

DISTRICT OF SOOKE

STATEMENT OF FINANCIAL INFORMATION

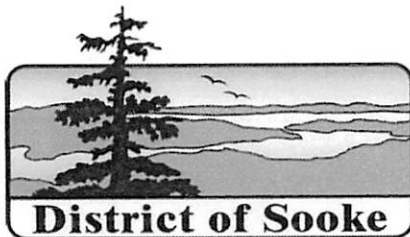
(SOFI)

Pursuant to section 2(3) of the
Financial Information Act

May 26, 2017

Statement of Financial Information
Prepared under the *Financial Information Act*
For the Year ended December 31, 2016

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4. STATEMENT OF DEBTS	
Prepared under the <i>Financial Information Regulation Schedule 1, Subsection 4</i>	
Information on all long-term debts for this organization is included in Note 5 to the 2016 Audited Financial Statements.	
5. SCHEDULE OF GUARANTEE OR INDEMNITY	
Prepared under the <i>Financial Information Regulation Schedule 1, Subsection 5</i>	
The District of Sooke has not given any guarantees or indemnities in 2016 under the <i>Guarantees and Indemnities Regulations</i> .	
6. STATEMENT OF SEVERANCE AGREEMENTS	
Prepared under the <i>Financial Information Regulation Schedule 1, Section 6 to Subsection 6(7)</i>	
There were two severance agreements made between the District of Sooke and its non-unionized employees during 2016. One agreement represented 21 months of compensation and the other represented 3 months of compensation.	
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File No. 1880-20

May 26, 2017

DISTRICT OF SOOKE MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The external auditors, KPMG, conduct an independent examination in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the system of internal controls for the purposes of designing audit procedures appropriate in the circumstances. Their examination includes appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards. Their examination does not extend to the other schedules and statements included in this Statement of Financial Information.

On behalf of the District of Sooke,

Brent Blackhall, CPA, CA
Director of Financial Services

DISTRICT OF SOOKE

**STATEMENT OF APPROVAL OF FINANCIAL
INFORMATION**

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


Brent Blackhall, CPA CA
Director of Financial Services
May 26, 2017


Maja Tait
Mayor
May 26, 2017

Financial Statements of

DISTRICT OF SOOKE

Year ended December 31, 2016

DISTRICT OF SOOKE

Financial Statements

Year ended December 31, 2016

Financial Statements

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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



Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of District of Sooke

We have audited the accompanying financial statements of District of Sooke, which comprise the statement of financial position as at December 31, 2016, the statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 District of Sooke as at December 31, 2016, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

April 24, 2017
Victoria, Canada

DISTRICT OF SOOKE

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash and cash equivalents (note 2)	\$ 10,101,784	\$ 12,360,972
Property taxes receivable	869,596	1,424,697
Accounts receivable	231,856	319,995
Other assets (note 10(a))	132,747	129,138
	11,335,983	14,234,802
Financial liabilities:		
Accounts payable and accrued liabilities	2,024,997	4,334,368
Deposits	395,551	574,330
Deferred revenue (note 3)	3,617,878	3,838,564
Employee benefit obligations (note 4)	389,335	276,941
Long-term liabilities (note 5)	6,972,901	6,224,473
	13,400,662	15,248,676
Net debt	(2,064,679)	(1,013,874)
Non-financial assets:		
Tangible capital assets (note 6)	104,774,456	101,224,468
Prepaid expenses	268,006	528,784
	105,042,462	101,753,252
Accumulated surplus (note 7)	\$ 102,977,783	\$ 100,739,378

Commitments and contingent liabilities (note 10)

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

On behalf of the District:



