



COUNCIL AGENDA/INFORMATION		
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Director	CAO

6.

Special Council Meeting May 19, 2011 - Item 6

DISTRICT OF WEST VANCOUVER
750 – 17TH STREET, WEST VANCOUVER, BC V7V 3T3

COUNCIL REPORT

Date: May 18, 2011 File: 0907-01
 From: Nina Leemhuis, Director, Financial Services
 Subject: **2010 Annual Audited Financial Statements and Financial Information Act Report**

RECOMMENDED THAT:

1. The attached Financial Information Act Reports be approved for submission to the Ministry of Community, Sport and Cultural Development and made available to the public as recommended by the Audit Committee on May 17, 2011;
2. The attached Audited Annual Financial Statements for the fiscal period ending December 31, 2011 be approved by Council as recommended by the Audit Committee on May 17, 2011;
3. The attached Audit Results and Communications report prepared by our external auditors BDO Canada LLP be received for information.

Purpose

The purpose of this report is:

To obtain Council approval of the Financial Information Act reports to ensure submission to the Ministry of Community, Sport and Cultural Development prior to June 29, 2011.

To obtain Council approval of the audited annual financial statements as recommended by the Audit Committee on May 17, 2011.

1.0 Background

1.1 The following reports are required to be made available to the public and filed with the Ministry of Community, Sport and Cultural Development by June 29, 2011:

- Council Remuneration and Expenses report for the 2010 fiscal year,

- Employee Financial Information report for the 2010 fiscal year; providing details of those employees receiving wages, salaries, taxable benefits and other allowances in 2010 that are great than \$75,000,
- Supplier Financial Information report; providing the names of suppliers receiving payments in 2010 that are in excess of \$25,000,
- Statement of Severance Agreements; providing the number of severance agreements concluded in 2010 and the number of months salary, wages and benefits paid by the District, and
- Schedule of Permissive Tax Exemptions; providing details of those properties eligible for property tax exemptions.

1.2 The preparation and presentation of the audited annual financial statements for the period ending December 31, 2010 are the responsibility of management. These financial statements have been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants; these standards have been applied on consistent basis with that of the preceding year.

As outlined in Appendix B, on a consolidated basis, the overall accumulated surplus balance represents those resources of cash, equipment and facilities that are available to the District to fund current and future operations. The balance in 2010 of \$406 million represents a \$16 million increase over 2009 which is mainly the result of an increase in capital expenditures and an increase in grant funding.

On a comparison to budget basis, the General Fund had a surplus for the year of \$506,364 comprised of overall positive variances relative to forecasts made in 2009 for the 2010 budget. On a financial statement basis, converting to a PSAB basis whereby capital expenditures are eliminated and amortization expense is recorded, the surplus for the year was \$16.0 million.

1.3 The District's independent auditors, BDO Dunwoody LLP were engaged to express an opinion as to whether the annual financial statements present fairly the District of West Vancouver's financial position, financial activities and cash flows in accordance with Canadian public sector accounting standards.

It is their opinion that the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations and cash flows for the year ended December 31, 2010 in accordance with Canadian public sector accounting standards.

2.0 Options

- 2.1 Council to approve the December 31, 2010 Financial Information Act reports for submission to the Ministry of Community, Sport and Cultural Development.
- 2.2 Council to approve the Annual Audited Financial Statements for the period ending December 31, 2010.
- 2.3 Council to receive the BDO Dunwoody LLP Audit Results and Communications report for information.
- 2.4 Council to request further information.

Author:



Appendices:

Appendix A: 2010 Financial Information Act Reports

Appendix B: Report from the Director, Financial Services and 2010 Annual Audited
Financial Statements

Appendix C: BDO Audit Results and Communications Report

**DISTRICT OF WEST VANCOUVER
2010 FINANCIAL INFORMATION ACT
REPORTS**

Council Remuneration and Expenses

Employee Remuneration and Expenses

Suppliers of Goods and Services

Severance Agreements

Permissive Tax Exemptions

DISTRICT OF WEST VANCOUVER

STATEMENT OF FINANCIAL INFORMATION APPROVAL

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

The Council of the District of West Vancouver, at its regular meeting on May , 2011, approved by resolution the schedules and statements included in this Statement of Financial Information, produced under the *Financial Information Act*.



Nina Leemhuis, CGA
Director of Financial Services
May , 2011

**DISTRICT OF WEST VANCOUVER
MUNICIPAL COUNCIL REMUNERATION AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Taxable Benefits</u>	<u>Car Allowance</u>	<u>Total Remuneration</u>	<u>Expenses</u>
Goldsmith-Jones, Pam	Mayor	65,046.84	1,735.80	3,816.00	70,598.64	8,910.17
Evison, Michael	Councillor	23,894.80	1,224.00		25,118.80	2,347.53
Lewis, Michael	Councillor	23,894.80	123.60		24,018.40	866.58
Panz, Trish	Councillor	23,894.80	123.60		24,018.40	868.09
Smith, Michael	Councillor	23,894.80	1,491.60		25,386.40	
Soprovich, William	Councillor	23,894.80	1,224.00		25,118.80	
Walker, Shannon	Councillor	23,894.80	1,491.60		25,386.40	127.19
		<u>208,415.64</u>	<u>7,414.20</u>	<u>3,816.00</u>	<u>219,645.84</u>	<u>13,119.56</u>

Total Remuneration & Expenses

232,765.40

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
EMPLOYEE FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

Mayor and Council

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Goldsmith-Jones, Pam	Mayor	70,598.64	8,910.17
Evison, Michael	Councillor	25,118.80	2,347.53
Lewis, Michael	Councillor	24,018.40	866.58
Panz, Trish	Councillor	24,018.40	868.09
Smith, Michael	Councillor	25,386.40	
Soprovich, William	Councillor	25,118.80	
Walker, Shannon	Councillor	25,386.40	127.19
Total For Mayor and Council		219,645.84	13,119.56

Employees

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Aguilar, David	Network Analyst	81,839.88	964.52
Allan, Robert	Captain	99,950.59	
Ambor, Corinne	Manager - Park Programs	100,152.50	11.94
Attieh, Thomas	Firefighter	89,365.41	
Awan, Tahir	Supervisor - Information Technology Help Desk	75,750.27	5,167.42
Bahia, Harjit	Mechanic - Transit	75,058.05	
Banks, Andrew	Senior Manager - Parks	113,741.48	288.96
Barton, Mark	Assistant Fire Chief	122,375.43	90.40
Bates, Phil	Manager - Engineering Services	113,219.70	873.53
Batistini, Fabio	Firefighter	85,514.67	60.00
Benson, Theodore	Technical Services/Systems Department Head - Library	97,179.37	144.53
Best, Martin	Firefighter	82,836.18	
Bird, Antony	Assistant Fire Chief	106,495.10	1,077.93
Blank, Eric	Firefighter	83,687.45	
Boileau, Gary	Water Treatment Operator	95,711.97	2,132.85
Boyle, Geri	Manager - Community Planning	124,611.15	486.19
Boyum, Eric	Captain	101,976.11	
Brolly, Clark	Assistant Fire Chief	101,856.22	
Brownlee, Jay	Lieutenant	93,177.29	
Buhler, Dorian	Firefighter	82,652.72	
Burnham, Rick	Supervisor - Parks Construction	75,066.31	328.03
Bush, Jeffrey	Firefighter	90,155.05	184.56
Calder, Jeremy	Firefighter	86,575.80	
Calogeros, Athena	Firefighter	83,564.39	85.00
Cannell, Keith	Mechanic - Transit	77,518.22	290.00
Caravatta, Giulio	Firefighter	83,237.53	
Catlin, Kenneth	Captain	98,041.66	
Chan, Mark	Manager - Corporate Initiatives	102,853.03	308.72
Cheung, Thomas	Superintendent of Maintenance - Transit	114,817.60	
Chorley, Robert	Captain	108,387.09	
Christie, Chris	Firefighter	81,062.17	
Clark, David	Firefighter	91,202.76	
Clark, Janet	Business Systems Analyst	78,710.37	591.26
Clements, Aaron	Firefighter	81,116.97	
Clendenning, Kenneth	Facilities Maintenance Manager	102,046.57	1,285.14
Coles, Peter	Equipment Superintendent	97,220.72	1,744.65
Connelly, Maureen	Deputy Municipal Clerk	77,450.80	779.34
Cook, James	Fire Chief	153,498.26	4,429.06

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
EMPLOYEE FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

Employees

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Cusano, Nick	Supervisor - Utilities (Water)	76,507.12	126.08
Dalton, James	Firefighter	81,444.90	
D'Angelo, Tony	Firefighter	87,949.92	
Depner, Arthur	Plumbing Inspector	80,024.84	164.42
Dixon, Len	Superintendent - Operations Support	97,220.72	280.81
Dove, Alan	Utilityworker	79,403.24	120.29
Dozzi, Brent	Manager - Roads & Transportation	126,649.98	4,393.50
Durber, Phil	Captain	96,636.19	
Edgett, Doreen	Payroll Coordinator	84,726.86	396.82
Ernst, Martin	Assistant Fire Chief	116,577.18	216.53
Fichtner, Ken	Firefighter	78,782.28	
Fonseca, Mark	Captain	102,808.57	
Fraser, Michael	Firefighter	83,106.13	
Fretz, Pamela	Business Manager - Parks and Community Services	97,220.72	167.38
Fung, Raymond	Director of Engineering and Transportation	155,389.65	859.50
Furlot, Matthew	Firefighter	84,535.84	
Germischied, Barret	Firefighter	86,931.51	
Glickman, Eva	Senior Human Resources Advisor	80,241.99	178.32
Goodhart, Ann	Director of Library Services	100,139.98	210.96
Gow, Doug	Risk Management Advisor	97,076.72	2,834.26
Graham, Geoff	Captain - Fire Prevention	98,287.33	1,360.15
Grant, William	Manager - Information Technology	109,669.83	1,617.61
Grewal, Joe	Firefighter	82,325.54	
Grieves, Rob	Firefighter	81,628.15	
Harman, Gary	Plumbing Inspector	77,897.32	55.00
Harvey, Jocelyn	Firefighter	82,352.05	
Heath, Randall	Lieutenant	124,442.84	1,170.56
Hedley, Julia	Youth Department Head - Library	97,077.94	961.13
Henderson, Lauren	Manager of Operations - Library	85,926.61	2,685.11
Hickson, Ron	Firefighter	82,083.49	
Hillan, Luke	Business Manager - Engineering and Transportation	84,823.91	145.00
Hodges, Mike	Firefighter	84,085.85	
Holitzki, Elizabeth	Manager - Permits, Inspections and Bylaws	103,024.56	1,802.47
Holmes, Marcus	Firefighter	86,854.85	
Howard, Gordon	Lieutenant	91,430.66	
Hughes, Lauren	Deputy Director of Human Resources & Payroll Services	111,634.26	670.94
Huskisson, Colleen	Community Recreation Supervisor	81,643.69	1,234.67
Hutchinson, Steven	Firefighter	82,097.21	
Insull, Lorraine	Finance Officer - Fire	85,301.85	
Isaac, Donald	Supervisor - Cemetery	77,018.08	191.87
Jaffer, Naizam	Superintendent - Utilities (Sewer)	97,220.72	398.76
James, Marcia	Lieutenant - Fire Prevention	91,039.04	2,069.80
Jenkins, Stephen	Manager - Sustainability, Environment & Healthy Communities	107,400.90	131.99
Johnson, Scott	Firefighter	85,355.76	
Jones, Scott	Deputy Fire Chief	133,739.85	826.67
Kenny, Michael	Operations Supervisor - Transit	79,218.01	1,488.34
Ketler, Susan	Manager - Community Services	113,621.89	2,208.88
Koep, Deborah	Deputy Director - Library	100,830.90	2,779.03
Krogel, Gord	Firefighter	87,936.45	
Kuester, Christopher	Firefighter	75,797.04	
Kumar, Dhiren	Firefighter	83,382.89	
Kwan, Andy	Project Engineer	75,112.65	2,352.58
Lacusta, Wendi	Community Recreation Supervisor	84,766.35	378.25
Laing, Richard	Director of Finance	156,517.69	410.26

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
EMPLOYEE FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

Employees

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Lang, Barney	Captain	101,623.30	
LeBreton, Wendy	Community Planner	84,726.77	419.05
Leduc, Jason	Firefighter	83,695.40	
Leduc, Martin	Assistant Fire Chief	114,742.87	1,678.29
Leigh, Brent	Deputy Chief Administrative Officer	170,689.28	875.22
Leipscher, Christine	Firefighter	81,982.02	
Leonard, Christopher	Superintendent - Utilities (Water)	101,036.74	505.21
Letham, William	Captain	106,224.72	32.50
Lidstrom, Shawn	Mechanic - Transit	79,719.66	
Luscombe, Glen	Captain	103,105.21	
Ma, Sherman	Bus Operator - Transit	75,822.02	338.00
MacDonald, Donald	Lieutenant	95,883.57	
Maki, Randy	Assistant Manager - Permits and Inspections	105,880.77	2,411.63
Mann, Nick	Buyer/Maintenance Management Systems Operator	75,156.75	1,693.99
Manns, Cary	Captain	102,751.44	
Marcha, Archie	Mechanic - Fire	97,776.67	440.52
Maros, Jason	Firefighter	83,491.04	33.50
Martin, Shane	Firefighter	83,401.64	
Marton, Peter	Utilityworker	77,742.91	556.68
Matheson, Cathy	Manager - Cultural Affairs and Partnerships	99,776.68	1,137.40
Mayne, Carlan	Firefighter	82,158.14	
McGregor, Cheryl	Information Services Department Head - Library	78,522.03	1,059.18
McMahon, John	Manager - Utilities	122,749.19	2,562.62
McRadu, Grant	Chief Administrative Officer	213,529.85	6,486.95
Michael, Garrith	Firefighter	87,382.50	33.50
Mikicich, Stephen	Senior Community Planner	96,536.72	697.26
Miller-Tait, Margaret	Payroll Manager	100,795.14	
Molla, Abdullah	Records and Information Analyst/Information and Privacy Officer	85,450.35	579.22
Mool, Anne	Director of Parks and Community Services	133,193.65	782.61
Moore, David	Firefighter	82,384.22	
Morris, Peter	Operations Supervisor - Transit	87,670.07	
Mullin, Michael	Firefighter	83,849.90	
Munich, Doug	Business Systems Analyst	79,655.31	971.02
Nakai, Hirotaka	Bus Operator - Transit	85,908.29	338.00
Neff, Ryan	Firefighter	80,871.09	
Nelson, Clay	Assistant Manager - Building Construction & Contracts	112,505.99	665.35
Nesseth, Jason	Firefighter	81,913.99	1,329.81
Pare, Matthew	Mechanic - Transit	77,961.16	
Pavich, Dan	Captain	93,351.78	
Pearce, Craig	Firefighter	82,584.75	
Phillips, William	Captain	98,164.02	
Pistilli, Danny	Assistant Fire Chief	118,009.93	530.92
Poe, Devlin	Bus Operator - Transit	77,776.26	338.00
Popoff, Andrew	Supervisor - Equipment Maintenance	81,274.28	664.39
Port, John	Firefighter	98,214.32	
Rauh, Jennifer	Firefighter	80,199.84	
Ray, Fraser	Firefighter	82,964.53	
Reid, Gordon	Land And Property Agent	99,626.60	450.00
Reid, Ronald	Bus Operator - Transit	85,203.85	338.00
Rhodes, Leonard	Electrical Inspector	81,029.83	130.00
Riley, Ben	Firefighter	83,930.08	
Ripley, David	Mechanic - Transit	82,770.34	
Roberts, Michael	Supervisor - Utilities (Sewer)	95,301.94	330.00
Rooke, Pamela	Manager - Budgets and Accounting	101,984.01	1,026.09

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
EMPLOYEE FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

