

DISTRICT OF SOOKE

STATEMENT OF FINANCIAL INFORMATION

(SOFI)

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

June 25, 2018

Statement of Financial Information
Prepared under the *Financial Information Act*
For the Year ended December 31, 2017

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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 2017 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 2017 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 no severance agreements made between the District of Sooke and its non-unionized employees during 2017.	
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File No. 1880-20

June 25, 2018

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,

A handwritten signature in black ink, appearing to read "Brent Blackhall", is written over a horizontal line.

Brent Blackhall, CPA, CA
Director of Financial Services

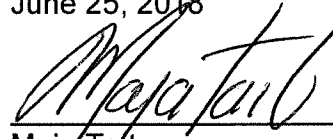
DISTRICT OF SOOKE

***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
June 25, 2018



Maja Tait
Mayor
June 25, 2018

Financial Statements of

DISTRICT OF SOOKE

Year ended December 31, 2017

DISTRICT OF SOOKE

Financial Statements

Year ended December 31, 2017

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



KPMG LLP
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800-730 View Street
Victoria V8W 3Y7
Canada
Telephone (250) 480-3500
Fax (250) 480-3539

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, 2017, 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, 2017, 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

Victoria, Canada
May 9, 2018

DISTRICT OF SOOKE

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash and cash equivalents (note 2)	\$ 11,042,579	\$ 10,101,784
Property taxes receivable	884,335	869,596
Accounts receivable	155,712	231,856
Other assets (note 10(a))	135,336	132,747
	12,217,962	11,335,983
Financial liabilities:		
Accounts payable and accrued liabilities	1,601,098	2,024,997
Deposits	607,622	395,551
Deferred revenue (note 3)	3,688,308	3,617,878
Employee benefit obligations (note 4)	255,126	389,335
Long-term liabilities (note 5)	6,136,960	6,972,901
	12,289,114	13,400,662
Net debt	(71,152)	(2,064,679)
Non-financial assets:		
Tangible capital assets (note 6)	106,124,711	104,774,456
Prepaid expenses	222,045	268,006
	106,346,756	105,042,462
Accumulated surplus (note 7)	\$ 106,275,604	\$ 102,977,783

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, 2017, with comparative information for 2016

	Financial Plan (note 11)	2017	2016
Revenue:			
Net taxes available for municipal purposes (note 8)	\$ 7,430,019	\$ 7,385,794	\$ 6,867,316
Sales and user fees	77,750	301,508	151,586
Government transfers (note 9)	1,048,300	1,019,907	1,394,769
Investment income	60,000	315,504	252,812
Penalties and fines	185,000	157,768	181,298
Licenses and permits	566,392	667,909	579,567
Lease and rental	33,464	32,076	50,222
Donations and contributions	-	4,117,939	2,784,840
Developer cost charges	450,577	450,577	510,841
Sewer operating revenue	2,055,648	2,081,068	1,996,012
Casino revenue sharing	250,000	251,957	253,721
Total revenue	12,157,150	16,782,007	15,022,984
Expenses:			
General government	3,009,391	2,508,128	2,951,646
Protective services	3,882,387	3,924,664	3,407,165
Development service	3,819,283	4,950,220	4,076,253
Sewer	2,036,454	2,101,174	2,349,515
Total expenses	12,747,515	13,484,186	12,784,579
Annual surplus	(590,365)	3,297,821	2,238,405
Accumulated surplus, beginning of year	102,977,783	102,977,783	100,739,378
Accumulated surplus, end of year	\$ 102,387,418	\$ 106,275,604	\$ 102,977,783

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

DISTRICT OF SOOKE

Statement of Change in Net Debt

Year ended December 31, 2017, with comparative information for 2016

	Financial Plan (note 11)	2017	2016
Annual surplus	\$ (590,365)	\$ 3,297,821	\$ 2,238,405
Acquisition of tangible capital assets	(4,381,672)	(623,446)	(3,852,533)
Developer contributions of tangible capital assets	-	(4,077,554)	(2,521,038)
Amortization of tangible capital assets	2,563,026	3,349,321	2,823,583
Loss on disposal of tangible capital assets	-	1,424	-
	(1,818,646)	(1,350,255)	(3,549,988)
Acquisition of prepaid expenses	-	45,961	260,778
Change in net debt	(2,409,011)	1,993,527	(1,050,805)
Net debt, beginning of year	(2,064,679)	(2,064,679)	(1,013,874)
Net debt, end of year	\$ (4,473,690)	\$ (71,152)	\$ (2,064,679)