Director of Finance

DISTRICT OF SOOKE

Statement of Operations

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

	Financial Plan (note 11)	2016	2015
Revenue:			
Net taxes available for municipal purposes (note 8)	\$ 6,878,341	\$ 6,867,316	\$ 6,814,555
Sales and user fees	169,641	151,586	150,068
Government transfers (note 9)	1,439,127	1,394,769	1,029,610
Investment income	60,000	252,812	196,862
Penalties and fines	205,000	181,298	210,908
Licenses and permits	531,404	579,567	450,201
Lease and rental	52,340	50,222	50,840
Donations and contributions	240,000	2,784,840	1,872,917
Developer cost charges	723,577	510,841	401,577
Sewer operating revenue	2,020,604	1,996,012	1,972,334
Casino revenue sharing	244,641	253,721	244,641
Total revenue	12,564,675	15,022,984	13,394,513
Expenses:			
General government	2,789,456	2,951,646	2,228,602
Protective services	3,286,691	3,407,165	3,100,839
Development service	3,702,784	4,076,253	3,931,388
Sewer	2,186,516	2,349,515	2,107,024
Total expenses	11,965,447	12,784,579	11,367,853
Annual surplus	599,228	2,238,405	2,026,660
Accumulated surplus, beginning of year	100,739,378	100,739,378	98,712,718
Accumulated surplus, end of year	\$ 101,338,606	\$ 102,977,783	\$ 100,739,378

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

DISTRICT OF SOOKE

Statement of Change in Net Debt

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

	Financial Plan (note 11)	2016	2015
Annual surplus	\$ 599,228	\$ 2,238,405	\$ 2,026,660
Acquisition of tangible capital assets	(4,301,239)	(3,852,533)	(3,282,284)
Developer contributions of tangible capital assets	-	(2,521,038)	(1,373,037)
Amortization of tangible capital assets	2,537,650	2,823,583	2,607,194
Loss on disposal of tangible capital assets	-	-	975
Proceeds on disposal of tangible capital assets	-	-	4,200
	(1,763,589)	(3,549,988)	(2,042,952)
Acquisition of prepaid expenses	-	260,778	(84,210)
Change in net debt	(1,164,361)	(1,050,805)	(100,502)
Net debt, beginning of year	(1,013,874)	(1,013,874)	(913,372)
Net debt, end of year	\$ (2,178,235)	\$ (2,064,679)	\$ (1,013,874)

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

DISTRICT OF SOOKE

Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,238,405	\$ 2,026,660
Items not involving cash:		
Developer contributions of tangible capital assets	(2,521,038)	(1,373,037)
Amortization of tangible capital assets	2,823,583	2,607,194
Loss on disposal of tangible capital assets	-	975
Actuarial adjustment on debt	(137,004)	(121,769)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	555,101	163,921
Accounts receivable	88,139	149,388
Other assets	(3,609)	(3,224)
Accounts payable and accrued liabilities	(2,309,371)	2,493,407
Deposits	(178,779)	(250,514)
Employee benefit obligations	112,394	83,849
Deferred revenue	(220,686)	(71,001)
Prepaid expenses	260,778	(84,210)
	707,913	5,621,639
Capital activities:		
Acquisition of tangible capital assets	(3,852,533)	(3,282,284)
Proceeds on disposal of tangible capital assets	-	4,200
	(3,852,533)	(3,278,084)
Financing activities:		
Debt issued and assumed	1,420,000	-
Debt payments	(534,568)	(384,655)
	885,432	(384,655)
Increase (decrease) in cash and cash equivalents	(2,259,188)	1,958,900
Cash and cash equivalents, beginning of year	12,360,972	10,402,072
Cash and cash equivalents, end of year	\$ 10,101,784	\$ 12,360,972
Supplemental cash flow information:		
Cash paid for interest	\$ 441,280	\$ 433,108
Cash received from interest	126,716	144,368

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

DISTRICT OF SOOKE

Notes to Financial Statements

Year ended December 31, 2016

District of Sooke (the "District") is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia.

The District provides municipal services such as fire, public works, engineering, planning, parks, recreation, community development, and other general government operations.

1. Significant accounting policies:

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

(a) Reporting entity:

The financial statements include a combination of all the assets, liabilities, accumulated surplus, revenues and expenses of all of the District's activities and funds. Inter-departmental balances and organizational transactions have been eliminated.