Employees

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Rousseau, Sean	Firefighter	81,868.77	
Rowlands, Gareth	Manager - Transit	119,625.69	939.19
Ruckle, David	Lieutenant	100,307.22	
Ruffallis, Peter	Firefighter	79,177.38	
Sachithanandan, Naresh	Bus Operator - Transit	75,656.21	498.00
Samson, Russell	Captain	102,833.05	
Sanders, Stuart	Lieutenant	90,001.83	
Scambler, Gregory	Firefighter	83,340.47	
Schmaltz, Terence	Director of Human Resources & Payroll Services	123,424.44	2,747.94
Scholes, Sheila	Manager - Legislative Services/Municipal Clerk	130,274.61	1,423.17
Schulz, Frank	Land Development Technician	75,124.47	
Scorda, Domenic	Firefighter	81,473.04	
Sexsmith, Leanne	Manager - Community Development, Youth and Families	76,127.12	786.37
Shannon, Andrew	Mechanic - Transit	75,745.45	1,108.20
Shaw, Lynda	Community Recreation Supervisor	85,450.36	489.90
Shearer, Lars	Captain	100,402.02	
Skolsky, Ted	Captain	101,849.65	
Small, Geoff	Firefighter	88,590.41	311.00
Smith, Chad	Firefighter	85,183.42	66.00
Sokol, Bob	Director of Planning, Lands & Permits	155,389.39	1,008.38
Spooner, Kevin	Building Inspector	82,612.70	927.92
Stockford, Robert	Lieutenant	100,813.42	
Studer, Derrick	Bus Operator - Transit	82,710.87	338.00
Thompson, Christopher	Firefighter	82,423.82	
Tompkins, Brian	Supervisor	80,736.37	663.63
Touhey, Paul	Captain	101,064.11	
Tse, Tony	Manager - Development Engineering	123,454.32	640.04
Turner, Jeff	Maintenance Chargehand	80,439.10	
Urquhart, Steve	Building Inspector	78,647.18	1,281.13
Vander Helm, Andrew	Environmental Protection Officer	76,820.30	915.09
Veenstra, Jennifer	Engineering Technologist	82,321.93	1,133.57
Voelker, Christopher	Firefighter	85,938.36	32.50
Walker, Brent	Captain	99,825.26	
Watt, Gary	Superintendent - Roads	106,021.66	351.36
Weis, Douglas	Firefighter	81,967.50	
Wilkinson, Mark	Lieutenant	76,264.22	
Williams, Simon	Firefighter	83,000.30	
Williamson, Brenda	Senior Buyer	76,234.65	370.00
Windsor, Thomas	Supervisor - Roads	77,155.94	955.28
Won, Kerry	Manager - Revenue & Collections	112,448.57	1,017.17
Wrench, Joseph	Utilityworker	94,905.23	160.16
Yee, Richard	Mechanic - Transit	82,243.60	
Yee, Terry	Building Inspector	78,741.04	828.71
Yip, Gerald	Accounting Supervisor	75,205.69	912.80
Yuen, Gary	Firefighter	83,220.59	
Zepedeo, Chris	Supervisor - Utilities (Construction)	76,299.06	126.04
Total For Employees Over \$75,000 (Excluding Police)		17,998,611.54	105,678.43
Total For Employees Under \$75,000 (Excluding Police)		28,241,476.48	163,605.56
Total For Police		9,649,217.92	130,830.42
Total for Mayor and Council and all Employees		56,108,951.78	413,233.97

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
EMPLOYEE FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

Employees

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Grand Total of Remuneration and Expenses			<u>56,522,185.75</u>

Notes:

Based on Provincial instructions, reporting of Police remuneration details has been indefinitely suspended.

The statement of remuneration and expenses paid to employees during the year ended December 31, 2010 lists gross remuneration which includes regular salaries as well as payment for taxable benefits, overtime, other allowances and payout of entitlements that may have been earned in previous years.

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
SUPPLIER FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Supplier Name</u>	<u>Amount</u>
ABC Pipe Cleaning Services	57,518.36
Acklands-Grainger Inc.	61,470.61
Active Network Ltd.	85,368.81
AE Concrete Precast Products	44,233.43
AECOM Canada Ltd.	265,157.91
Allweld Mobile Welding & Sandblasting Ltd.	38,503.83
Ambleside Consulting Ltd.	27,759.20
Andrew Sheret Limited	233,382.04
Ansan Industries Ltd.	445,277.84
Arrow Equipment Ltd.	32,305.26
Artemisia Garden & Design Services	31,556.40
Avenue Machinery Corp.	38,179.19
BA Blacktop Ltd.	4,283,760.75
Balanced Environmental Services Inc.	41,072.68
Barnes Wheaton GM	37,674.54
Bartlett Tree Experts	36,057.63
Bay Hill Contracting Ltd.	38,986.50
BC Building Science Partnership	29,354.12
BC Comfort Air Conditioning Limited	30,989.44
BC Communications Inc.	249,717.22
BC Hydro & Power Authority	1,225,802.94
BC Library Association	25,121.27
BDO Dunwoody LLP	110,020.75
Bestview Construction Ltd.	89,217.98
Blue Max Lighting & Emergency	25,922.38
BMS Integrated Services Inc.	66,675.04
Boardwalk Communications	192,502.21
Bold Merchandise Inc.	34,696.74
Boulder Mechanical Ltd.	38,381.98
Bruce Carscadden Architect Inc.	43,970.24
Burley Boys Tree Service Ltd.	58,768.85
C T Control Temp Ltd.	43,873.23
C.A.P. Ventures Ltd.	895,212.10
Can West Cutting & Coring Ltd.	35,670.41
Canadian Brake Supply Ltd.	114,874.32
Carter GM	133,497.86
Carver Construction Ltd.	1,171,296.00
Cedar Crest Lands (BC) Ltd.	430,807.91
Central Fleet Parts & Supplies Ltd.	46,657.63
Chevron Canada	2,468,870.17
Christensen Excavating	250,568.57
Christopher J. Stead Tennis Services	35,509.35
City of North Vancouver	29,040.22
City of Surrey	203,575.78
City of Vancouver	85,381.38

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
SUPPLIER FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Supplier Name</u>	<u>Amount</u>
Clean and Cleaners Dry Cleaning	25,413.51
Clartech Industries Inc.	96,363.94
Coast Mountain Bus Company Ltd.	66,338.17
Cobalt Engineering	26,020.75
Cobra Electric Ltd.	188,859.11
Columbia Bitulithic	38,199.57
Commercial Equipment Corp.	39,117.01
Commercial Solutions Inc.	51,442.43
Compugen Inc.	75,987.27
Concept One Floors Ltd.	36,762.88
Contech Concrete Ltd.	70,436.31
Coriolis Consulting Group	42,334.04
Corix	272,981.91
Cornerstone Planning Group Ltd.	43,648.83
Cossette Communications	27,647.99
Crag's End Construction Management Ltd.	191,545.08
Cullen Diesel Power Ltd.	114,269.27
Cummins Western Canada	155,423.49
CVS Midwest Tape LLC	51,479.64
D. Litchfield & Co. Ltd.	37,478.00
DB Perks & Associates Ltd.	35,782.63
Deane, Katherine	28,760.80
Del Equipment Ltd.	133,693.86
Dell Canada Inc.	72,607.40
Dick's Lumber	33,242.45
Dillon Consulting	25,439.51
Direct Energy Business Services	205,768.52
Direct Equipment West Ltd.	30,134.54
District of North Vancouver	1,622,769.14
E-Comm	279,959.19
EEC Industries Ltd.	34,869.94
Elite Xpress Collision Services	32,944.21
Elk Fitness Repair	39,838.29
Emterra Environmental	1,098,601.43
Everyday Allstar Cleaning	102,993.16
Evster Holdings Ltd.	32,969.28
Eyford Construction Limited	26,073.12
Fasken Martineau DuMoulin	89,039.35
Fitness Depot	27,081.60
Flynn Canada Ltd.	27,318.90
Fort Fabrication & Welding Ltd.	25,813.18
Fred SurrIDGE Limited	174,945.86
GE Intelligent Platforms Canada	64,046.90
GE Water & Process Technologies	162,178.46
GFS British Columbia Inc.	89,596.09

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
SUPPLIER FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Supplier Name</u>	<u>Amount</u>
Great Canadian Landscaping Company	47,890.76
Great West Life	732,444.00
Greater Vancouver Regional District	1,125,902.33
Greater Vancouver Sewerage & Drainage District	5,825,486.69
Greater Vancouver Water District	2,279,767.35
Hanily Golf Management Inc.	229,638.93
Headwater Management Ltd.	283,785.81
Heenan Blaikie LLP	60,683.99
Hollyburn Sailing Club	72,897.64
Home Depot	26,918.55
Houle Electric Ltd.	112,980.01
HSBC Global Asset Management (Canada) Limited	56,496.84
Hub International	409,849.00
Hughes Condon Marler Architects.	64,119.59
Initial Print & Copy Center	40,174.71
Innovative Interfaces Canada Inc.	62,488.69
Insurance Corporation of BC	485,965.24
Integrated Direct Response Services	51,797.38
Integrated Planning and Consulting Ltd.	76,951.75
iTRANS Consulting Inc.	100,754.28
ITT Water & Wastewater	29,341.61
Justice Institute of BC	64,366.30
Kal Tire	58,936.76
Keith Plumbing & Heating Co.	73,653.98
Kerr Wood Leidal Associates	41,993.32
Kerr, Sean	47,684.00
King Kubota Services Ltd.	117,524.57
Lafarge Canada Inc.	126,019.79
Land Title and Survey Authority	68,000.00
Lang Michener	43,935.11
Lawson Lundel LLP	47,945.63
Levelton Engineering Ltd.	76,475.53
Leyland Construction Ltd.	85,147.17
Lidstone & Company	88,963.98
Lions Gate Electric Ltd.	31,459.05
Litco Systems Inc.	32,560.08
Mainroad Maintenance Products	75,555.71
Mar-Tech Underground Services	155,227.87
McRaes Environmental Services	145,976.34
McTar Petroleum Co Ltd.	117,966.59
Mega-Tech	47,507.64
Merletti Construction Ltd.	158,968.94
Metro Motors Ltd.	154,327.10
MHPM Project Managers Inc.	61,705.27
Michelin North America (Canada)	68,352.36

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
SUPPLIER FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Supplier Name</u>	<u>Amount</u>
Micro Com Systems Ltd.	61,001.93
Microserve	90,118.43
Millennium Estate Holdings Ltd.	51,610.38
Mills Printing And Stationery	142,152.71
Minister of Financ-Ministry of	558,850.97
MMM Group Limited	43,852.84
Moore Canada	34,994.40
Municipal Insurance Association	507,579.25
Municipal Pension Plan	4,789,132.00
MWL Demolition Ltd.	52,966.98
Nancy Gomerich NG Consulting	33,097.27
Nason Contracting Group Ltd.	31,500.00
National Process Equipment	31,137.12
Neelco Construction (1986) Inc.	516,059.35
Neptune Technology Group	146,837.35
Netex Canada Netting Inc.	37,727.43
New Flyer Parts	295,920.00
Newport Structures Ltd.	46,581.38
North Bay Cleaning Services	112,665.38
North Construction Ltd.	88,344.95
North Shore News	114,006.65
North Shore Parts & Industrial Supplies	80,186.51
Oakcreek Golf & Turf Inc.	63,879.17
OEM Hardware	26,936.63
Online Constructors Ltd.	227,082.16
Open Text Corporation	40,795.64
Opus Dayton Knight Consultants	263,808.83
Oracle Corporation Canada Inc.	132,430.66
Oxley Electric Ltd.	64,013.40
Pacific Ace	30,608.20
Pacific Blue Cross	1,426,729.00
Pacific Land Resource Group Inc.	101,361.90
Paolo Bobcat Service Ltd.	41,073.90
Parkavenue Leasing Corporation	96,746.23
Parker Pacific Equipment Sales	25,663.18
Pax Construction Ltd.	151,571.73
Petro-Canada	43,826.50
Pika Pump & Compressor Service	63,924.66
Pinton Forrest & Madden Group	57,393.57
PLC Technical Services	38,584.00
Postage by Phone	47,600.00
PPC Worldwide Canada EAP Services Ltd.	40,814.02
Prevost Car Inc.	123,747.24
Profire Emergency Equipment	39,296.67
Protec Installations Group	36,391.60

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
SUPPLIER FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Supplier Name</u>	<u>Amount</u>
Pro-Tech Surveys Ltd.	28,361.74
PW Trenchless Construction Inc.	138,509.06
Receiver General	2,587,332.91
Rectec Industries Ltd.	135,004.91
RF Binnie & Associates Ltd.	139,618.13
Rocky Mountain Phoenix	75,976.66
Rogers Wireless Inc.	102,465.83
Royal Bank of Canada	346,394.65
S & B Books Ltd.	105,859.86
Sager Legal Advisors LLP	3,097,789.50
Scott Construction Ltd.	226,318.75
Scott Interiors and Renovation	1,116,030.67
Scottish Line Painting Ltd.	39,629.94
Sea View Restaurants Ltd.	224,153.59
Securiguard Services	64,330.37
Select Roofing Ltd.	65,834.38
Shape Architecture Inc.	63,083.45
Sherine Industries Ltd.	47,414.19
Sky-Hi Scaffolding Ltd.	28,512.94
SNS Group	25,961.99
Softchoice Corporation	58,995.19
SPCA West Vancouver	129,486.72
Sportball Ltd.	26,262.20
Stantec Consulting Ltd.	59,772.18
Super Save Group	71,081.40
Sysco Food Services of Vancouver	48,872.93
Systemtek Consulting	40,014.90
Tech Logic	26,445.74
Technogym USA Corp.	41,262.75
Teddy & Romana Cleaning & Maintenance	35,520.94
Telus Communications (BC) Inc.	481,000.71
Telus Mobility	97,940.89
Tempest Development Group Inc.	100,340.25
Terasen Gas	227,033.27
THPC Turf Health Products Company Inc.	25,246.20
Timber's Disposal Limited	28,603.96
TR Cleaning & Maintenance Co.	30,876.07
Trans-Western Electric Ltd.	154,725.47
Transtar Sanitation	41,117.25
Trow Associates Inc.	28,182.10
Troy Life & Fire Safety Ltd.	30,151.06
Tugboat Media Inc.	89,608.51
Under Pressure Property Maintenance	45,291.73
Unisource Canada	59,048.79
United Library Services Inc.	61,365.42

**CORPORATION OF THE DISTRICT OF WEST VANCOUVER
SUPPLIER FINANCIAL INFORMATION ACT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Supplier Name</u>	<u>Amount</u>
URP Event Production & Creative Services	251,336.63
Vaal Investments Ltd.	52,022.52
Vancouver Coastal Health Authority	41,257.50
West Vancouver Chamber of Commerce	36,059.50
West Vancouver Community Arts	25,000.00
West Vancouver Community Centre Services Society	51,053.31
West Vancouver Taekwondo Inc.	56,740.82
Western Bus Parts - Sales & Service Ltd.	92,534.69
Western Star & Sterling Trucks	103,851.49
Western Tank and Lining Ltd.	31,852.80
West-Pac Contracting Ltd.	29,937.24
Winvan Paving Ltd.	213,896.54
Wolseley Canada Inc.	44,381.86
Work Safe BC	791,226.43
West Vancouver Arts Centre Trust	100,000.00
Xerox Canada Inc.	243,765.61
Yen Bros. Food Service Ltd.	83,865.11
Young, Anderson	147,153.59
Zone West Enterprises Ltd.	30,222.58
Zuliani & Company Consultants	53,508.00
	<hr/>
Total For Suppliers Over \$25,000	58,506,144.86
Other Payments	7,484,768.40
	<hr/>
Grand Total	<u><u>65,990,913.26</u></u>

Note: Beginning in 2007, in keeping with the definition of "Suppliers of Goods and Services" the following payments have been excluded from this report: remittances of employee deductions, remittances to other taxing authorities and various categories of other refunds.

DISTRICT OF WEST VANCOUVER
STATEMENT OF SEVERANCE AGREEMENTS
2010

There were four severance agreements under which payment commenced between the District of West Vancouver and its non-unionized employees during fiscal year 2010.