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

DISTRICT OF SOOKE

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,297,821	\$ 2,238,405
Items not involving cash:		
Developer contributions of tangible capital assets	(4,077,554)	(2,521,038)
Amortization of tangible capital assets	3,349,321	2,823,583
Loss on disposal of tangible capital assets	1,424	-
Actuarial adjustment on debt	(155,047)	(137,004)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	(14,739)	555,101
Accounts receivable	76,144	88,139
Other assets	(2,589)	(3,609)
Accounts payable and accrued liabilities	(423,899)	(2,309,371)
Deposits	212,071	(178,779)
Employee benefit obligations	(134,209)	112,394
Deferred revenue	70,430	(220,686)
Prepaid expenses	45,961	260,778
	2,245,135	707,913
Capital activities:		
Acquisition of tangible capital assets	(623,446)	(3,852,533)
	(623,446)	(3,852,533)
Financing activities:		
Debt issued and assumed	-	1,420,000
Debt payments	(680,894)	(534,568)
	(680,894)	885,432
Increase (decrease) in cash and cash equivalents	940,795	(2,259,188)
Cash and cash equivalents, beginning of year	10,101,784	12,360,972
Cash and cash equivalents, end of year	\$ 11,042,579	\$ 10,101,784
Supplemental cash flow information:		
Cash paid for interest	\$ 205,553	\$ 441,280
Cash received from interest	210,278	126,716

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

DISTRICT OF SOOKE

Notes to Financial Statements

Year ended December 31, 2017

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, 2017

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, 2017

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, 2017

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, 2017

2. Cash and cash equivalents:

	2017	2016
Bank deposits	\$ 1,497,176	\$ 1,671,008
Municipal Finance Authority Pooled Investment Funds	9,545,403	8,430,776
	<u>\$ 11,042,579</u>	<u>\$ 10,101,784</u>

3. Deferred revenue:

	2017	2016
Prepaid property taxes	\$ 881,784	\$ 957,082
Development cost charges	2,756,217	2,615,510
Other deferred revenue	50,307	45,286
Total deferred revenue	<u>\$ 3,688,308</u>	<u>\$ 3,617,878</u>

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

Development Cost Charges

	2017	2016
Opening balance of unspent funds	\$ 2,615,510	\$ 2,986,428
Add:		
Development cost charges during the year	559,791	124,967
Interest earned	31,493	14,956
	<u>591,284</u>	<u>139,923</u>
	3,206,794	3,126,351
Less amount recorded as revenue	450,577	510,841
Closing balance of unspent funds	<u>\$ 2,756,217</u>	<u>\$ 2,615,510</u>

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Employee benefit obligations:

	2017	2016
Accrued vacation	\$ 52,018	\$ 32,852
Other contract obligations	203,108	356,483
	<u>\$ 255,126</u>	<u>\$ 389,335</u>

Employee benefit obligations represent accrued benefits as at December 31, 2017. 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 trusted 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, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 \$246,674 (2016 - \$253,931) for employer contributions to the Plan in fiscal 2017, while employees contributed \$211,993 (2016 - \$210,837) to the plan in fiscal 2017.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Long-term liabilities:

	2017	2016
Tax supported debt bearing interest at 6.75% and matures in 2017 (municipal hall and fire hall)	\$ -	\$ 80,651
Tax supported debt bearing interest at 4.52% and matures in 2027 (ladder truck)	360,322	390,671
Debenture debt for sewer capital project bearing interest at 4.43% and matures in 2026	4,782,638	5,223,579
MFA Loan (property purchase) bearing annual variable interest and matures in 2021	994,000	1,278,000
Long-term liabilities	\$ 6,136,960	\$ 6,972,901

(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, 2017 and 2016 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
2018	\$ 600,243
2019	600,243
2020	600,243
2021	458,243
2022	316,243

(c) Total interest expense on long-term debt for the year ending December 31, 2017 amounted to \$205,553 (2016 - \$441,280).