The District does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

(b) Basis of accounting:

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

(c) Government transfers:

Government transfers without stipulations restricting their use are recognized in the financial statements as revenue in the period in which the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Government transfers with stipulations restricting their use are recognized in the financial statements as revenues in the period in which the eligible expenditures are incurred, providing they are authorized and eligibility criteria are met.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(d) Deferred revenue:

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

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

(e) Property tax revenue:

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

(f) Investment income:

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

(g) Deposits:

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

(h) Cash and cash equivalents:

Cash and cash equivalents include investments in the Municipal Finance Authority of British Columbia ("MFA") pooled investment funds and are recorded at cost plus earnings reinvested in the funds.

(i) Long-term debt:

Long-term debt is recorded net of related payments and actuarial earnings.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(j) Employee future benefits:

The District and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the District's employees. The costs of these benefits are determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(k) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

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

Asset	Useful life - years
Land improvements	10 - 50
Buildings	25 - 40
Equipment, furniture and vehicles	4 - 25
Roads and sidewalks	25 - 75
Storm sewer	60
Sanitary sewer	25 - 60

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

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

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(k) Non-financial assets (continued):

(ii) Contributions of tangible capital assets:

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

(iii) Works of art and cultural and historic assets:

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

(iv) Interest capitalization:

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

(v) Leased tangible capital assets:

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

(l) Contaminated sites:

The District records a liability in its financial statements when contamination on non-active property exceeds an accepted environmental standard and the District is directly responsible, or accepts responsibility for, the damage. The liability is measured at the District's best estimate of the costs directly attributable to remediation of the contamination. No contaminated sites liabilities have been recorded in these financial statements.

(m) Use of estimates:

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

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Cash and cash equivalents:

	2016	2015
Bank deposits	\$ 1,671,008	\$ 1,092,839
Municipal Finance Authority Pooled Investment Funds	8,430,776	11,268,133
	<u>\$ 10,101,784</u>	<u>\$ 12,360,972</u>

3. Deferred revenue:

	2016	2015
Prepaid property taxes	\$ 957,082	\$ 813,350
Development cost charges	2,615,510	2,986,428
Other deferred revenue	45,286	38,786
Total deferred revenue	<u>\$ 3,617,878</u>	<u>\$ 3,838,564</u>

Included in other deferred revenue are business licenses and building permits.

Development Cost Charges

	2016	2015
Opening balance of unspent funds	\$ 2,986,428	\$ 2,987,701
Add:		
Development cost charges during the year	124,967	384,720
Interest earned	14,956	15,584
	<u>139,923</u>	<u>400,304</u>
	3,126,351	3,388,005
Less amount recorded as revenue	510,841	401,577
Closing balance of unspent funds	<u>\$ 2,615,510</u>	<u>\$ 2,986,428</u>

In accordance with Bylaw 408, development cost charges were reduced by nil in 2016 (2015 - nil).

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

4. Employee benefit obligations:

	2016	2015
Accrued vacation	\$ 32,852	\$ 52,444
Other contract obligations	356,483	224,497
	<u>\$ 389,335</u>	<u>\$ 276,941</u>

Employee benefit obligations represent accrued benefits as at December 31, 2016. Accrued vacation is the amount of vacation entitlement carried forward into the next year. Other contract obligations include banked overtime payable to the District's employees, accumulated sick leave banks and retirement benefits for possible drawdown at future dates. Sick leave entitlements may only be used while employed by the District and are not paid out upon retirement or termination of employment.

Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018, with results available in 2019.

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

The District paid \$253,931 (2015 - \$245,429) for employer contributions to the Plan in fiscal 2016, while employees contributed \$210,837 (2015 - \$204,429) to the plan in fiscal 2016.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Long-term liabilities:

	2016	2015
Tax supported debt bearing interest at 6.75% and matures in 2017 (municipal hall and fire hall)	\$ 80,651	\$ 156,203
Tax supported debt bearing interest at 4.52% and matures in 2027 (ladder truck)	390,671	420,642
Debenture debt for sewer capital project bearing interest at 4.43% and matures in 2026	5,223,579	5,647,628
MFA Loan (property purchase) bearing annual variable interest and matures in 2021	1,278,000	-
Long-term liabilities	\$ 6,972,901	\$ 6,224,473

(a) Debenture debt:

The loan agreements with the Capital Regional District ("CRD") and the MFA provide that if, at any time, the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect of such borrowings, the resulting deficiency becomes a liability of the District.