These agreements represent from three to seven months of compensation. *

* "Compensation" means salary and in some cases benefits. Where benefits are paid, they include employer's share of extended medical and dental premiums.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(7)

**District of West Vancouver
Schedule of Permissive Tax Exemptions
2010**

<u>Address/Owner</u>	<u>Lot</u>	<u>Class</u>	<u>Assessed Value</u>	<u>Municipal Taxation</u>	<u>Other Jurisdictions</u>	<u>Total</u>
6645 Nelson Avenue Mount Seymour Lions Housing Society	Lot D	1-Res	5,931,000	13,749.24	10,923.12	24,672.37
2195 Gordon Avenue Vancouver Coastal Health Authority/ Kiwanis Seniors Housing Society	Lot 1	1-Res	14,133,000	32,763.12	26,028.75	58,791.87
Kiwanis Seniors Housing Society: 2105 Haywood Avenue	Lot A	1-Res	11,339,000	26,286.07	20,883.04	47,169.11
959 21st Street	Lot 1	1-Res	14,958,000	34,675.64	27,548.15	62,223.78
2151 Gordon Avenue	Lot 2	1-Res	14,720,000	34,123.90	27,109.82	61,233.73
Eleven non-profit organizations and community care licensed groups occupying portions of school buildings from School District # 45.	N/A	6-Bus	5,954,500	28,791.79	52,686.61	81,478.40
Land surrounding fifteen places of public worship and necessary ancillary buildings.	N/A	8-Non Profit	21,622,000	113,876.59	85,335.55	199,212.13
				284,266.36	250,515.03	534,781.39

May 12, 2010

REPORT FROM THE DIRECTOR, FINANCIAL SERVICES

I am pleased to present the Annual Financial Report of the District of West Vancouver for the year ended December 31, 2010.

INTRODUCTION

This report includes financial statements for the year ended December 31, 2010, with comparisons to 2009 financial statements.

The preparation and presentation of the annual financial statements and related information in the 2010 financial statements are the responsibility of Management. These financial statements, which in part are based on informed judgments and estimates, have been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants; these standards have been applied on a basis consistent with that of the preceding year.

The District maintains a system of internal accounting controls designed to safeguard the assets of the corporation and to provide reliable financial information.

The District's independent auditors, BDO Dunwoody LLP, are engaged to express an opinion as to whether these financial statements present fairly the District of West Vancouver's financial position, financial activities and cash flows in accordance with Canadian public sector accounting standards. BDO Dunwoody LLP has been given unrestricted access to all financial and other records of the District. Their opinion, is based on procedures they consider sufficient to support such an opinion in accordance with Canadian generally accepted auditing standards.

PROGRESS REPORTING

The District also has in place a financial reporting cycle of quarterly interim operating reviews that allow Council and management to track financial results throughout the year and to identify issues and challenges at an early stage so that alternative corrective actions may be taken prior to the year end. The Mid-Year and Year-End Operating Reviews, in particular, track progress on work programs and other accomplishments, analyze variances from budget and report activity by Division.

EVOLVING REPORTING STANDARDS

Financial reporting standards, as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, continue to evolve; some of the significant reporting changes are as follows:

- Segmented disclosure, reporting revenues and expenditures by individual service function areas, commenced in 2008. West Vancouver had already supported this style of disclosure in many of our internal budget and interim reporting documents.

- PSAB Section 3150, involving capitalization and amortization of tangible capital assets, required full compliance by 2009. The financial statements included herein fully comply with that requirement.
- PSAB Section 3260 involves the recognition, measurements and disclosure requirements for liabilities relating to contaminated sites of local governments and will become effective in the beginning of 2015. Management will be investigating and evaluating the effect of this standard on the District's financial statements and will be bringing the findings forward to the Audit Committee in 2012.

REPORTING AWARD

West Vancouver reporting standards, reflecting PSAB and other legislative requirements, and best practices generally, resulted in the District receiving the "Canadian Award for Financial Reporting" from the Government Finance Officers Association of the United States and Canada for its 2009 Annual Report. This was the fifth year we have received this award, and we anticipate that our 2010 Annual Report will continue to qualify.

2010 FINANCIAL REPORTING

As noted above, financial reporting requirements have changed significantly from prior years – mainly in the treatment of tangible capital assets. Financial reporting in prior years and the format of the 2010 budget, treated expenditures for tangible capital assets as expenses in the year the expenditure was made. For 2010, after a comprehensive project to inventory and value all tangible capital assets owned by the District, the reporting treatment reflects expenditures for new capital assets as an increase in tangible capital assets on the Statement of Financial Position – and the Statement of Operations reflects a charge for the amortization of District assets and infrastructure over their estimated useful life.

Financial planning and budgeting in the future will require adjustments to the structure and format of the models that have traditionally been used by the municipality in order for year end reporting to produce results that align with annual budgets.

2010 CONSOLIDATED FINANCIAL STATEMENTS

On a consolidated basis, the overall accumulated surplus balance represents those resources of cash, equipment and facilities that are available to the District to fund current and future operations. The balance in 2010 of \$406 million represents a \$16 million increase over 2009 which is mainly the result of the following:

- capital expenditures (\$19.0 million) relative to current amortization charges (\$13.1 million), and
- an increase in the Accounts Receivable balance as a result of the Sea-to-Sky expropriation, the grants related to the Montizambert Water Treatment facility and Rutledge Field and amounts due from other levels of government relating to HST, Home Owners' Grants and TransLink.

The overall net debt position of \$4.6 million is a result of the large capital renewal program of the past several years and the reserve fund expenditures that accompanied that renewal program.

Fund balances (consisting of unappropriated surplus and reserve fund balances) increased during 2010 from \$24.6 million to \$34.1 million.

GENERAL FUND HIGHLIGHTS

The General Fund accounts for the general operations of the District - those services funded in whole or in part by property taxation. Spending authority and control are provided by the 5 Year Financial Plan as adopted by Council on February 10, 2010.

On a comparison to budget basis, the General Fund had a surplus for the year of \$506,364. On a financial statement basis, converting to a PSAB basis whereby capital expenditures are eliminated and amortization expense is recorded, the surplus for the year was \$16.0 million.

Reserve fund levels

A prolonged period of ongoing high levels of investment in recreational facilities came to an end in 2009. During that period, as a result of the 'pay-as you-go' policy applied to those projects, reserve balances decreased significantly.

The sale of surplus lands and a further settlement received for the Sea-to-Sky lands expropriation has increased the Endowment Fund balance to \$23,417,383 at December 31, 2010 (threshold balance - \$20,941,336).

Development Cost Charges, while not truly reserve funds, nevertheless comprise an important source of capital funding within the categories for which they are collected. DCC fund balances have decreased from \$21.5million in 2009 to \$18.5 million at the end of 2010 as funds were expended for the purchase of an Argyle waterfront property in accordance with the DCC spending intention. The *available* balances are constrained by restrictions imposed through legislation requiring funds to be spent only for the purposes that they were collected.

Long term borrowings

West Vancouver has historically taken a conservative approach to debt, borrowing mainly for revitalization projects in Ambleside and Dundarave, and for infrastructure improvements in the water utility. The revitalization projects involved cost recovery from benefiting business properties, and as of 2010 were essentially paid out. The water utility infrastructure borrowings continue to be serviced from the water user rate. Thus there has been no general tax supported debt in the District.

Currently, in order to capture the value relating to our own water source and to implement an innovative partnership to provide community medical facilities within the new Community Centre, long term debt balances will be increasing, but continue on the basis of being repaid from sources other than general taxation.

New Water Fund debt is in accordance with the Water Conservation Strategy (implementation of universal metering), and the Eagle Lake Development Plan (development of the Eagle Lake source, and implementation of the membrane filtration facility). Debt service requirements have been built into the water user rate structure since the inception of those plans, and reflect a net savings to West Vancouver residents over what the long-term user rate would have been without development of the local water source.

New debt requirements in the General Fund will cover the capital costs of our partnership with Vancouver Coastal Health Authority, and other third party lessees, in the new Community Centre. The servicing requirements of this debt are covered by a 30 year long term lease agreement with the Health Authority, and lease and rental agreements with other third parties.

New debt provisions have not been drawn down at December 30, 2010. While the loan amounts have been authorized as part of the 5 Year Financial Plan bylaws, not all of the amounts have been included in

the Loan Authorization bylaws. The outstanding Loan Authorization bylaws relating to the Gleneagles Golf Course Clubhouse and the remainder of the Eagle Lake Development Plan will be brought forward in 2011.

CONCLUSION

2010 was another year of tremendous accomplishment and continued success in achieving community and divisional objectives as determined by the Community Strategic Plan and Balanced Scorecard and reflected in the results of our financial statements. We will continue to build on the financial strength of the District as we focus on the long term view and effective management of District resources, service delivery, process improvement, partnership and innovation and community engagement.



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600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Mayor and Council
The Corporation of the District of West Vancouver

We have audited the accompanying financial statements of The Corporation of the District of West Vancouver, which comprise the Statement of Financial Position as at December 31, 2010, and the Statements of Operations, Cash Flows, and Change in Net Debt for the year then ended, and a summary of significant accounting policies, and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the District of West Vancouver as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

Vancouver, British Columbia
May xx, 2011 (Date of Council approval of financial statements)

DISTRICT OF WEST VANCOUVER
 FINANCIAL STATEMENTS
 FINANCIAL POSITION
 As at December 31, 2010

	2010	2009
FINANCIAL ASSETS		
Cash	2,020,790	1,979,081
Investments (Note 2)	32,536,908	34,943,558
Accounts Receivable		
Property Taxes	2,616,049	2,976,576
Other	18,208,024	7,109,910
Due from Other Governments	2,688,243	1,410,340
Investment in Land Held for Sale (Note 3)	197,952	349,255
Other Assets	63,715	471,965
	58,331,681	49,240,685
LIABILITIES		
Accounts Payable	13,241,189	11,839,234
Employee Future Benefits Payable (Note 4)	3,431,538	3,386,324
Deferred Revenue and Deposits	17,265,303	17,836,307
Deferred Development Cost Charges (Note 5)	18,568,676	21,530,562
Long-Term Debt (Note 6)	10,425,731	10,994,609
	62,932,437	65,587,036
NET DEBT	(4,600,756)	(16,346,351)
NON FINANCIAL ASSETS		
Inventories	642,460	589,485
Prepays	341,634	356,571
Tangible Capital Assets (Note 7)	409,746,158	405,488,625
	410,730,252	406,434,681
ACCUMULATED SURPLUS (Note 8)	406,129,496	390,088,330

See Commitments and Contingencies Note 10.
 See Long Term Leases Note 11.

DISTRICT OF WEST VANCOUVER
FINANCIAL STATEMENTS
STATEMENT OF OPERATIONS
For the year ended December 31, 2010

	2010 Budget (See Note 15)	2010 Actual	2009 Actual
REVENUE			
General Taxation (Note 12)	52,883,611	52,811,427	52,190,992
Other General Revenues	20,386,853	22,270,155	19,166,798
Solid Waste Fees and Revenues	3,369,700	3,413,337	2,205,197
Water Utility Fees and Revenues	8,739,400	9,020,591	7,928,660
Sewer Utility Fees and Revenues	8,466,100	8,758,243	7,438,726
Cemetery Fees and Revenues	968,500	925,129	880,526
Golf Fees and Revenues	1,552,000	1,296,996	1,297,535
Transit Reimbursements	13,800,700	13,607,134	12,276,782
Development Cost Charges	400,000	4,220,061	1,183,395
Other Contributions for Capital	264,000	5,749,681	2,975,294
2010 Olympic Venue Revenues	497,000	393,794	1,483,052
Third Party Works	957,240	1,597,375	813,317
Interest Earned on Reserve Funds		1,084,004	1,691,179
	112,285,104	125,147,927	111,531,453
Land Expropriation Settlement (Note13)	-	6,275,920	-
Donation from Developer	-	1,000,000	-
Gain on Sale of Land	-	776,152	-
	112,285,104	133,199,999	111,531,453
EXPENSES			
General Departmental Operating	68,586,670	72,233,251	68,272,261
General Operating Other	1,779,886	2,012,121	1,901,984
Solid Waste Operating	3,520,600	3,584,387	2,710,796
Water Utility Operating	9,225,387	8,565,373	9,579,435
Sewer Utility Operating	11,194,726	11,423,556	10,601,722
Cemetery Operating	581,370	833,555	579,682
Golf Operating	1,085,773	1,078,958	1,041,527
Transit Operating	13,800,700	13,607,134	12,276,782
Interest and Other Bank Charges	1,005,820	1,051,107	1,149,271
Interest on Long Term Debt	202,700	546,581	575,911
Special Projects	386,015	219,413	405,840
2010 Olympic Venue	551,000	406,319	1,754,455
Third Party Works	957,240	1,597,078	793,317
	112,877,887	117,158,833	111,642,983
ANNUAL SURPLUS/(DEFICIT)	(592,783)	16,041,166	(111,530)
Accumulated Surplus, Beginning of Year	390,088,330	390,088,330	390,199,860
Accumulated Surplus, End of Year	389,495,547	406,129,496	390,088,330

DISTRICT OF WEST VANCOUVER
 FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS
 For the year ended December 31, 2010

	2010	2009
OPERATING TRANSACTIONS		
Annual Surplus/(Deficit)	16,041,166	(111,530)
Non-Cash items Included in Annual Surplus/(Deficit)		
Amortization Expense	13,191,361	13,820,176
Net Loss on Disposal of Tangible Capital Assets	36,708	489,658
Write-down of Tangible Capital Assets	1,523,559	352,397
Development Cost Charge Revenue Recognized	(4,220,061)	(1,183,395)
Earnings on Debt Sinking Funds (Actuarial Adjustment)	(62,833)	(54,517)
Changes in Other Non-Cash Working Capital	(10,769,113)	(7,504,824)
	15,740,787	5,807,965
CAPITAL TRANSACTIONS		
Proceeds from Sale of Tangible Capital Assets	-	68,493
Acquisition of Tangible Capital Assets	(19,009,161)	(17,070,311)
	(19,009,161)	(17,001,818)
FINANCING TRANSACTIONS		
Development Cost Charge Contributions, including Interest	1,258,175	1,575,865
Debt Proceeds	-	8,300,003
Debt Principal Repaid	(506,045)	(129,160)
	752,130	9,746,708
INVESTING TRANSACTIONS		
Drawdown of Investments	2,406,650	2,824,981
(Additions) / Disposals to Land Held for Sale	151,303	(94,715)
	2,557,953	2,730,266
INCREASE (DECREASE) IN CASH	41,709	1,283,121
Cash, Beginning of Year	1,979,081	695,960
CASH, END OF YEAR	2,020,790	1,979,081

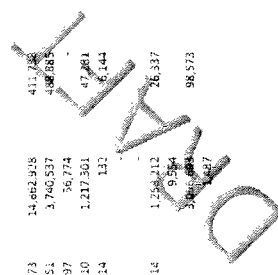
DISTRICT OF WEST VANCOUVER
 FINANCIAL STATEMENTS
 STATEMENT OF CHANGE IN NET DEBT
 For the year ended December 31, 2010

	2010 Budget (See Note 15)	2010 Actual	2009 Actual
ANNUAL SURPLUS/(DEFICIT)	(592,783)	16,041,166	(111,530)
TANGIBLE CAPITAL ASSETS			
Acquisition of Tangible Capital Assets	(21,662,231)	(19,009,161)	(17,070,311)
Reclassification of Land Held for Sale	-	-	(5,567,912)
Amortization Expense	13,191,361	13,191,361	13,820,176
Proceeds from Sale of Tangible Capital Assets	-	-	68,493
Write-down of Tangible Capital Assets	1,523,559	1,523,559	352,397
Net Loss on Disposal of Tangible Capital Assets	36,708	36,708	489,658
	(6,910,603)	(4,257,533)	(7,907,499)
OTHER NON-FINANCIAL ASSETS			
Decrease (Increase) Inventory	-	(52,975)	34,384
Decrease (Increase) Prepaids	-	14,937	(29,311)
	-	(38,038)	5,073
DECREASE IN DEBT			
	(7,503,386)	11,745,595	(8,013,956)
Net Debt, Beginning of Year	(16,346,351)	(16,346,351)	(8,332,395)
(NET DEBT) / FINANCIAL ASSETS, END OF YEAR	(23,849,737)	(4,600,756)	(16,346,351)

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DISTRICT OF WEST VANCOUVER
FINANCIAL STATEMENTS
SCHEDULE 1 - STATEMENT INFORMATION - REVENUES BY TYPE AND EXPENSES BY OBJECT
For the year ended December 31, 2010

