition from members	4,453,952	4,163,307
	9,934,759	11,215,195
Expenses	5,867,895	7,654,985
Requisition from members	4,453,952	4,163,307
	10,321,847	11,818,292
Annual deficit	\$ (387,088)	\$ (603,097)

14. Segmented Information:

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protective Services, Engineering and Public Works Services, Community Services and Utility and Enterprise Services. Service Areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

14. Segmented information (continued):

	2011	General Government Services	Protective Services	Engineering and Public Works	Community Services	Utility and Enterprise Services	Total
Revenue:							
Taxation	\$ 3,329,552	\$ 6,095,363	\$ 2,737,665	\$ 6,092,833	\$ 1,526,032	\$ 19,781,425	
Utility charges	-	-	-	-	5,000	5,000	
Government transfers	969,102	182,287	314,308	7,558,798	-	9,024,495	
Commercial leasing	47,092	152,641	-	169,965	-	369,698	
Other	4,510,504	45,190	231,154	2,545,891	-	7,332,739	
Licences and permits	113,655	1,095,561	388,683	416,128	-	2,014,027	
Developer and property owner contributions	-	-	10,007,758	5,100,542	539,677	15,647,977	
Development cost charges	-	-	432,316	1,582,796	-	2,015,112	
Casino	390,354	-	845,885	-	-	1,236,239	
Total revenue	9,360,239	7,571,042	14,957,769	23,466,953	2,070,709	57,426,712	
Expenses:							
Salaries, wages and employee benefits	1,915,566	2,592,984	1,486,832	2,466,463	410	8,462,255	
Contracted and general services	691,008	4,103,660	3,343,583	3,753,174	-	11,891,425	
Materials, goods, supplies and utilities	489,261	278,446	493,004	435,536	-	1,696,247	
Other	1,162,677	205,063	195,563	1,283,248	363,966	3,210,517	
Amortization	297,231	366,493	2,543,893	1,547,596	552,348	5,307,561	
Total expenses	4,555,743	7,546,646	8,062,875	9,486,017	916,724	30,568,005	
Annual surplus (deficit)	\$ 4,804,496	\$ 24,396	\$ 6,894,894	\$ 13,980,936	\$ 1,153,985	\$ 26,858,707	