The District issues its debentures through the MFA. Debentures are issued on a sinking fund basis, whereby the MFA invests the District's principal payments so that the payments, plus investment income, will equal the original outstanding debt amount at the end of the repayment period. The gross value of debenture debt at December 31, 2016 and 2015 is \$9,417,101.

(b) The principal payments required on the District's long-term debt during each of the next five years are as follows:

	Total
2017	\$ 680,894
2018	600,243
2019	600,243
2020	600,243
2021	458,243

(c) Total interest expense on long-term debt for the year ending December 31, 2016 amounted to \$441,280 (2015 - \$433,054).

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

6. Tangible capital assets:

	Land	Land improvements	Buildings	Equipment, furniture and vehicles	Roads and sidewalks	Storm sewer	Sanitary sewer	Work in progress	Total 2016	Total 2015
Cost:										
Balance, beginning of year	\$30,144,400	5,964,023	3,970,293	4,255,786	49,195,617	11,079,438	25,922,712	3,021,642	\$133,553,911	\$128,907,057
Additions	1,698,497	1,337,301	-	220,641	3,764,504	1,489,269	612,626	48,668	9,171,506	6,635,171
Transfers	-	-	-	-	-	-	-	(2,797,935)	(2,797,935)	(1,988,317)
Balance, end of year	31,842,897	7,301,324	3,970,293	4,476,427	52,960,121	12,568,707	26,535,338	272,375	139,927,482	133,553,911
Accumulated amortization:										
Balance, beginning of year	-	2,136,313	2,169,576	2,519,796	20,027,988	1,181,354	4,294,416	-	32,329,443	29,725,541
Disposals	-	-	-	-	-	-	-	-	-	(3,292)
Amortization	-	261,443	138,666	217,352	1,570,139	152,100	483,883	-	2,823,583	2,607,194
Balance, end of year	-	2,397,756	2,308,242	2,737,148	21,598,127	1,333,454	4,778,299	-	35,153,026	32,329,443
Net book value, end of year	\$31,842,897	4,903,568	1,662,051	1,739,279	31,361,994	11,235,253	21,757,039	272,375	\$104,774,456	\$101,224,468

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

6. Tangible capital assets (continued):

(a) Work in progress:

Work in progress having a value of \$272,375 (2015 - \$3,021,642) has not been amortized. Amortization of these assets will commence when the asset is available for service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is \$2,521,038 (2015 - \$1,373,037) comprised of land (\$279,800), land improvements (\$141,500) roads and sidewalks (\$937,601), storm sewer (\$626,499) and sanitary sewer (\$535,638).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset has been recognized at a nominal value.

(d) Works of art and historical treasures:

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

(e) Write-down of tangible capital assets:

No write-down of tangible capital assets occurred during the year.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Accumulated surplus:

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

	2016	2015
Surplus:		
Equity in tangible capital assets	\$ 97,801,555	\$ 94,999,995
Operating Fund	1,171,698	2,454,480
Total surplus	98,973,253	97,454,475
Reserve Funds:		
Gas Tax Reserve	807,718	409,373
Fire Equipment Reserve	113,995	106,970
Parkland Reserve	206,778	205,742
Land (Non-park) Reserve	73,422	5,543
Casino Revenue Reserve	347,405	212,365
Capital Improvement Financing Reserve	54,894	42,678
SPA Revenue Reserve	58,257	48,104
Capital Works Reserve	62,966	52,705
Emergency Road Repair / Snow Removal Reserve	177,138	183,723
Carbon Tax Rebate Reserve	5,327	3,509
Community Amenities Reserve	122,720	112,156
Risk Management Reserve	30,870	30,870
Property Tax Stabilization Reserve	51,000	51,000
Revenue Smoothing Reserve	71,000	71,000
Capital Asset Replacement Reserve	634,336	657,753
Future Sewer Expenditures Reserve	306,108	310,993
Seniors/Youth Centre Reserve	150,677	100,000
Playing Field Reserve	403,017	400,826
Future Policing Costs Reserve	88,615	43,869
Future Road Liabilities Reserve	171,458	169,095
Harbour Park Reserve	19,198	18,998
Marine Boardwalk Reserve	5,520	5,520
Banner Contributions Reserve	500	500
Knott / Demamiel Watershed Reserve	6,700	6,700
Street Lighting Reserve	4,000	4,000
Frontage Improvements Reserve	30,911	30,911
Total reserve funds	4,004,530	3,284,903
	\$102,977,783	\$100,739,378