	GENERAL FUND							Total	WATER UTILITY FUND	SEWER UTILITY FUND	CEMETERY FUND	TRANSIT BLUE BUS	2010	2009
	General Government	Public Safety	Eng & Transport	Solid Waste	Planning, Lands, & Permits	Recreation & Library	Golf							
REVENUE														
General Taxation (Note 12)	478,769	999,864	188,546	3,413,837	231,223	9,909,985	1,296,996	52,811,427	9,600,591	8,753,443	712,938	52,811,427	52,811,427	52,811,427
Fees & Charges			73,457		4,026,842			1,464,889				1,464,889	1,464,889	1,464,889
Licenses & Permits			2,329		714,323			3,505,084				3,505,084	3,505,084	3,505,084
Other Revenue	289,786	1,294				336,410		4,749,226				4,749,226	4,749,226	4,749,226
Government Grants	891,852		108			4,012,316		1,094,393				1,094,393	1,094,393	1,094,393
Development Cost Charges								4,032,316				4,032,316	4,032,316	4,032,316
Contributed Tangible Capital Assets								3,938,079				3,938,079	3,938,079	3,938,079
Other Contributions for Capital								393,794				393,794	393,794	393,794
2010 Olympic Venue								1,597,375				1,597,375	1,597,375	1,597,375
2010 Olympic Works								996,258				996,258	996,258	996,258
Interest Earned on Reserve Funds								6,275,920				6,275,920	6,275,920	6,275,920
Land Expropriation Settlements (Note 13)								1,060,000				1,060,000	1,060,000	1,060,000
Donation from Developer								776,122				776,122	776,122	776,122
Cost on Sale of Land	788,575	1,089,950	1,386,185	3,413,337	5,800,541	12,382,144	1,246,946	96,799,809	10,454,103	9,321,013	1,012,940	133,199,989	133,199,989	133,199,989
EXPENSES														
Salaries & Benefits	6,682,844	24,609,827	4,850,873	99,447	3,386,773	14,462,978	411,738	51,807,430	1,185,308	1,004,839	413,707	64,212,644	64,212,644	64,212,644
Supplies & Other Expenses	2,119,856	2,108,974	804,951	3,434,310	465,351	3,740,537	490,835	15,223,764	3,170,489	5,572,364	135,059	25,751,308	25,751,308	25,751,308
Professional & Consulting	365,527	72,959	11,505		35,837	36,774		524,662			2,117	526,669	526,669	526,669
Recreation & Amusements	113,989		432,295	650	26,020	1,217,301	47,281	1,397,647	492,850	327,755	9,379	2,179,454	2,179,454	2,179,454
Legal & Insurance	245,743	124,838			25,014	132	6,144	483,871			1,489	485,360	485,360	485,360
Grants in Aid								1,157,170				1,157,170	1,157,170	1,157,170
Property & Liability Insurance								362,797				362,797	362,797	362,797
Tangible Capital Asset Maintenance	740,097	256,665	1,184,740	1,005,514		1,258,212	26,337	3,567,455	121,572	255,472	46,007	3,990,306	3,990,306	3,990,306
Tangible Capital Asset Write Downs		8,288	875,445			9,554		893,287	308,047	521,225		1,523,559	1,523,559	1,523,559
Tangible Capital Asset Amortization	480,165	891,343	1,504,434			3,065,887		6,071,208	3,141,541	3,841,202	37,411	13,194,361	13,194,361	13,194,361
Net Loss on Sale of Tangible Capital Asset	2,231		28,888			98,573		32,606	4,102			36,708	36,708	36,708
Interest on Other Bank Charges								1,051,107				1,051,107	1,051,107	1,051,107
Interest on Long Term Debt								546,581				546,581	546,581	546,581
Special Projects								219,413				219,413	219,413	219,413
2010 Olympic Venue								406,319				406,319	406,319	406,319
2010 Olympic Works								83,056,395				83,056,395	83,056,395	83,056,395
Annual Surplus/(Deficit)	10,754,352	37,434,035	3,350,099	3,534,387	3,939,559	24,323,618	1,078,950	3,743,357	8,624,579	11,423,566	645,169	117,158,833	117,158,833	117,158,833
	(9,265,771)	(25,543,095)	(6,488,204)	(1,121,050)	(1,860,982)	(10,041,474)	(218,038)	66,640,064	2,029,524	2,687,543	367,771	16,041,166	16,041,166	16,041,166



DISTRICT OF WEST VANCOUVER
FINANCIAL STATEMENTS
SCHEDULE 2 - TANGIBLE CAPITAL ASSET CONTINUITY SCHEDULE
For the year ended December 31, 2010

	General					Infrastructure			Assets Under Construction	2010 Actual	2009 Actual
	Land	Land Improvements	Buildings	Machinery, Furniture, and Equipment	Vehicles	Transportation	Water	Sanitary Sewer			
Opening Balance	93,322,089	19,982,932	77,096,933	13,930,386	13,303,590	73,320,717	127,956,643	207,562,786	4,218,272	630,696,348	610,260,100
Add: Additions	3,585,657	1,352,980	2,812,744	1,463,401	641,756	4,756,142	1,708,824	1,333,384	1,354,273	19,009,161	17,070,329
Add: Reclassification from Financial Assets											5,567,912
Less: Disposals		25,701	327,013	3,787,016	409,263	6,728	42,678			4,598,399	1,849,596
Less: Write-downs		3,646		14,196		875,445	308,947	321,325		1,523,559	352,397
Closing Balance	96,907,746	21,306,565	79,584,664	11,692,575	13,536,083	77,194,686	139,313,842	208,574,845	5,572,545	643,583,551	630,696,348
ACCUMULATED AMORTIZATION											
Opening Balance		10,829,501	17,386,133	8,520,553	6,749,134	27,317,345	43,786,801	110,618,256		225,207,723	217,678,974
Add: Amortization		663,125	2,033,471	1,216,422	1,100,182	1,111,225	3,141,540	3,925,396		13,191,361	13,820,194
Less: Accum Amort on Disposals		25,701	327,012	3,784,785	381,250	4,363	38,580			4,561,691	1,291,445
Closing Balance		11,466,925	19,092,592	5,952,190	7,468,066	23,424,207	46,889,761	114,543,652		233,837,393	225,207,723
NET BOOK VALUE, YEAR END 2010	96,907,746	9,839,640	60,492,072	5,640,385	6,068,017	48,770,479	81,424,081	94,031,193	5,572,545	409,746,158	
NET BOOK VALUE, YEAR END 2009	93,322,089	9,153,431	59,712,800	5,409,831	6,554,456	46,003,372	84,169,842	96,944,530	4,218,272		405,488,625

DISTRICT OF WEST VANCOUVER
FINANCIAL STATEMENTS
SCHEDULE 2 - TANGIBLE CAPITAL ASSET CONTINUITY SCHEDULE
For the year ended December 31, 2009

	General					Infrastructure			Assets Under Construction	2009 Actual	2008 Actual
	Land	Land Improvements	Buildings	Machinery, Furniture, and Equipment	Vehicles	Transportation	Water	Sanitary Sewer			
COST											
Opening Balance	87,754,177	19,579,146	34,397,962	12,624,472	12,498,423	66,258,717	126,887,706	206,915,879	43,343,613	610,260,100	570,659,966
Add: Additions		403,786	42,700,971	1,375,595	1,564,266	7,168,467	2,282,327	700,263	(98,125,346)	17,070,329	41,694,829
Add: Reclassification from Financial Assets	5,567,912						1,020,816			5,567,912	
Less: Disposals				69,681	759,099	106,467	192,574	53,356		1,849,596	893,817
Less: Write-downs										352,397	1,200,698
Closing Balance	93,322,089	19,982,932	77,098,933	13,930,386	14,303,590	73,320,717	127,956,643	207,562,786	4,218,272	630,696,348	610,260,100
ACCUMULATED AMORTIZATION											
Opening Balance		10,163,807	15,758,023	7,335,783	6,309,843	25,845,372	40,678,162	106,588,184		212,678,974	201,367,456
Add: Amortization		665,694	1,628,110	1,239,104	1,101,542	1,471,973	3,683,699	4,030,072		13,820,194	11,959,140
Less: Accum Amort on Disposals				54,334	662,951		575,060			1,291,445	647,622
Closing Balance		10,829,501	17,386,133	8,520,553	6,749,134	27,317,345	43,786,801	110,618,256		225,207,723	212,678,974
NET BOOK VALUE, YEAR END 2009	93,322,089	9,153,431	59,712,800	5,409,833	7,554,456	46,003,372	84,169,842	96,944,530	4,218,272	405,488,625	
NET BOOK VALUE, YEAR END 2008	87,754,177	9,415,339	59,712,800	5,288,695	6,188,780	40,413,345	86,209,544	100,327,695	4,218,272		397,551,126

DISTRICT OF WEST VANCOUVER
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements of the District of West Vancouver (the District) are the representations of management prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Budget information has been aggregated to comply with these reporting standards.

(b) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenses, and changes in financial position of the reporting entity. The reporting entity is comprised of all the organizations that are either owned or controlled by the District and accountable to Council for the administration of their financial affairs. These organizations include the West Vancouver Municipal Library, the West Vancouver Community Center Services Society, and the West Vancouver Police Department. All inter-fund balances and transactions are eliminated.

(c) Accrual Accounting

Items recognized in the financial statements are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which they occur regardless of whether there has been a receipt or payment of cash or its equivalent. Liabilities are recognized until the obligation or condition(s) underlying the liability is partly or wholly satisfied. Assets are recognized until the future economic benefit underlying the asset is partly or wholly used or lost.

(d) Revenue Recognition

Taxation

Annual levies for non-optional District services and general administrative services are recorded as General Taxation. Levies imposed by other taxing authorities are not included in these financial statements.

Government Transfers

Unconditional grant revenue is recognized either when it is received or when collectability is assured. Conditional grant revenue is recognized to the extent that the conditions imposed on it have been fulfilled.

Development Cost Charge Revenue

Receipts which are restricted by the legislation of senior governments or by agreement with external parties are reported on the Statement of Operations as Deferred Development Cost Charges at the time they are received. When qualifying expenditures are incurred, the related Development Cost Charges are brought into revenue. (Note 5)

Investment Income

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Investments are recorded at cost, except Municipal Finance Authority (MFA) Pooled Investment Funds which are recorded at market value which approximates cost due to the high volume of transactions within the fund. The carrying value of investments is reduced if, in management's opinion, there is a permanent decline in value.

(e) Non-Financial Assets

Non-financial assets are held for use in the provision of goods and services but are not available to discharge existing liabilities. These assets have a useful life extending beyond the current year and are not intended for sale in the ordinary course of operations.

Intangible capital assets, such as water rights and mineral resources, are not recorded in the financial statements.

(i) Tangible Capital Assets (Note 7 and Schedule 2)

Tangible Capital Assets are recorded at cost net of disposals, write-downs, and amortization with amortization being calculated on a straight line basis over the estimated useful life of the asset.

Type	Major Asset Category	Useful Life Range (Years)
General	Land	n/a
	Land Improvements	10 – 50
	Buildings	30 – 100
	Machinery, Furniture, & Equipment	4 – 15
	Vehicles	5 – 15
Infrastructure:	Transportation	10 – 100
	Water	10 – 100
	Sewer	10 - 100

Carrying costs (excluding interest) directly attributable to the acquisition, construction or development of tangible capital assets are capitalized until the asset is substantially complete and ready for use. Assets under construction are not amortized until the asset is put into service. Contributions of tangible capital assets are recorded at fair value at the date of contribution.

(ii) Inventory

Inventories are recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost basis.

(f) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions. Those areas requiring the use of estimates include: 1) accrued payroll liabilities 2)

DISTRICT OF WEST VANCOUVER
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For the Year Ended December 31, 2010

provisions for contingencies, and 3) the calculation of amortization expense. If actual results differ, adjustments are reflected on subsequent financial statements.

2. INVESTMENTS

	2010 Market Value	2010	2009
Federal Bonds and Notes interest rates from 0.94% to 4.20% maturity dates from 2011 to 2013	8,957,553	8,842,834	10,165,697
Provincial Bonds and Notes interest rates from 1.71% to 4.20% maturity dates from 2013 to 2020	6,053,610	6,060,182	8,003,353
Schedule One Bank Notes interest rates from 2.17% to 6.17% maturity dates from 2012 to 2023	22,461,389	22,235,166	21,139,219
Municipal Finance Authority of BC investment pools, variable interest rates	23,623	23,623	23,208
Accrued Interest	314,983	314,983	405,347
	37,811,158	37,476,788	39,736,825
Less: Trust funds (Note 16)	(4,983,954)	(4,939,880)	(4,793,267)
	32,827,204	32,536,908	34,943,558

The District does not hold asset backed commercial paper or hedge funds.

3. INVESTMENT IN LAND HELD FOR SALE

Investment includes land acquisition costs and capitalized land improvements which are valued at the lower of cost or net realizable value.

4. EMPLOYEE FUTURE BENEFITS PAYABLE

Employees are entitled to earned benefits related to non-vested sick leave, vacation at retirement, and retirement allowances. Employees may also defer sick leave gratuity payments.

The liabilities and expenses for these post employment benefits and compensated absences are recognized on the Districts financial statements in the period(s) in which the employee render services rather than in the period(s) in which an employee receives the benefit paid.

The liabilities and expenses for post employment benefits and compensated absences are actuarially determined using the projected benefits method pro-rated on service. The liabilities reported in the

**DISTRICT OF WEST VANCOUVER
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2010**

financial statements are based on an actuarial valuation as at December 31, 2010. The significant actuarial valuation assumptions adopted in measuring the District's accrued benefit liabilities for post employment benefits are as follows:

	2010	2009
Discount rate	4.50%	5.00%
Rate of compensation increase based on age, inflation, productivity and seniority	2.58% to 4.63%	2.58% to 4.63%

Employee accrued benefit liabilities as at December 31 are as follows:

	2010	2009
Non-vested sick leave	1,463,501	1,436,028
Vacation at retirement	472,453	475,139
Retirement allowance	550,475	568,862
Sick leave gratuity pay	945,109	906,295
	3,431,538	3,386,324
Total unamortized actuarial loss (gain)	155,562	(251,124)
	3,587,100	3,135,200

The continuity of the District's employee accrued benefit liabilities is as follows:

	2010	2009
Balance, beginning of year	3,135,200	2,943,300
Current service costs	269,900	254,300
Interest costs	162,700	160,400
Actual benefits paid	(365,813)	(291,161)
	3,201,987	3,066,839
Actuarial loss (gain) arising in the period	385,113	68,361
	3,587,100	3,135,200

5. DEFERRED DEVELOPMENT COST CHARGES

These funds are restricted to the purposes for which they were collected from developers. Separate accounts hold funds that are to be used for underground wiring, waterworks infrastructure, drainage, roads, and parks and open space projects in specific areas. Expenditures require only budgetary authorization within the purposes authorized in the establishing bylaws.

DISTRICT OF WEST VANCOUVER
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For the Year Ended December 31, 2010

Continuity of Deferred Development Cost Charges:

	Opening Balances	Current Receipts	Interest Earned	Transfers Out	Closing Balance
GENERAL FUND					
Highways	4,791,720	28,689	244,629	-	5,065,038
Underground Wiring	1,161,410	4,705	59,238	-	1,225,353
Parks and Open Space	11,665,085	141,468	494,731	4,032,319	8,268,965
	17,618,215	174,862	798,598	4,032,319	14,559,356
WATER UTILITY FUND	143,769	63,228	8,928	-	215,925
SEWER UTILITY FUND	3,768,578	24,888	187,676	187,745	3,793,397
	21,530,562	262,978	995,202	4,220,064	18,568,676

6. LONG-TERM DEBT, including Capital to be Financed in Future Years

The District has used internal resources to temporarily finance various capital projects that will be financed in 2011 as external long-term debt via the Municipal Finance Authority of BC. The amount of internally financed capital is shown in the following table as "Capital to be Financed in Future Years". While these amounts have been authorized in the (5 Year) Financial Plan bylaws, not all of the amounts have been included in Loan Authorization bylaws. The outstanding Loan Authorization bylaws, relating to the Gleneagles Golf Course Clubhouse and portions of the Eagle Lake Development Plan will be processed during 2011. Periodic loan payments on incremental long-term debt related to the Community Centre and the Eagle Lake Membrane Treatment Facility will be paid from revenues derived from the respective facilities.

Outstanding Long-Term Debt and Capital to be Financed in Future Years

	2010	2009
GENERAL FUND	14,501,569	14,348,631
Less: Capital to be Financed in Future Years	(14,344,921)	(14,144,659)
Ambleside Underground	156,648	203,972
WATER UTILITY FUND	22,792,494	23,121,055
Less: Capital to be Financed in Future Years	(12,523,411)	(12,330,418)
Various Infrastructure Loans	10,269,083	10,790,637
TOTAL	37,294,063	37,469,686
Capital to be Financed in Future Years	26,868,332	26,475,077
Debt Outstanding	10,425,731	10,994,609

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Repayments, including interest at rates ranging from 4.17% to 6.25%, are due as follows:

	GENERAL FUND	WATER UTILITY FUND	TOTAL
2011	66,483	1,048,975	1,115,458
2012	66,483	1,048,975	1,115,458
2013	44,081	1,048,975	1,093,056
2014	-	1,048,975	1,048,975
2015	-	1,048,975	1,048,975
2016 - 2029	-	9,824,968	9,824,968
	177,047	15,069,843	15,246,890
Less: interest portion	20,399	4,800,760	4,821,159
Plus: Capital to be Financed in Future Years	14,344,921	12,523,411	26,868,332
	14,501,569	22,792,494	37,294,063

7. **TANGIBLE CAPITAL ASSETS** (Schedule 2)

The District owns a number of works of art and historical treasures, including sculptures, paintings and reproductions, mosaics, totem poles, and monuments. These works of art have approximate market value of \$2.5 million; however, given the subjective nature of placing a value to these assets, they are expensed when acquired and are not included as part of tangible capital assets.

8. **ACCUMULATED SURPLUS**

Accumulated surplus is represented by:

	2010	2009
Unappropriated Surplus	3,962,702	2,064,674
Reserve Funds (Note 9)	34,098,254	24,626,573
	38,060,956	26,691,247
Investment in Non-Financial Assets	394,736,610	389,872,160
Capital to be Financed in Future Years	(26,668,070)	(26,475,077)
	368,068,540	363,397,083
	406,129,496	390,088,330

The Unappropriated Surplus is the amount of Accumulated Surplus remaining after deducting the various Appropriated Surplus balances. It is available to temporarily finance specific operations until planned revenues are received. The Unappropriated Surplus may also be used for other operating or capital purposes as determined by Council.

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Reserve Funds represent a portion of the Accumulated Surplus that has been set aside by Council for specified purposes. In the normal course of operations, these funds will be used to finance the services or capital projects for which they have been appropriated.

Investment in Non-Financial Assets shows the Districts investment in non-financial assets (net of land assets held in Reserves) less any related long-term debt. In the normal course of operations, non-financial assets will be consumed/used to provide services and debt will be repaid by revenues.

Capital to be Financed in Future Years is equal to the tangible capital assets included in Investment in Non-Financial Assets that have been temporarily financed with internal resources. These amounts will be financed by Municipal Finance Authority of BC long-term debt in 2011.

9. RESERVE FUNDS

Individual statutory and non-statutory reserve funds have restrictions and conditions as follows:

Statutory Funds

(a) Endowment Fund

The Endowment Fund is subject to a minimum threshold that is adjusted annually for inflation using the annual Provincial Consumer Price Index. It can be used for capital projects, the acquisition of real property, or to reduce outstanding debt. Currently, it is earmarked for major projects in the Districts Long-Term Capital Plan. The amount of the threshold at December 31, 2010 is \$20,941,336 (2009 - \$20,665,308). The balance in the fund is \$23,417,383 at December 31, 2010.

(b) Capital Facilities Reserve

The Capital Facilities Reserve is designated for major capital acquisitions and projects. It receives annual transfers from the General Fund.

Non-Statutory Funds

(c) Infrastructure Fund

This fund is designated for ongoing maintenance and replacements of existing infrastructure. It receives annual transfers from the General Fund.

(d) Capital Reserves

Capital Reserves are used for capital projects generally and may be expended within general budgetary authority.

(e) Amenity Contributions Reserve

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Developer contributions received by the District for the purpose of improving the quality of life in the Community accumulate in the Amenity Contributions Reserve. Funds may be secured under the Local Government Act, as a term of the sale of District owned land, or by other means and fall within a broad range of categories.

(f) Operating Reserves

Operating Reserves are used for one-time operating expenditures that may occur from time to time and may be expended within general budgetary authority.

(g) Golf Development Fund

Net revenues/expenses from golf operations are transferred to/from this fund annually. These funds are designated for golf course development generally and may be expended within general budgetary authority.

(h) Water and Sewer Capital Reserves

These funds represent sinking fund surpluses along with the accompanying interest earned on them. The funds may be used for infrastructure capital expenditures related to water and sewer or to reduce outstanding water and sewer debt.

(i) Cemetery Development Fund

Net revenues/expenses from cemetery operations are transferred to/from this fund annually. These funds are for cemetery development generally and may be expended within general budgetary authority.

(j) District Lands Stewardship Fund

Expenses related to the development, servicing, and marketing of surplus lands are accumulated in this fund. Upon disposition proceeds from the sale of surplus lands are used to reimburse the fund.

As AmblesideNOW progresses, the District Lands Stewardship fund will be the vehicle used to manage and account for this initiative.

At December 31, 2010, there were no funds in the District Lands Stewardship Fund.

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Continuity of Reserve Funds

	Opening Balances	Current Receipts	Interest Earned	Transfers Out	Closing Balance
GENERAL FUND					
Endowment Fund	15,751,359	6,849,678	816,346	-	23,417,383
Capital Facilities	1,503,921	710,000	51,055	1,711,738	553,238
Infrastructure Fund	1,031,737	7,914,461	-	6,982,815	1,963,383
Capital Reserves	1,560,780	880,590	40,403	-	2,481,773
Amenity Contributions Reserve	778,518	1,000,000	54,578	412,535	1,420,561
Operating Reserves	2,244,548	198,739	26,084	301,213	2,168,158
Golf Development Fund	55,057	117,441	5,791	-	178,289
	22,925,920	17,670,909	994,257	9,408,301	32,182,785
WATER UTILITY FUND	-	-	-	-	-
SEWER UTILITY FUND	38,016	-	1,935	-	39,951
CEMETARY FUND	1,662,637	125,070	87,811	-	1,875,518
	24,626,573	17,795,979	1,084,003	9,408,301	34,098,254

10. COMMITMENTS AND CONTINGENCIES

(a) Legal Actions

The District is currently involved in certain legal actions. Financial implications of potential claims against the District, resulting from such litigation and not covered by insurance, are accrued to the extent that amounts can be reasonably estimated. Otherwise such claims are recognized in the year in which a definitive obligation is determined.

(b) Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan. The Plan is jointly sponsored by Unions and Employers and is administered by a Board of Trustees. Day to day administration and investment management of the plan is contracted to BC Pension Corporation and BC Investment Corporation. The pension plan is a multi-employer contributory pension plan with a defined benefit and a guaranteed basic pension. Currently, the plan has approximately 163,000 active members, 60,000 retired members, and 30,000 deferred 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, at December 31, 2009, shows an unfunded liability of \$1.024 billion for basic pension benefits. Unfunded liabilities must be repaid over a 15 year period. As a result, contribution rates will increase for both member and employers as of July 1, 2011.

The next valuation will be December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers.

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The District of West Vancouver paid \$4,725,335 for employer contributions and \$3,667,142 for employee contributions to the Plan in fiscal 2010 (\$4,678,164 and \$3,661,057 respectively in 2009).

11. LONG-TERM LEASES

The District has entered into agreements related to the lease of District property for periods from 30 to 125 years. Lease proceeds are recognized on a systematic basis over the term of the leases.

(a) 14th Street - Duchess to Esquimalt, Amblevue Place Housing

Included in Trust Funds are deferred lease receipts which will not be available to the District until the end of the lease period, February 28, 2047. Under the terms of the lease, the District has committed to purchase this property at an amount which is anticipated to be less than the cumulative deferred proceeds at the termination of the lease. Proceeds are to be received in annual amounts varying from \$5,040 to \$20,160 (currently \$7,560) until the year 2047. At December 31, 2010 the cumulative amount deferred totalled \$278,926.

(b) 320 Taylor Way

The District receives annual lease proceeds of \$125,000 (plus an adjustment for inflation starting in 1999) to the year 2087. The net proceeds are transferred to the Endowment Fund.

(c) Community Centre

The District has a lease agreement with Vancouver Coastal Health Authority for 19,529 square feet of custom designed space at the Community Centre. The lease commenced May 1, 2009 with the following terms:

Term – 30 years, with one 10 year renewal option

Annual rentals:

Years 1 to 10 - \$629,810 or \$32.25 per square foot

Years 11 – 20 - \$744,250 or \$38.11 per square foot

Years 21 – 30 - \$995,002 or \$50.95 per square foot

plus a proportionate share of defined operating and maintenance costs

Certain other spaces in the Community Centre are covered by commercial rental and leasing agreements with varying terms.

(d) Wetmore Lands

The District has concluded an agreement with Pacific Arbour Retirement Communities to develop land at the northwest corner of Marine Drive and 22nd Street, known as the Wetmore Lands.

DISTRICT OF WEST VANCOUVER
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Under the agreement, Pacific Arbour will enter into a prepaid 125 year lease of the property for \$14.5 million and will contribute \$500,000 towards the development of a park adjacent to the property. The lease proceeds are due at the conclusion of a public consultation process and after rezoning and development approvals have been obtained.

12. TAXATION AND UTILITY USER FEE REVENUES

	2010 Budget	2010 Actual	2009 Actual
Collection for District Purposes			
General Taxation	51,766,311	51,827,831	51,043,758
Grants in Lieu of Taxes	932,000	935,445	914,507
Specified Area Levies	185,300	48,151	232,727
	52,883,611	52,811,427	52,190,992
Recycling Fees and Charges	1,422,500	1,463,778	1,000,501
Waste Disposal Fees	1,947,200	1,949,559	1,204,696
Water Utility Fees	8,739,400	9,020,591	7,928,660
Sewer Utility Fees	8,466,100	8,758,243	7,438,726
	73,458,811	74,003,598	69,763,575
Collection for Other Agencies			
Province of BC School Taxes			
Residential		27,331,686	28,717,324
Non-residential		6,274,662	6,319,908
		33,606,348	35,037,232
Regional Transit		9,253,786	9,620,923
BC Assessment Authority		1,543,869	1,602,831
Regional District		1,556,569	1,608,212
Municipal Finance Authority		4,545	4,870
	53,000,000	45,965,117	47,874,068

13. LAND EXPROPRIATION SETTLEMENT

In April 2006, the Province of British Columbia (the Province) expropriated Municipal Lands from the Sea to Sky Highway at Eagleridge. At that time, the Province paid the District compensation in the amount of \$6,317,500. During 2010, the District entered into an agreement with the Province which provided additional net settlement proceeds in the amount of \$6,275,920.

14. SEGMENTED REPORTING (Schedule 1)

The District is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the activities are organized and reported by Fund. These Funds include General, Water, Sewer, Cemetery, and the District Lands Stewardship Fund. They were created to attain certain objectives in accordance with special regulations, restrictions, or limitations.

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Following are the activities/services provided by each of the segments reported on:

GENERAL FUND

General Government

Finance and Administration functions of the District include: Support to Council, Legislative Services, Communications, Cultural Services, Environment Services, Emergency Program, Human Resources, Payroll Services, Taxes and Utilities, Information Technology, Purchasing and Risk Management, and Facilities and Asset Management.

Public Safety

Law enforcement and protection of persons and property by the Police Department and Fire and Rescue Services.

Engineering and Transportation

Maintenance of streets, roads and sidewalks; street and traffic signs, signals and lighting; snow removal and sanding.

Solid Waste

Administration of contracted services for the collection and disposal of the following: household garbage, yard trimmings, and recyclables.

Planning, Lands and Permits

Community and land use planning; development issues including the processing of rezoning applications, development permits and development variances; building permit review and inspections; bylaw services.

Recreation and Culture

Development and maintenance of the District's open spaces, parks, and other landscaped areas; nursery operation; maintenance and operation of recreational facilities; development and provision of recreational programs; operation of District Library, Museums, and archives.

Golf

Operation of the Ambleside par 3 golf course and the Gleneagles Golf Course at Horseshoe Bay.

Transit Blue Bus

Operation of the Blue Bus transit services are contracted to the District and completely funded by Translink.

WATER UTILITY FUND

Development of the water source at Eagle Lake (including a local membrane treatment facility) and distribution of water to residents from both Eagle Lake and Metro Vancouver.

SEWER UTILITY FUND

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Provision of sanitary sewer collection and storm drainage management includes by providing and maintaining: pipes, manholes, culverts, and sewage lift stations. Sewage treatment is provided by Metro Vancouver.

CEMETERY FUND

Operation of the Capilano View Cemetery

The attached Schedule 1, "Segment Information - Revenues by Type and Expenses by Object", presents revenues and expenses for each of the segments noted above. Only direct revenues and expenses are reflected within individual segments. Other revenues (notably property taxation) and expenses not directly arising within specific segments have been shown separately as "Unallocated", in order that the totals match the amounts on the Statement of Operations.

15. 2010 BUDGET ADJUSTMENTS

The budget amounts presented throughout these financial statements are based on the Budget (referred to as the Financial Plan in the legislation) approved by Council on February 10, 2010, with the exception of the budgets for tangible capital asset related expenses (amortization, write-downs and loss on disposal). The budgets for the tangible capital asset expenses are equal to actual expenses. This exception was made in order to improve the comparability of the budget amounts with the actual amounts given that these items are non-cash and accordingly are not required to be funded under the legislation. As well, these budgets could not have been reasonably established when the Budget was originally approved in February 2010.

The table below shows the adjustments made to the 2010 Budget values with the addition of the budgets for tangible capital asset expenses. The Adjusted Budget values are then comparable to the 2010 actual values, and are the budget values shown in the Statement of Operations and the Statement of Net Debt.

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	Original	2010 Budget Adjustment for TCA ¹	Adjusted
Statement of Operations			
Revenues	112,285,104	-	112,285,104
Expenses			
General Departmental Operating	61,688,148	6,898,522	68,586,670
Water Utility Operating	5,770,800	3,454,587	9,225,387
Sewer Utility Operating	6,932,200	4,262,526	11,194,726
Cemetery Operating	543,950	37,420	581,370
Golf Operating	987,200	98,573	1,085,773
Other Expenses	22,203,961		22,203,961
	<u>98,126,259</u>	<u>14,751,628</u>	<u>112,877,887</u>
Annual Surplus	14,158,845 ²	(14,751,628)	(592,783)
*Tangible Capital Assets			
Statement of Change in Net Debt			
Annual Surplus	14,158,845	(14,751,628)	(592,783)
Tangible Capital Assets	(21,662,231)	14,751,628	(6,910,603)
Increase in Net Debt	<u>(7,503,386)</u>		<u>(7,503,386)</u>

¹ Tangible Capital Asset expenses including amortization, write-downs, and loss on disposals.

² Net internal administration charges, debt transactions, capital transactions, and transfers to reserves included in operating budget

16. TRUST FUNDS

The Cemetery Care Fund is restricted as to principal amount; interest earnings are available for ongoing maintenance of cemetery grounds as required. Other Trust Funds include funds for various Senior's clubs, community projects, and library bequests.

	2010	2009
Cemetery Care Trust Fund		
Balance, Opening	4,091,923	3,952,043
Additions during year		
Contributions	153,700	139,800
Interest Earned	212,191	258,211
	<u>4,457,814</u>	<u>4,350,134</u>
Transfer to Cemetery Operations	(212,191)	(258,211)
Balance, Closing	4,245,623	4,091,923

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Other Trust Funds	694,257	701,344
	4,939,880	4,793,267

17. MEMBERSHIP IN E-COMM EMERGENCY COMMUNICATIONS FOR SOUTHWEST BC INCORPORATED (E-Comm)

The District is a member of E-Comm, an organization comprised predominantly of member municipalities, for the purpose of providing emergency and dispatch services. The District is represented on the Board and as a Class "A" shareholder has voting rights should the organization want to incur debt.