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

8. Taxation:

As well as taxes for its own purposes, the District is required to collect taxes on behalf of, and transfer these amounts to, the government agencies noted below. Taxes levied over or under the amounts requisitioned are recorded as accounts payable or receivable.

	2016	2015
Taxes:		
Property tax	\$ 16,163,251	\$ 15,981,720
Payments in lieu of taxes	32,778	38,532
1% Utility tax	146,393	144,547
	16,342,422	16,164,799
Less taxes levied on behalf of:		
Provincial government - school taxes	4,601,783	4,684,038
Capital Regional District	2,879,798	2,679,427
Capital Regional Hospital District	663,809	663,172
Municipal Finance Authority	458	443
BC Assessment Authority	129,606	136,433
BC Transit Authority	637,429	637,423
Vancouver Island Regional Library	562,223	549,308
	9,475,106	9,350,244
Net taxes available for municipal purposes	\$ 6,867,316	\$ 6,814,555

9. Government transfers:

The Government transfers reported on the statement of operations and accumulated surplus are:

	2016	2015
Provincial Small Community Protection	\$ 341,965	\$ 362,218
Provincial Traffic Fine Revenue	85,240	98,758
Multi-use Trail Grants	72,786	19,572
Gas Tax Agreement Funds	534,881	517,456
Ministry of Transportation and Infrastructure	320,000	-
Other	39,897	31,606
Total revenue	\$ 1,394,769	\$ 1,029,610

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

10. Commitments and contingent liabilities:

In the normal course of business, the District enters into commitments for both capital and operational expenses. These commitments have been budgeted for within the appropriate annual financial plan and have been approved by Council.

(a) Municipal Finance Authority debt reserve fund deposits:

Under borrowing arrangements with the MFA, the District is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits totaling \$132,747 (2015 - \$129,138) are included in the District's financial assets as other assets and are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the District. At December 31, 2016 there were contingent demand notes of \$272,296 (2015 - \$272,296) which are not included in the financial statements of the District.

(b) The CRD debt, under the provision of the Local Government Act, is a direct, joint and several liability of the CRD and each member municipality within the CRD, including the District.

(c) The District is a shareholder and member of the Capital Regional Emergency Service Telecommunications ("CREST") Incorporated whose services provide centralized emergency communications, and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.

(d) As part of the normal course of business, the District has entered into various agreements and contracts for services with periods ranging up to five years. These amounts will be recorded in the accounts in the period that the goods and services are received.

(e) The District entered into a long-term contract with the Royal Canadian Mounted Police for the provision of police services effective April 1, 2002. Under the terms of this contract, the District is responsible for 70% of policing costs. The 2017 estimated cost of this contract is \$1,994,039.

(f) The District terminated its agreement with its sewer utility operator effective September 30, 2016. There are no liabilities as of December 31, 2016 associated with the termination of the agreement.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

10. Commitments and contingent liabilities (continued):

- (g) The District is a defendant in various lawsuits. The District records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. The District is covered through an independent insurance program against certain claims.

The District is self-insured for general liability claims through membership in the Municipal Insurance Association of British Columbia, a reciprocal insurance exchange. Under this program, member municipalities jointly share claims against any member in excess of their deductible. Should the Association pay out claims in excess of premiums received, it is possible that the District, along with the other participants, would be required to contribute towards the deficit. The District's deductible is \$10,000.