The E-Comm facility was constructed using debt as a financing mechanism. Members are liable for their proportionate share of that debt with debt being repaid by members through annual fees charged by E-Comm. Should E-Comm dissolve, members would be liable for a proportionate share of any residual debt. Alternatively should a member choose to opt out of E-Comm they would be liable for a proportionate share of the debt at the time of withdrawal. The District holds two Class "A" shares and one Class "B" share.

DRAFT



The District of West Vancouver

Audit Results and Communications

Report to Audit Committee

December 31, 2010



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April 15, 2011

Members of Audit Committee
District of West Vancouver
750 17th Street
West Vancouver, BC
V7V 3T3

Dear Members of the Audit Committee:

We have completed our audit of the financial statements of the District of West Vancouver [the "District"] for its fiscal year ended December 31, 2010. We take this opportunity to present our findings to you.

The responsibility for producing financial statements and ensuring adequate internal controls and sound business practices is the responsibility of Council through management and is a part of management's overall responsibility for the ongoing activities of the District. Policies and procedures developed by the District to safeguard its assets and to provide reasonable assurance that errors and irregularities or illegal acts are promptly identified, must be properly monitored to ensure that all staff are complying with the guidelines provided.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement. Auditors must be completely independent and objective in the application of their testing.

We received full support from management and staff throughout our work and the scope of our audit was not restricted in any way. Our audit opinion is without reservation indicating that our audit tests and procedures yielded reliable results.

Should you have any questions or concerns in regard to any of the items mentioned in this report, please do not hesitate to contact us at any time.

Yours truly,
BDO CANADA LLP
Chartered Accountants

A handwritten signature in black ink that reads "Bill Cox".

Bill Cox, CA
On behalf of Bill Cox, Inc.
Corporate Partner of BDO Canada LLP
BC/

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Audit Approach and Higher Risk Audit Areas

We were engaged to perform the audit of the financial statements of The District of West Vancouver (the “District”) for the year ended December 31, 2010. We adopted an audit approach that allowed us to issue an audit opinion on the financial statements of The District of West Vancouver in the most cost effective manner, while still obtaining the assurance necessary to support our audit opinion.

The audit followed a “risk-based” approach. This approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focused our audit effort in areas that we believed had a higher risk of being materially misstated and performed less audit work in areas that are only low risk. The audit risk model in generally accepted auditing standards has changed over recent years and generally results in an increase in the level of audit work.

To assess risk accurately, we must have a clear understanding of the District’s operations and the environment it operates in. Much of our understanding is obtained through discussions with management and staff. We would also appreciate any new information that you could provide to us about your operations, industry, competitive marketplace, internal controls or anything else that you feel is important to the audit as it may corroborate what we have already learned from management and other sources, and may be useful for next year’s planning. We would also appreciate any insights that you could provide to us on what you perceive to be high risk to the District as that will make our audit more effective and efficient in the future, which will benefit all concerned.

The following sections provide more detail on our audit approach for the District for the current year.

Audit Scope

The scope of our audit of the consolidated financial statements of The District of West Vancouver for the year ended December 31, 2010 included the following:

- An audit opinion on the financial statements of the District of West Vancouver
- An audit opinion on the C2 and C3 reporting forms required by the Province of BC
- An audit opinion in regard to Foreshore Lease Revenues
- Management letter report in regard to audit recommendations of significance (an appendix to this package)

Requests by Audit Committee

In the course of your duties as Audit Committee members, you may be aware of additional areas of concern from an audit perspective that you would like us to address. We want you to know that we welcome discussion on any areas of audit concern that you may have.

Overall Audit Strategy

General audit strategies include a "combined" audit approach or a "substantive" audit approach. In a combined audit approach, we would obtain our assurance from a combination of tests of controls (compliance procedures) and substantive procedures (such as analysis of data and obtaining direct evidence as to the validity of the items). The substantive approach virtually ignores controls and focuses almost exclusively on tests of accounting outputs.

As a result of changes to our professional audit requirements in recent years, auditors must have a good understanding of the control systems. Having said that, the level of understanding required for audit purposes is not sufficient for us to provide opinion on the overall effectiveness of the internal control environment. So our audit process involved a fair degree of systems work coupled with verification of key balances by substantive means.

Higher Risk Financial Statement Areas

Based on our knowledge of the District's operations, past experience with similar organizations, and knowledge gained from management and you, we have identified the following financial statements areas as having a potentially higher risk of material misstatement.

These risks arise mainly because of the complexity of the accounting rules, the extent of estimation and judgment involved in the valuation of these financial statement areas, and the existence of fairly new accounting pronouncements that affect them. We have also provided a brief summary of how we audited these higher risk areas:

Higher Risk Financial Statement Areas	Audit Procedures
<ul style="list-style-type: none"> • Employee future benefits 	<ul style="list-style-type: none"> • Audit of significant assumptions • Review of calculations • Communications with actuary and review of actuarial report
<ul style="list-style-type: none"> • Tangible capital assets 	<ul style="list-style-type: none"> • Testing of asset additions and disposals • Testing of amortization calculations • Review of repairs and maintenance and capital items expensed
<ul style="list-style-type: none"> • Accounts payable 	<ul style="list-style-type: none"> • Computer audit testing • Cut-off testing
<ul style="list-style-type: none"> • Cash and investments 	<ul style="list-style-type: none"> • Confirmation of cash and investments • Review of reconciliations • Review of reports on return and investment strategies
<ul style="list-style-type: none"> • Staff Salaries 	<ul style="list-style-type: none"> • Computer audit testing • Analytical review of staff and salary levels

Audit Findings

There are a number of matters that arose during the audit that we would like to bring to your attention, although nothing that was detrimental to the audit. Each of these matters is summarized briefly below. We would be pleased to discuss any of these items in more detail at our upcoming meeting.

Fraudulent and Illegal Activities

Our audit procedures were performed for the purpose of forming an opinion on the consolidated financial statements and although they might bring possible fraudulent or illegal activities to our attention, our audit procedures were not designed to detect fraudulent or illegal activities.

In any event, we did not detect any fraudulent or illegal activities, or material misstatements resulting from fraudulent or illegal activities during our audit.

Disagreements with Management

There were no significant disagreements with management.

Litigation Proceedings

We have communicated directly with the District's various legal counsel. As a result of the new audit report timing, we will not receive final confirmation on legal matters until the date of our meeting with Audit Committee. However, no material claims are expected.

Significant Accounting Policies, Estimates and Judgments

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of operations of the District. The application of those policies often involves significant estimates and judgments by management.

We are of the opinion that the significant accounting policies, estimates and judgments made by management are reasonable in the context of the financial statements taken as a whole.

Audit Reporting

Materiality

Materiality in an audit is used as a guide for planning the nature and extent of audit procedures and for assessing the sufficiency of audit evidence gathered. It is also used in evaluating the misstatements found and determining the appropriate audit opinion to express.

Since the determination of materiality is a matter of professional judgment, it is primarily dependent on our evaluation of the relative importance of accuracy in the financial statements to the various users of those statements. We have identified taxpayers, Council, the Ministry and (indirectly) the Municipal Finance Authority as having an “indirect” interest because while they do not generally review the financial statements of each municipality in detail, the combined financial state of British Columbia municipalities is of importance to them and they would be particularly concerned with any qualified or denied audit opinions should they occur.

Canadian generally accepted auditing standards require the use of both quantitative and qualitative factors in determining materiality. For the audit of the District for the year ended December 31, 2010, we used a materiality level of \$1,920,000, based on approximately 1.5% of total revenues as adjusted for qualitative factors.

For this year’s audit we have used performance materiality (used for sampling) of \$1,440,000 based on 75% of financial statement materiality and trivial error level of \$19,200 based on 1% of materiality.

Auditor’s Report

Our audit testing has shown that any differences from our audit work are not material. Accordingly we plan to issue an unqualified opinion. Our audit report uses standard wording as required by our professional regulations and a draft is bound in with the draft financial statements.

Note that the wording of the audit report (now called “Independent Auditor’s Report”) is quite different from the prior year although the key points are identical. The change is a result of Canada’s adoption of International Audit Standards (called, paradoxically, “Canadian Audit Standards”). A related change is that the audit report date must now be the date that Council (or Finance Committee if delegated that responsibility) approves the financial statements.

Management Letter

Our audit provides insight into many of the District’s financial operations and control systems. Points that come to our attention along with recommendations for improvement are reported to you in this format. This letter is included as Appendix A of this report.

Auditor Independence

Canadian generally accepted auditing standards (GAAS) require us to communicate to Audit Committee, at least annually, all relationships between BDO Canada LLP and the District of West Vancouver (and its related entities), that, in our professional judgment, may reasonably be thought to bear on our independence for the audit of the District.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute covering such matters as the following:

- holding of a financial interest, either directly or indirectly in a client;
- holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- economic dependence on a client; and
- provision of services in addition to the external audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the District (and its related entities) and us that, in our professional judgment, may reasonably be thought to bear on our independence to date.

GAAS requires that we confirm our independence to the Audit Committee. Accordingly, we hereby confirm that we are independent with respect to the District (and its related entities) within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of BC as of April 15, 2011.

Possible Misstatements

During the audit we keep a list of differences between the financial statements and our audit findings from third parties or other sources. This list, known as “Possible Misstatements”, is totaled to ensure that the differences are not material. Should the list total become close to materiality, it is necessary to do further audit work on the differences to determine if there really is an error in the financial statements. The existence of items on our Possible Misstatements listing is normal and does not necessarily mean that the financial statements contain errors.

This year there are no such items on our list of possible misstatements.

Management Representations

During the course of an audit, management made many representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base the audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

Management's representations included, but were not limited to:

- a) matters communicated in discussions with us, whether solicited or unsolicited;
- b) matters communicated electronically to us;
- c) schedules, analyses and reports prepared by the entity, and management's notations and comments thereon, whether or not in response to a request by us;
- d) internal and external memoranda or correspondence;
- e) minutes of meetings of the mayor and councillors;
- f) a signed copy of the financial statements; and
- g) a representation letter from management.

We obtained management's written confirmation of significant representations provided to us during the engagement (Sample in Appendix B). Such a confirmation included matters that are:

- a) directly related to items that are material, either individually or in the aggregate, to the financial statements;
- b) not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement; or
- c) relevant to management's judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

Appendix A - Management Letter



BDO Canada LLP
Chartered Accountants

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03-9320

April 15, 2011

Ms. Nina Leemhuis, Director, Financial Services
District of West Vancouver
750 17th Street
Vancouver, BC
V7V 3T3

Dear Ms. Leemhuis:

RE: Auditor's Management Letter

As your external auditors we are engaged to provide an audit opinion on your year-end financial statements. An external audit requires testing of transactions and balances and review of those internal control systems upon which we may place reliance. A positive opinion on the financial statements does not necessarily mean that your internal control systems are all operating effectively. This is because we review only those internal control systems where we feel that failure in those systems could result in a material error on the financial statements. With those systems that we do review, our focus is on the assertions necessary to meet our financial statement audit objectives.

Our review of systems, transactions and balances as well as discussions with staff at various levels throughout the District gives us a unique insight into your operations. While conducting this work we make note of items that come to our attention where we feel that improvement could be made or alternatives could be considered. We are fortunate in that we work with a great number of clients and observe a wide variety of processes. We see firsthand any procedures that are emerging as best practices.

As matters come to our attention we make note of these for subsequent follow-up. For minor matters we discuss directly with the staff involved. More important matters are brought forward in this letter (known as a "management letter").

It is always worth noting that we almost always come up with points for all clients. The existence of points does not mean that there are significant problems with your systems or staff. They are just recommendations to make good systems better.

Status of Prior Year Recommendations

There were a few carry-forward points from the prior year's management letter. We track these points to ensure that recommendations are followed up and implemented (or alternatively found to be impractical).

Recommendation	Status
<p>Employee Start Sheets</p> <p>We had observed that employee start sheets were not consistently approved by someone other than the individual performing the data input. We recommended that a second review be made in all instances.</p>	<p>Procedures were enhanced to ensure second review was made and documented. We found no instances of problems in this area during the current year audit.</p> <p>This addresses our concerns in this area.</p>
<p>Accounts Receivable Reconciliation</p> <p>We had observed that the accounts receivable subledger had not been reconciled to the general ledger on a timely basis. We recommended that such reconciliations be performed monthly.</p>	<p>The reconciliation is now being conducted properly on a monthly basis.</p> <p>This addresses our concerns in this area.</p>
<p>System Access Rights</p> <p>We noted that computer system access rights to three of the District's main financial systems (JD Edwards, Tempest and Class) were not reviewed on a regular basis. Without regular review there is a risk that, over time as staff change roles, their access rights may become incompatible with their current duties.</p> <p>We recommended that at least annual review access rights be conducted on an employee by employee basis to ensure that their rights extend only to areas to which they require access based on their current job function.</p>	<p>Our recommendation was considered and IT staff looked at plans for how this could be performed on an efficient basis.</p> <p>To date, no practical solution has been found and there therefore continues to be no regular periodic review.</p> <p>While we agree that only practical solutions should be considered, we continue to recommend that some form of periodic checking be implemented. Perhaps doing this on a cyclical basis with only one or two departments per year would make this doable.</p>

Recommendation	Status
<p>Audit Report Date and Subsequent Events</p> <p>A new audit standard came into effect with the audit of the 2010 fiscal year. We recommended that management consider how this may affect the timing of audit fieldwork and review and approval of the financial statements by Council.</p>	<p>We note that the District considered this new requirement in its planning and approval processes to finalize the financial statements by Council in a timely manner.</p>

Current Year's Observations and Recommendations

1. "Corporate Memory" and Documentation of Procedures

Observation

As you know, 2010 saw a significant change in the Finance Department with both the Director of Finance Services and Assistant Director leaving their position. There was further complication with illness leave for other senior finance staff over the fiscal year end.

We observed that the staff transition was challenging. There was a great deal of "corporate memory" locked up in the departing senior Finance staff that had not been properly documented or structured for retention. Fortunately, the former Director of Finance has continued in another role with the District and this has greatly aided the transition. Had this not been the case, the District was at risk of losing a great deal of financial operational knowledge as well as momentum on important initiatives.

Recommendation

This idea of long-term “corporate memory” - that is, ensuring that knowledge is maintained within the organization over generations of staff - is very difficult to implement and it is an area that we see many organizations struggling with. There is no easy answer for how to improve corporate memory. We have seen some organizations use improved central filing, cross-training and mentoring programs to help in this regard.

In addition to the general concepts mentioned above, some specific items should be considered. We recommend that the District:

- Update and expand written documentation for financial related corporate policies (we note that certain draft policies are already in process)
- Enhance written position descriptions for all Finance Department staff
- Document procedures/create a procedures manual for all important tasks and controls undertaken by Finance. Areas that should be considered first include:
 - Year-end financial close, financial statement preparation and reporting procedures
 - Investment management procedures

The above is not intended to be exhaustive. We recommend that the District do some brainstorming and consider how best to enhance its corporate memory.

District's response

Organizational memory has been identified by Management as an area of concern in the department and certain initial steps to address the issue are included in the Financial Services divisional objectives for 2011.

Job descriptions for all positions within the portfolio are currently being updated and detailed position manuals are being created. These manuals will include these up to date job descriptions as well as detailed descriptions of the responsibilities, duties, processes, and procedures for each position. Once complete, a schedule will be developed to ensure position manuals are reviewed and updated on an annual basis.

Departmental Objectives also call for a department skills inventory in 2011. The purpose of the skills inventory will be to identify skills and knowledge gaps in Financial Services. The resulting professional development plans for staff will address these gaps and will form part of the departmental succession plan.

Succession planning was a key component of the recruitment process for the both the Director and the Deputy Director positions in Financial Services. Management has identified the need to develop a transition plan that will address training needs, timelines, and recruitment issues for key Management positions within the department.

2. Future Infrastructure Funding

Observation

The District is in the process of utilizing information gathered from the recent Tangible Capital Asset inventoring project for consideration as to how this relates to future infrastructure funding requirements. Many municipalities are struggling to come to grips with how future infrastructure will be replaced and few, if any, have it figured out.

Having said that, the state of infrastructure in North America is huge issue and best practice would have governments at all levels developing detailed financial plans and projections for infrastructure maintenance and replacement.

Recommendation

Consider more detailed analysis of future requirements which may include funding all, or part, of annual amortization charges. Consider alternative revenue sources for such items through comparison with the best of what other municipalities are doing.

As this information comes together, it should be integrated into the long-term financial plan. Policy and procedure should of course be consistent with the long-term plan. This helps keep the focus on the long-term with the result that short term changes should only be made when they are considered alongside with related plans to meet the long-term plan goals.

Management's Response

The District is currently developing a detailed 5 Year Capital Plan which will include an analysis of funding requirements. The 5 Year Capital Plan will be a key component of the District's long-term financial plan and goals and will allow Management to better assess the long term impact of setting property tax rates, utility rates, and other fees charged by the District.

3. Liability for Contaminated Sites

Observation

Beginning in 2015, local governments will be required to account for all liabilities associated with contaminated sites. This new Public Sector Accounting Board Section 3260 establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of local governments. The standard states that the liability should be recognized when contamination exceeds an accepted environmental standard and the entity is directly responsible, or accepts responsibility for, the damage. This liability should be measured at the entity's best estimate of the costs directly attributable to remediation of the contamination.

Recommendation

Like the Tangible Capital Asset project that preceded it, dealing with this new accounting standard could be time consuming and require a need to use both internal and external specialists. One of the complexities of this standard is that it requires assessment of all properties even if you do not know or suspect that there may be contamination. For a property that is non-contaminated, you will be required to document how you know that there are no issues with that property.

We recommend that you start early on this project and definitely do not leave until 2015. Early planning will help you identify the processes and resources that will be necessary to meet the requirements.

Management's response

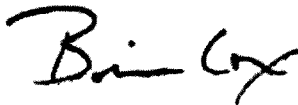
District staff will be evaluating this new standard during 2011 to develop a work plan that will satisfy its requirements in a cost effective and efficient manner.

We received excellent cooperation from everyone at the District of West Vancouver during the audit. We thank yourself, Michael Koke, Pam Rooke and all of the Finance Department staff for their assistance in making the audit process as efficient as possible.

Please do not hesitate to contact us should you wish to further discuss any of the matters discussed in this letter.

Yours truly,

BDO CANADA LLP
Chartered Accountants



Per:
Bill Cox, CA
On behalf of Bill Cox, Inc.
Corporate Partner of BDO Canada LLP

BC/

c.c. Audit Committee

Appendix B - Letter of Representation

May 17, 2011

BDO Canada LLP
Chartered Accountants and Advisors
600 Cathedral Place
925 West Georgia Street
Vancouver, BC
V6C 3L2
Canada

Dear Sir:

We are providing this letter in connection with your audit of the financial statements of the District of West Vancouver (the "District") for the year ended December 31, 2010, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position as at December 31, 2010, and the results of operations and cash flows for the year ended December 31, 2010 of the District of West Vancouver in accordance with Canadian public sector accounting standards.

We are responsible for the fair presentation of the financial statements of the District prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

We are also responsible for the implementation and operation of internal controls that are designed to prevent, detect and correct fraud and error.

We understand that your examination was made in accordance with Canadian generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances for the purpose of expressing an opinion on the financial statements. We also understand that such an examination is not designed to identify, nor can it necessarily be expected to disclose all fraud, shortages, errors and other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We hereby confirm to the best of our knowledge and belief, as at May 17, 2011, the following representations made to you during your audit:

Financial Statements and Disclosure

1. The financial statements referred to above present fairly, in all material respects, the financial position of the District as at December 31, 2010 and the results of its operations and cash flows for the year ended December 31, 2010 in accordance with Canadian public sector accounting standards.

2. The financial statements of the municipality use appropriate accounting policies that have been properly disclosed and consistently applied.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Public sector accounting standards.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value are reasonable.
5. We believe that the effects of unadjusted differences discovered by the auditors during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Completeness of Information

6. We have made available to you all:
 - financial records and related data;
 - minutes of the meetings of Council, open and closed meeting minutes.
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
7. We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
8. The minute books of the District are a complete record of all meetings and resolutions of the Council throughout the year and to the present date.
9. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
10. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
11. We have disclosed to you all significant matters contained in the minutes of all meetings and resolutions of Council throughout the year and to the present date.

12. We have identified to you:
 - guarantees;
 - indemnifications against damages, liabilities, costs, charges or expenses suffered or incurred by officers or directors as a result of their service, and/or by any subsidiaries; and
 - non-monetary transactions and transactions for no consideration.
13. We have advised you of all related parties and related party transactions of which we are aware.
14. We are aware of the environmental laws and regulations that impact on our District and we are in compliance. There are no known environmental liabilities or contingencies that have not been accrued for or disclosed in the financial statements.

Fraud and Error

15. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
16. We are not aware of any fraud, suspected fraud, illegal acts or possibly illegal acts affecting the entity involving management, employees who have significant roles in internal control, or others, where these matters could have a non-trivial effect on the financial statements. In addition, we have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Existence, Completeness and Valuation of Specific Financial Statement Balances

17. All assets, wherever located, to which the District had satisfactory title at the year end, have been fairly stated and recorded in the financial statements. There are no liens or encumbrances on the District's assets.
18. Where the value of the asset has been impaired, an appropriate provision has been made in the financial statements or has been disclosed to you.
19. All financial instruments have been appropriately recognized and measured in accordance with Canadian public sector accounting standards. Significant assumptions used in arriving at fair value of financial instruments are reasonable and appropriate in the circumstances.
20. Taxes and accounts receivable represent bonafide claims for taxation, sales or other charges rising on or before the year end. They do not include any amounts for goods shipped on consignment or approval.

The total of taxes and accounts receivable written off during the year is hereby approved and, in our opinion, the allowance for doubtful accounts is adequate to cover all known or anticipated losses from uncollectible accounts and those accounts not paid within normal credit terms.

21. The inventories as set out in the financial statements represent all of the inventories to which the municipality held title as at the balance sheet date. Inventories do not include any goods consigned to the municipality, merchandise billed to customers or any items for which the liability has not been provided in the books. Appropriate provisions have been made for obsolete, slow-moving and defective inventories.
22. The District has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
23. The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with Canadian public Sector accounting standards. The source data and plan provisions provided are complete and accurate. The plans included in the valuation are complete. The determination of the discount rate and the use of the specific actuarial assumptions are our best estimate assumptions. We feel that the extrapolations are accurate and have properly reflected the effects of changes and events occurring subsequent to the most recent valuation that had a material effect on the extrapolation.

General Representations

24. The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
25. There were no direct or contingent liabilities (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the organization, except as disclosed in the financial statements.
26. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel. Since there are no outstanding or possible claims, no disclosure is required in the financial statements.
27. We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
28. We confirm that operating segments are appropriately identified and disclosed in accordance with Canadian public sector accounting standards.
29. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel. When applicable, these claims have been appropriately disclosed in the financial statements.

30. We have disclosed to you all significant customers and/or suppliers of the District who individually represent a significant volume of business with the District. We are of the opinion that the volume of business (sales, services, purchases, borrowing and lending) done by the District with any one party is not of sufficient magnitude that discontinuance would have a material negative effect on the ongoing operations of the District.
31. There have been no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
32. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the consolidated financial statements.
33. No significant matters, other than those disclosed in the consolidated financial statements, have arisen that would require a restatement of the comparative financial statements.

Yours truly,

Signature

Position

Signature

Position

Appendix C - New Accounting and Auditing Requirements

Accounting Standards

Restructuring of the CICA Handbook

The *CICA Handbook - Accounting* has been restructured to implement the Accounting Standards Board strategy for adopting different sets of standards for different categories of entities:

- Part I - International Financial Reporting Standards (required for use by appropriate entities for fiscal years beginning on or after January 1, 2011)
- Part II - Accounting Standards for Private Enterprises (required for use by appropriate entities for fiscal years beginning on or after January 1, 2011)
- Part III - Accounting Standards for Not-for-Profit Organizations (expected to be finalized December 2010 and required for use by appropriate entities for fiscal years beginning on or after January 1, 2012)
- Part IV - Accounting Standards for Pension Plans (required for use by appropriate entities for fiscal years beginning on or after January 1, 2011)
- Part V- A complete set of the existing Handbook contents (in force until an entity adopts one of the above other Parts or the *Public Sector Accounting Handbook*)

The *Public Sector Accounting Handbook* is considered as a separate set of guidelines for use by government and those entities that form part of the government reporting entity. There is connection between the two sets of guidelines because of the following:

- Government Business Enterprises will be adopting the Part I standards (i.e. IFRS) for fiscal years beginning on or after January 1, 2011
- Government Not-for-Profit Organizations will be using the accounting standards for Not-for-profit organizations set out in the Part V standards until such time as they adopt *Public Sector Accounting Handbook* standards which will be required for fiscal years beginning on or after January 1, 2012
- The PSAB “GAAP Hierarchy” standards in PSAB 1150 require that where there is no specific guidance on a particular matter in the *Public Sector Accounting Handbook* other standards be considered. This means that government entities should stay conversant with other accounting standards.

New Standards

Government Business Enterprises and Government Business-type Organizations

At the end of October 2009 PSAB approved an amendment to the Introduction to the PSAB Handbook that provides that government business enterprises as self-sustaining commercial organizations should adopt International Financial Reporting Standards (IFRS). The amendment also eliminated the category “government business-type organizations” resulting in recategorization as either government not-for-profit organizations or other government organizations (OGOs). As a result, OGOs must determine their most appropriate source of GAAP based on needs and objectives. Although PSAB may apply to many OGOs, the Introduction provides examples of factors to be considered to decide if IFRS may be more suitable.

The amendments take effect for fiscal periods beginning on or after January 1, 2011. PSAB also agreed to provide guidance on exceptions to the retroactive application with restatement of prior periods for those government organizations adopting PSAB for the first time.

GAAP Hierarchy

When there is not a specific standard in PSAB in regard to a particular accounting or disclosure matter, the entity is directed to consider other relevant standards.

In 2010 a reference was added to PS1150 to specifically identify recommendations from the International Accounting Standards Board (i.e. IFRS) as a potential source for guidance.

PS3800 - Government Assistance - Withdrawn

This section used to provide guidance when an entity that formed part of the government reporting entity received funds from the main government. It was withdrawn during the year because it was no longer required since subsidiary entities will either move to PSAB or IFRS.

PS3510 - Tax Revenue

This new section establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements.

The main features of the new Section are as follows:

- Tax revenue should be grossed up for transfers made through the tax system (likely to be applicable most to senior governments)
- Tax revenue should not be grossed up for the amount of tax concessions (that are often referred to as tax expenditures)

- Tax revenue should be recognized when it is authorized and the taxable event occurs (this clarifies existing practice of reporting property taxes on a calendar year basis even though tax rate bylaws are typically set in May)
- Tax revenue should be recognized by the government that imposes the tax except in flow-through arrangements (this clarifies existing practice that taxes collected on behalf of others such as school taxes are not reported as revenue)
- Guidance is provided for identifying and distinguishing between tax concessions and transfers made through a tax system
- Disclosures are required in regard to accounting policies for tax revenue, valuation of tax receivables, total tax revenue and categories of tax.

The Section applies to fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged.

PS2125 - First-time Adoption of PSAB By Government Organizations

This new Section establishes recognition, measurement, presentation and disclosure standards relating to adoption by a government organization of the PSAB Handbook for the first time.

The main features of the new Section are as follows:

- The adoption of the PSAB Handbook by retroactive application with restatement of prior periods is subject to the requirements in this Section.
- Opening statements of financial position should be prepared in accordance with the PSAB Handbook. Adjustments on transition should be recognized directly to accumulated surplus/deficit.
- In certain circumstances, an organization may elect to use one or more exemptions and apply the PSAB Handbook on a prospective basis.
- In other circumstances, an organization is prohibited from applying the PSAB Handbook on a retroactive basis.
- Disclosure an organization should provide of the impact on the financial statements of the transition to the PSAB Handbook including presentation of a “third” balance sheet.

Other government organizations that adopt the standards issued by the Public Sector Accounting Board should do so for fiscal periods beginning on or after January 1, 2011.

PS3260 - Liability for Contaminated Sites

This new Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook.

This section applies to government assets no longer in productive use and non-government assets for which the government is responsible. It does not apply to tangible capital assets (however the PSAB GAAP hierarchy would require consideration of Asset Retirement Obligations in regard to tangible capital assets).

The main features of the new Section are as follows:

- A liability should be recognized when contamination exceeds an accepted environmental standard and the entity is directly responsible, or accepts responsibility for, the damage.
- A liability should be measured at the entity's best estimate of the costs directly attributable to remediation of the contamination.
- Outstanding site assessments do not negate the requirement to assess whether a liability exists.

This Section is effective for fiscal periods beginning on or after April 1, 2014. Earlier adoption is encouraged. For entities with a December year end this means that 2015 is the first year that the standard must be followed. Although that is seemingly a long time in the future, this standard is onerous and could require the collection of a great deal of information. An entity should begin to consider immediately how it will apply with this standard.

Government Not-for-Profit Organizations and PSAB 4200

PSAB recently announced that the "4400 Series" of accounting rules followed by Not-for-Profit organizations will be brought into the PSAB Handbook in sections PS4200 - PS4270:

- Section 4200 - Financial Statement Presentation by Not-for-Profits
- Section 4210 - Contributions - Revenue Recognition
- Section 4220 - Contributions Receivable
- Section 4230 - Capital Assets Held by Not-for-Profits
- Section 4240 - Collections Held by Not-for-Profits
- Section 4250 - Reporting Controlled and Related Entities by Not-for-Profits
- Section 4260 - Disclosure of Related Party Transactions by Not-for-Profits
- Section 4270 - Disclosure of Allocated Expenses by Not-for-Profits

PSAB also approved a change that will allow Government Not-for-Profit Organizations to have a choice whether to apply the PSAB Handbook with the PS4200 series or the PSAB Handbook without the PS4200 series.

Government Not-for-Profit Organizations will be required to adopt the standards for fiscal periods beginning on or after January 1, 2012.

Government Transfers

After many years in the making, a standard has finally been adopted in this area. The treatment for accounting for government transfers differ for the transferring government and the receiving government:

- Transferring governments - recognize an expense when the transfer is authorized and recipients have met any criteria that the transferor wants met before it provides the transfer. The same accounting would be used for all types of transfers provided.
- Recipient governments - recognize as revenue when it has been authorized by the transferor and the recipient has met all eligibility criteria set out by the transferor unless the transfer created a liability for the recipient. A liability would be created when transfer stipulations direct the use of the funds for specific purposes or the actions and communications of the recipient government along with the transfer stipulations direct the use of the funds for specific purposes. When a liability is created, revenue is recognized over time as the liability is settled. The same accounting would be used for all types of transfers provided.

This standard must be brought into practice for transfers occurring after April 1, 2012 with earlier adoption encouraged.

Exposure Drafts

Financial Instruments

The first exposure draft was issued in this area in September 2009. A final standard is expected by March 2011. While there is general support for the principles set out in the Exposure Draft, there is still decision to be made in regard to reporting of unrealized gains and losses. As described below, the Exposure Draft suggests that unrealized items be presented in a separate section of the Statement of Operations. Consideration is also being given to showing such amounts on a separate statement (akin to the "Statement of Other Comprehensive Income" in the for-profit standards.

Generally, financial reporting of leases, loan guarantees, and employer obligations associated with employee future benefits will not be altered since these are considered beyond the scope of these proposals. The Exposure Draft discussed the following items:

RECOGNITION AND MEASUREMENT

Recognition for financial reporting purposes will generally occur when a government becomes a party to the contract. This means also that any derivatives which are used to offset interest, currency or other risks will fall under the Financial Instruments rules and have to be recorded (at their fair value).

For non-derivative financial instruments, there will be two possible methods of carrying - fair value or cost/amortized cost. Equity instruments quoted in an active market will be carried at fair value. All other non-derivative financial instruments will be carried at cost/amortized cost although there will be an option to elect to apply the fair value option. (Amortized cost is an accounting method where the overall return over the life of the instrument is determined based on the instrument's fair value at the time of acquisition and its return at maturity with the resulting rate of return applied throughout the life of the instrument. With many ordinary financial instruments the amortized cost will be the same as cost.)