11. Financial plan data:

The financial plan data presented in these financial statements is based upon the 2015 operating and capital financial plans approved by Council on May 11, 2015. The following reconciles the approved financial plan to the figures reported in these financial statements.

	Financial plan amount
Revenues:	
Financial plan, as approved by Council	\$ 19,126,749
Amendments approved by Council	(684,422)
Financial plan, amended as approved by Council	18,442,327
Less:	
Transfers from other funds	1,920,002
Proceeds from borrowing	1,420,000
Amortization offset	2,537,650
Total revenue	12,564,675
Expenses:	
Financial plan, as approved by Council	19,126,749
Amendments approved by Council	(684,422)
Financial plan, amended as approved by Council	18,442,327
Less:	
Capital expenditures	4,151,239
Transfer to other reserves	1,779,977
Debt principal payments	545,664
Total expenses	11,965,447
Annual surplus	\$ 599,228

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

11. Financial plan data (continued):

The annual surplus above represents the planned results of operations prior to budgeted transfers between reserve funds, debt repayments and capital expenditures.

12. Reclassification of comparative information:

Certain comparative information has been reclassified to conform with the current year's presentation. This includes the reclassification of prepaid property taxes from accounts payable and accrued liabilities to deferred revenue.

13. Segmented information:

The District is a diversified municipal organization that provides a wide range of services to its citizens. For management reporting purposes, the District's operations and activities are organized and reported by service areas. Municipal services are provided by departments and their activities are reported in these service areas. Service areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government:

General government is comprised of Corporate Services, Finance, Human Resources and Information Technology. This segment also includes any other functions categorized as non-departmental.

(b) Protective services:

Protective services is comprised of three different functions, including the District's emergency management, fire, and police services. The emergency management agency prepares the District to be more prepared and able to respond to, recover from, and be aware of, the devastating effects of a disaster or major catastrophic event that will impact the community. The fire department is responsible for providing critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies. Policing services are provided to the District under a long term agreement with the Royal Canadian Mounted Police.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

13. Segmented information (continued):

(c) Development Services:

Development Services includes Engineering, Community Spaces, Building Inspection, Planning and Development and Geographic Information Services.

Engineering is responsible for the planning, design and construction of the District's infrastructure. This department, working closely with the Planning Department, ensures that the District is developed in a fashion consistent with the Official Community Plan while at the same time making sure that good engineering practices are maintained.

Community Spaces is responsible for the construction and maintenance of the District's parks and greenspaces. This includes formal parks such as Ed Macgregor Park and the Marine Boardwalk, local play parks and numerous natural areas such as Whiffin Spit Park.

Planning and development is responsible for the District's community planning goals and economic development through the official community plan, and other policy initiatives.

Geographic Information Services provides asset management, mapping and property information to District of Sooke staff and to the public.

(d) Sewer:

The sewer protects the environment and human health from the impacts of liquid wastes generated as a result of human occupation and development in the District.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The General Fund reports on municipal services that are funded primarily by taxation such as property taxes and other tax revenues. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2016

13. Segmented information (continued):

2016	General Government	Protective Services	Development	Sewer	Total
Revenue:					
Taxation	\$ 6,867,316	\$ -	\$ -	\$ -	\$ 6,867,316
User charges	329,522	41,762	591,388	1,996,012	2,958,684
Government transfers	256,951	427,205	964,334	-	1,648,490
Investment income	252,812	-	-	-	252,812
Other	-	-	3,000,162	295,519	3,295,681
Total revenue	7,706,601	468,967	4,555,884	2,291,531	15,022,983
Expenses:					
Salaries and wages	1,539,073	971,311	1,160,075	120,947	3,791,406
Contracted and general services	490,343	1,913,163	644,834	1,039,656	4,087,996
Supplies and materials	760,813	269,452	439,762	210,257	1,680,284
Interest and bank charges	22,751	35,887	-	342,672	401,310
Amortization	138,666	217,352	1,831,582	635,983	2,823,583
Total expenses	2,951,646	3,407,165	4,076,253	2,349,515	12,784,579
Annual surplus (deficit)	\$ 4,754,955	\$ (2,938,198)	\$ 479,631	\$ (57,984)	\$ 2,238,404

2015	General Government	Protective Services	Development	Sewer	Total
Revenue:					
Taxation	\$ 6,814,555	\$ -	\$ -	\$ -	\$ 6,814,555
User charges	364,662	61,914	435,441	1,972,334	2,834,351
Government transfers	253,747	460,976	559,528	-	1,274,251
Investment income	196,862	-	-	-	196,862
Other	-	-	1,978,975	295,519	2,274,494
Total revenue	7,629,826	522,890	2,973,944	2,267,853	13,394,513
Expenses:					
Salaries and wages	1,144,139	933,995	1,151,378	-	3,229,512
Contracted and general services	382,562	1,610,629	582,089	1,083,460	3,658,740
Supplies and materials	555,662	314,414	548,815	12,887	1,431,778
Interest and bank charges	7,575	43,214	-	389,840	440,629
Amortization	138,664	198,587	1,649,106	620,837	2,607,194
Total expenses	2,228,602	3,100,839	3,931,388	2,107,024	11,367,853
Annual surplus (deficit)	\$ 5,401,224	\$ (2,577,949)	\$ (957,444)	\$ 160,829	\$ 2,026,660

District of Sooke

Statement of Financial Information for the year ended December 31, 2016

Schedule Showing Total Paid to Each Supplier For Payments Exceeding \$25,000

Supplier Name	Amount
0951269 BC Ltd Total	\$187,292.15
4-M Bobcat & Trucking Ltd Total	\$102,822.55
Arterra Landscaping Total	\$115,335.03
Associated Fire Safety Total	\$34,182.15
BC Assessment Authority Total	\$131,456.00
BC Hydro Total	\$164,551.21
BC Transit Total	\$639,836.47
Black Press Group Ltd Total	\$25,873.96
Capital Reg. Emerg. Serv. Telecommunications Total	\$45,508.00
Capital Regional District Total	\$3,668,687.64
Capital Regional District-Water Dept Total	\$35,841.48
Capital Regional Hospital District Total	\$665,214.94
CBRE Limited Total	\$53,341.87
CDW Canada Inc Total	\$33,721.22
CIBC - VISA Total	\$134,824.90
CRD Water Department Total	\$111,723.09
Dale's Electric Ltd. Total	\$47,537.34
Desjardins Financial Security Total	\$198,204.80
Emery Electric Ltd Total	\$36,170.49
EPCOR Water (West) Inc Total	\$1,172,895.50
H L Disposal & Lawn Services Ltd Total	\$34,910.41
Handy, Christina Total	\$26,333.82
Harris & Company LLP Total	\$29,672.08
Hendry Swinton McKenzie Total	\$39,238.00
Innova Strategy Group Ltd. Total	\$30,967.13
Insurance Corporation of BC Total	\$27,968.40
Island Asphalt Company Total	\$271,860.75
Jasmine's Excavating Total	\$51,706.51
KPMG Chartered Accountants Total	\$37,275.00
Lidstone & Company Total	\$68,491.66
Mainroad South Island Contracting Ltd. Total	\$565,463.07
McRae's Environmental Services Ltd. Total	\$28,956.36
Ministry of Finance - Surveyor of Taxes Total	\$87,785.01
Ministry of Transportation and Infrastructure Total	\$311,570.70
Morrison Hershfield Ltd Total	\$43,785.55
Morwenna Holdings Ltd Total	\$88,360.13
Municipal Insurance Association of British Columbia Total	\$80,398.68
Municipal Pension Plan Total	\$478,033.55
Pedneault, William and George Total	\$107,129.74
R & C Groundskeeping Total	\$103,183.10