The fair value option may be applied when a government defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis. Governments managing investment portfolios that comprise both equity and debt instruments for long-term returns will be able to reflect fair values in reporting their financial position.

PRESENTATION

When fair value measurement applies, there is a remeasurement gain or loss. PSAB proposes that governments report both their surplus/deficit excluding remeasurement gains and losses as well as surplus/deficit for the period inclusive of remeasurement gain or loss. A comparison to budget for remeasurement gain or loss is not anticipated.

DERECOGNITION OF A FINANCIAL LIABILITY

Derecognition is the term used when a financial liability is removed (derecognized) for financial reporting purposes. In B.C. where long-term debt often shows MFA sinking fund surpluses it has been at times difficult to determine when the debt should be removed from the local government's financial statements. These new proposed rules will help clarify the factors to be considered when considering such issues.

DISCLOSURES

Disclosures will be required for each class of financial instrument outlining how the financial instrument is accounted for (fair value, cost, amortized cost), stated contract terms and where applicable effective interest rate, as well as any other factors that would aid in understanding the contractual terms and/or risks related to the instrument.

Risk disclosures are also contemplated similar to those required for publicly accountable organizations that would discuss the types of risks faced overall with the government's financial instruments and how the government assesses, monitors and mitigates those risks.

TIMING

The proposed new rules will apply to fiscal years beginning on or after April 1, 2012. Earlier adoption will be allowed and encouraged.

Transition to this Section is as follows:

- Recognition, derecognition and measurement policies followed in financial statements for periods prior to the effective date of this Section are not reversed and, therefore, those financial statements are not restated. When transitioning to this Section, a government discloses that the financial statements of prior periods, including comparative information, have not been restated.
- At the beginning of the fiscal year in which this Section is initially applied, a government recognizes all financial assets and financial liabilities on its statement of financial position and classifies items in accordance with the rules and remeasures assets and liabilities as appropriate. Any adjustment of the previous carrying amount is recognized as an adjustment to accumulated surplus/deficit at the beginning of the fiscal year in which this Section is initially applied.
- A government establishes an accounting policy that applies to the identification of embedded derivatives in contracts entered into by it. The policy and its application ensures that the financial statements as at the transition date recognize as separate assets and liabilities those embedded derivatives required to be reported in accordance with provisions of this Section. The government discloses the accounting policy and any adjustment to accumulated surplus/deficit at the beginning of the fiscal period in which this Section is initially applied.

Foreign Currency Translation

The Foreign Currency Translation Exposure Draft was originally issued in October 2009. The Exposure Draft remains outstanding and will likely be brought into force at the same time as the Financial Instruments standards.

The Exposure Draft proposes change to current Handbook section PS 2600. The proposals provide that all monetary items along with those non-monetary assets included in the fair value category (see description of “Financial Instruments” proposals above) will be translated at the exchange rate in existence at the financial reporting date.

These changes could result in unrealized gains and losses from remeasurement as exchange rates fluctuate. Consistent with the “Financial Instruments” proposals above, unrealized gains and losses resulting from foreign currency remeasurement will be reported after surplus/deficit from operations and will not report budget comparisons. Alternatively, reporting of foreign currency remeasurement impacts could be on a separate statement.

Statements of Recommend Practice

No new Statements of Recommended Practice were issued during the year.

Projects

Financial Statements for Government Organizations

PSAB has reconstituted former project “Entity Level Financial Statements” as “Financial Statements for Government Organizations”. The project is to clarify the application of individual standards including financial statement presentation for other government organizations.

The proposed standard will not require governments to issue entity level financial statements.

Use of the proposed section will depend on an entity’s (or its controlling government’s) decision to issue general purpose financial statements in accordance with PSAB, including the adoption of all of the precepts upon which it is constructed, and all of the standards within it.

Specific Issues being considered:

- Intra-government transactions - recognition and measurement considerations
- Agency vs. administered activities - recognition and disclosure considerations
- Financial statement presentation
- Comparative figures

Related Party Transactions and Appropriations

A project proposal was approved by PSAB that will address related party transactions and appropriations although the project has been deferred. These two topics were formerly included in the “Financial Statements for Government Organizations” project; however PSAB has decided that the issues should be dealt with in the broader context of reporting by all public sector entities.

Amalgamations and Restructuring

A project is being considered in the area of accounting for amalgamations and other restructuring between government entities. One of the key issues will be determination as to whether such transactions are recorded on a historical cost or fair value basis.

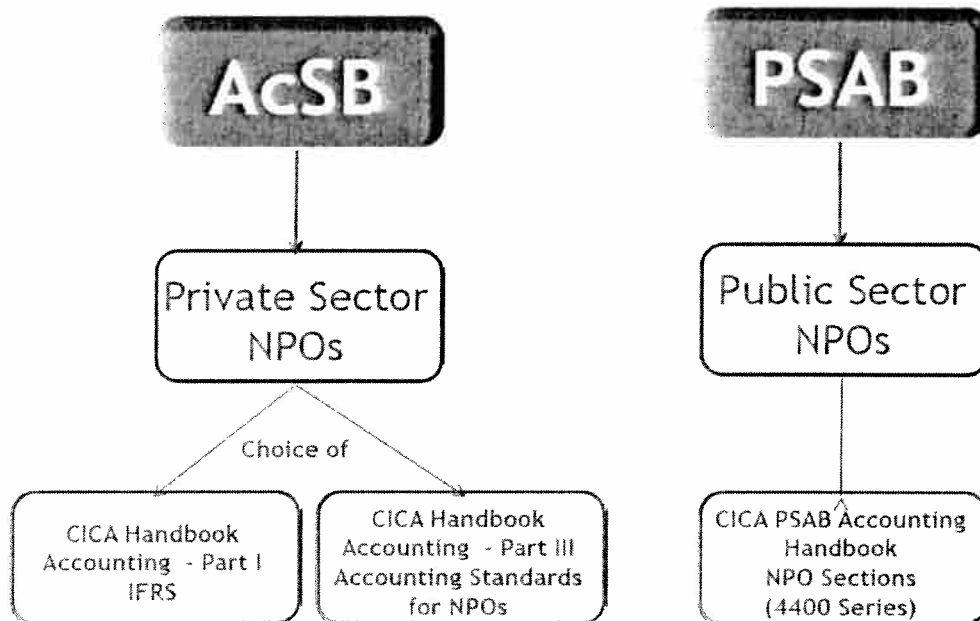
Standards for Government Not-for-Profit Organizations

Government Not-for-Profit organizations will be brought into the PSAB Handbook for fiscal years beginning on or after January 1, 2012 as discussed above. Also as discussed above, they will have a choice of adopting PSAB with or without the PS4200 series of specific accounting rules brought forwards from the former 4400 series of standards in the CICA Handbook.

It should also be noted that Government Not-for-Profit organizations will NOT be eligible to choose to use International Financial Reporting Standards for their general purpose reporting.

The following graphic shows the different path for public sector (government) not-for-profit organizations as compared to their private sector counterparts:

PROPOSED NPO FRAMEWORKS



PSAB Accounting Handbook Applicability to Government Not-for-Profit Organizations

The following tables are useful in determining the applicability of the PSAB Handbook to Government Not-for-Profit Organizations when they make the switch:

**PSAB ACCOUNTING HANDBOOK
 PROPOSED APPLICABILITY**

Section	General Applicability	Applies to GNFPOs with relevant transactions or circumstances	Limited or no applicability to GNFPOs
PS 1000, Financial Statement Concepts	X		
PS 1100, Financial Statement Objectives	X		
PS 1150, Generally Accepted Accounting Principles	X		
PS 1200, Financial Statement Presentation	X		
PS 1300, Government Reporting Entity			X
PS 2100, Disclosure Of Accounting Policies	X		
PS 2120, Accounting Changes	X		
PS 2130, Measurement Uncertainty	X		
PS 2400, Subsequent Events	X		
PS 2500, Basic Principles Of Consolidation		X	

**PSAB ACCOUNTING HANDBOOK
 PROPOSED APPLICABILITY**

Section	General Applicability	Applies to GNFPOs with relevant transactions or circumstances	Limited or no applicability to GNFPOs
PS 2510, Additional Areas Of Consolidation		X	
PS 2600, Foreign Currency Translation		X	
PS 2700, Segment Disclosures	X		
PS 3030, Temporary Investments		X	
PS 3040, Portfolio Investments		X	
PS 3050, Loans Receivable		X	
PS 3060, Government Partnerships		X	
PS 3070, Interests In Government Business Enterprises			X
PS 3100, Restricted Assets And Revenues			X
PS 3150, Tangible Capital Assets			X

PSAB ACCOUNTING HANDBOOK PROPOSED APPLICABILITY

Section	General Applicability	Applies to GNFPOs with relevant transactions or circumstances	Limited or no applicability to GNFPOs
PS 3200, Liabilities		X	
PS 3230, Long-term Debt		X	
PS 3250, Retirement Benefits		X	
PS 3255, Post-employment Benefits, Compensated Absences And Termination Benefits		X	
PS 3270, Solid Waste Landfill Closure And Post-closure Liability		X	
PS 3300, Contingent Liabilities	X		
PS 3310, Loan Guarantees		X	
PS 3390, Contractual Obligations	X		
PS 3410, Government Transfers			X

Changes and Problem Areas

For a Government Not-for-Profit entity currently following the CICA Handbook 4400 Series of standards the transfer of these standards to PSAB 4200 series will reduce requirement for much change. However, such entities should be aware that:

- Controlled entities currently accounted for on the equity basis will have to be accounted for on a modified equity basis (their accounting policies not adjusted to match government)
- Requirements related to Other Comprehensive Income removed
- Can continue to report intangible assets held in controlled entities if the PS4200 standards are followed
- PSAB intends to review the PS4200 series over time and to merge acceptable standards into the “regular” PSAB standards and dismiss others. So further change, which could be substantial, is on the long-term horizon

Areas of significant differences will still result notwithstanding the adoption of the PS4200 series. Such items include:

- Employee future benefits
 - Accounting for sick days that accumulate but do not vest required
 - Different discount rate used
 - Calculation of amortization of actuarial gains or losses differs
 - Treatment of past service costs differs
 - Treatment of curtailments differs

- Financial instruments
 - Significant differences until adoption of PSAB Financial Instruments section (PSAB still on cost basis)
 - Differences will still exist even after adoption of PSAB Financial Instruments section (PSAB generally less demanding)
- No detailed guidance on Inventories or Revenue Recognition (other than Contributions)
- No related party transaction recognition and measurement guidance

PS2125 First-Time Adoption by Government Organizations - Further Discussion

A government organization may elect to use one or more of the following exemptions:

- retirement and post-employment benefits - the discount rate used in the actuarial valuation for accrued benefit obligations can be continued until the date of the next actuarial valuation and the recognition of all accumulated actuarial gains and losses can be made
- business combinations - do not have to restate combination to conform with PSAB acquisition rules
- investments in government business enterprises - can use modified equity accounting on a go-forward basis
- government business partnerships - can use modified equity accounting on a go-forward basis
- tangible capital asset impairment - can make impairment considerations on a go-forward basis

A government organization should not apply the above exemptions by analogy to any other items.

Government organizations are not permitted to apply the CICA Public Sector Accounting Handbook on a retroactive basis in areas that involve revisiting previous decisions such as the designation of hedge transactions under PS Section 2600, *Foreign Currency Translation*, or accounting estimates.

Auditing and Assurance Standards

The most significant item to note in this area is the adoption of International Audit Standards for all audits of financial statements for periods beginning on or after December 15, 2009. The International Standards have been brought in via the issuance of new sections known as “Canadian Auditing Standards” or “CAS”.

Canadian Auditing Standards include:

- CAS 210 – Agreeing the Terms of Audit Engagements
- CAS 220 – Quality Control for an Audit of Financial Statements
- CAS 230 – Audit Documentation
- CAS 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements
- CAS 250 – Consideration of Laws and Regulations in an Audit of Financial Statements
- CAS 260 – Communication with Those Charged with Governance
- CAS 265 – Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
- CAS 300 – Planning an Audit of Financial Statements
- CAS 315 – Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
- CAS 320 – Materiality in Planning and Performing an Audit
- CAS 330 – The Auditor’s Responses to Assessed Risks
- CAS 402 – Audit Considerations Relating to an Entity Using a Service Organization
- CAS 450 – Evaluation of Misstatements Identified during the Audit
- CAS 500 – Audit Evidence
- CAS 501 – Audit Evidence – Specific Considerations for Selected Items
- CAS 505 – External Confirmations
- CAS 510 – Initial Audit Engagements – Opening Balances
- CAS 520 – Analytical Procedures
- CAS 530 – Audit Sampling
- CAS 540 – Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
- CAS 550 – Related Parties
- CAS 560 – Subsequent Events
- CAS 570 – Going Concern
- CAS 580 – Written Representations
- CAS 600 – Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)
- CAS 610 – Using the Work of Internal Auditors

- CAS 620 – Using the Work of an Auditor's Expert
- CAS 700 – Forming an Opinion and Reporting on Financial Statements
- CAS 705 – Modifications to the Opinion in the Independent Auditor's Report
- CAS 706 – Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
- CAS 710 – Comparative Information – Corresponding Figures and Comparative Financial Statements
- CAS 720 – The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements
- CAS 800 – Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
- CAS 805 – Special Considerations – Audits of Single Financial Statements and Special Elements, Accounts or Items of a Financial Statement
- CAS 810 – Engagements to Report on Summary Financial Statements

Auditor Review of Interim Financial Statements, Section 7050

These standards have been amended to clarify that when the auditor is required to include a reservation in his or her interim review report because of a departure from Canadian public sector accounting standards and the matter giving rise to the reservation is as a result of an exemption permitted by securities regulations, the auditor is not required to request that the written interim review report be included in documents containing interim financial statements.

CSAE 3416 Reporting on Controls at a Service Organization

This new Canadian Standard on Assurance Engagements (CSAE) replaces AUDITOR'S REPORT ON CONTROLS AT A SERVICE ORGANIZATION, Section 5970.

CSAE 3416 addresses audit engagements undertaken by a service auditor to report on controls at organizations that provide services to user entities when those controls are likely to be relevant to user entities' internal control over financial reporting. It complements CAS 402, "Audit Considerations Relating to an Entity Using a Service Organization," in that reports prepared in accordance with this CSAE may provide appropriate evidence under CAS 402.

CSAE 3416 is based on the Statement on Standards for Attestation Engagements 16, Reporting on Controls at a Service Organization, which was issued in March 2010 by the American Institute of Certified Public Accountants' Auditing Standards Board, modified in limited circumstances, where considered necessary to meet unique Canadian circumstances.

CSAE 3416 covers the same subject matter as Section 5970, but there are some significant differences between the two. CSAE 3416:

- contains requirements and application material to address those matters necessary for a service auditor to conduct the engagement (i.e., CSAE 3416 is a self-standing standard);
- requires the service auditor to obtain a written assertion by management that is included in or attached to the description of the service organization's system;
- requires procedures to be performed dealing with matters related to assessing the suitability of criteria;
- deals with the concept of "intentional acts" requiring follow-up action when information about such acts is identified;
- requires wording in the service auditor's report to restrict distribution as well as use of the service auditor's report.

CSAE 3416 is effective for service auditors' reports for periods ending on or after December 15, 2011, with earlier implementation permitted.

AuG-46, Communications with Law Firms under New Accounting and Auditing Standards

This new Assurance and Related Services Guideline provides interim guidance to assist financial statement preparers (clients), auditors and law firms to communicate with respect to claims and possible claims in circumstances outside the scope currently contemplated by the "Joint Policy Statement Concerning Communications with Law Firms Regarding Claims and Possible Claims in Connection with the Preparation and Audit of Financial Statements" appended to Canadian Auditing Standard (CAS) 501, "Audit Evidence – Specific Considerations for Selected Items." These circumstances are as follows:

- when the financial statements are prepared in accordance with International Financial Reporting Standards, including in particular International Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets in Part I of the CICA Handbook - Accounting; or
- when the auditor is conducting the audit in accordance with the CASs and, therefore, must follow the requirements for dating the auditor's report in CAS 700, "Forming an Opinion and Reporting on Financial Statements," paragraph 41, that will affect the dating of the inquiry and response letters sent under the Joint Policy Statement.