District of Sooke

Statement of Financial Information for the year ended December 31, 2016

Schedule Showing Total Paid to Each Supplier For Payments Exceeding \$25,000

Supplier Name	Amount
R.C.M.P. Total	\$1,405,272.81
Raylec Power LP Total	\$66,885.00
Receiver General for Canada Total	\$822,913.80
Revenue Services of British Columbia Total	\$45,054.00
Rocky Mountain Phoenix Total	\$73,544.77
School District #62 (Sooke) Total	\$28,131.85
School Taxes	\$2,246,804.66
Sinclair, Angela Total	\$53,281.04
Softchoice LP Total	\$29,927.05
Sooke Community Association	\$28,000.00
Sooke Fire Fighters Association Total	\$37,796.70
Sooke Region Community Health Initiative Total	\$58,875.00
Sooke Regional Tourism Association Total	\$28,750.00
Sooke View Ventures Inc (Inc No BC0988252) Total	\$91,594.45
Stantec Consulting Ltd. Total	\$36,919.89
Vancouver Island Regional Library Total	\$562,224.00
Western Island Tree Service Ltd Total	\$29,502.37
Wittich Environmental Services Ltd. Total	\$354,345.30
Worker's Compensation Board of BC Total	\$27,721.65
York Excavating Ltd Total	\$103,262.69
Total Aggregate for Suppliers over \$25,000	\$16,248,917.47
Total Aggregate for Suppliers under \$25,000	\$1,558,920.15
Total Supplier payments	\$ 17,807,837.62

Note 1: The financial statements are prepared on an accrual basis and do not include payments made on behalf of other agencies. The breakdown of expenses is included in Note 13 to the 2016 Audited Financial Statements.

District of Sooke

Statement of Financial Information for the year ended December 31, 2016

Remuneration, Wages and Expenses

Name	Position	Remuneration	Expenses (Note 1)		
			(paid directly)	(paid indirectly)	Total
Tait, Maja	Mayor	14,536.86	836.17	3,500.45	4,336.62
Berger, Beverly	Councillor	10,159.89	283.00	1,377.38	1,660.38
Kasper, Rick	Councillor	10,159.89	892.94	5,444.51	6,337.45
Parkinson, Brenda	Councillor	10,159.89	934.96	1,243.98	2,178.94
Pearson, Kevin	Councillor	10,159.89	-	-	-
Reay, Kerrie	Councillor	10,159.89	1,053.63	2,043.17	3,096.80
Logins, Ebony	Councillor	10,159.89	355.15	2,251.44	2,606.59
Totals		\$ 75,496.20	\$ 4,355.85	\$ 15,860.93	\$ 20,216.78

Employees with Gross Salary Greater than \$75,000

Name	Position	Wages > \$75,000	Expenses (Note 1)
Barney, Matthew	Assistant Fire Chief	\$ 167,797.53	\$ 1,418.10
Sullivan, Teresa	Chief Administrative Officer	140,057.83	22,314.37
Sorensen, Steve	Fire Chief	127,898.95	643.50
McCrea, Christopher	Firefighter	127,407.15	1,168.69
Norris-Jones, Cameron	Firefighter	125,418.12	1,887.37
Blackhall, Robert	Director of Financial Services	115,398.51	5,606.69
Joseph, Gabyrel	Director of Corporate Services	109,552.42	16,413.59
Howat, Robert	Director of Development Services	103,833.97	3,159.68
Goble, Brian	Head of Geographic Services	83,220.59	2,281.96
Rice, Danica	Planner	81,459.84	2,155.73
Hooper, Laura	Parks & Environmental Coordinatc	81,441.85	1,245.21
Downton, Mark	System Specialist & Database Adm	75,386.73	4,967.85

**Total: Employees with remuneration
Greater Than \$75,000**

\$ 1,338,873.49

\$ 63,262.74

Other Employees with remuneration

1,467,867.97

14,104.22

TOTAL: EMPLOYEES

\$ 2,806,741.46

\$ 77,366.96

Summary

	Remuneration & Wages	Expenses
Elected Officials	\$ 75,496.20	\$ 20,216.78
Employees	2,806,741.46	77,366.96
TOTAL	\$ 2,882,237.66	\$ 97,583.74

Total wages from 2016 T4's \$ 2,882,237.66

Note 1: Expenses include payments made for travel, training, seminars, education, professional dues and other expenses related to their position.

Note 2: Salaries and Wages are reported in Note 13 to the 2016 Audited Financial Statements and includes accruals and other wage related accounting entries.