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Tangible capital assets:

	Land	Land improvements	Land	Buildings	Equipment, furniture and vehicles	Roads and sidewalks	Storm sewer	Sanitary sewer	Work in progress	Total	Total
										2017	2016
Cost:											
Balance, beginning of year			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
Additions			207,167	54,496	283,963	637,368	720,611	503,151	61,395	4,699,321	9,171,506
Transfers	-	-	-	-	-	-	-	-	-	-	(2,797,935)
Balance, end of year	34,074,067	7,508,491	7,508,491	4,024,789	4,760,390	53,597,489	13,289,318	27,038,489	333,770	144,626,803	139,927,482
Accumulated amortization:											
Balance, beginning 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
Disposals	-	-	-	-	-	(255)	-	-	-	(255)	-
Amortization	-		343,568	140,126	325,518	1,795,249	208,799	535,805	-	3,349,321	2,823,583
Balance, end of year	-		2,741,324	2,448,368	3,062,666	23,393,121	1,542,253	5,314,104	-	38,502,092	35,153,026
Net book value, end of year	\$34,074,067	4,767,167	4,767,167	1,576,421	1,697,724	30,204,368	11,747,065	21,724,385	333,770	\$106,124,711	\$104,774,456

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Tangible capital assets (continued):

(a) Work in progress:

Work in progress having a value of \$333,770 (2016 - \$272,375) 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 \$4,077,554 (2016 - \$2,521,038) comprised of land \$2,231,169, land improvements \$95,000, roads and sidewalks (\$639,045), storm sewer \$419,135 and sanitary sewer \$639,205.

(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, 2017

7. Accumulated surplus:

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

	2017	2016
Surplus:		
Equity in tangible capital assets	\$ 99,987,751	\$ 97,801,555
Operating Fund	1,668,628	1,171,698
Total surplus	101,656,379	98,973,253
Reserve Funds:		
Gas Tax Reserve	403,218	807,718
Fire Equipment Reserve	191,571	113,995
Parkland Reserve	209,386	206,778
Land (Non-park) Reserve	73,269	73,422
Casino Revenue Reserve	490,489	347,405
Capital Improvement Financing Reserve	108,968	54,894
SPA Revenue Reserve	61,012	58,257
Capital Works Reserve	56,123	62,966
Emergency Road Repair / Snow Removal Reserve	179,372	177,138
Carbon Tax Rebate Reserve	7,144	5,327
Community Amenities Reserve	127,292	122,720
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	609,023	634,336
Future Sewer Expenditures Reserve	915,771	306,108
Seniors/Youth Centre Reserve	202,578	150,677
Playing Field Reserve	408,101	403,017
Future Policing Costs Reserve	173,615	88,615
Future Road Liabilities Reserve	182,594	171,458
Harbour Park Reserve	19,198	19,198
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	4,619,225	4,004,530
	\$106,275,604	\$102,977,783

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2017

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.

	2017	2016
Taxes:		
Property tax	\$ 16,437,477	\$ 16,163,251
Payments in lieu of taxes	39,987	32,778
1% Utility tax	168,117	146,393
	16,645,581	16,342,422
Less taxes levied on behalf of:		
Provincial government - school taxes	4,414,026	4,601,783
Capital Regional District	2,922,359	2,879,798
Capital Regional Hospital District	645,044	663,809
Municipal Finance Authority	501	458
BC Assessment Authority	115,089	129,606
BC Transit Authority	581,545	637,429
Vancouver Island Regional Library	581,223	562,223
	9,259,787	9,475,106
Net taxes available for municipal purposes	\$ 7,385,794	\$ 6,867,316

9. Government transfers:

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

	2017	2016
Provincial Small Community Protection	\$ 351,259	\$ 341,965
Provincial Traffic Fine Revenue	69,450	85,240
Multi-use Trail Grants	-	72,786
Gas Tax Agreement Funds	541,585	534,881
Ministry of Transportation and Infrastructure	-	320,000
Other	57,613	39,897
Total revenue	\$ 1,019,907	\$ 1,394,769

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2017

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 \$135,336 (2016 - \$132,747) 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, 2017 there were contingent demand notes of \$272,296 (2016 - \$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 2018 estimated cost of this contract is \$2,003,896.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2017

10. Commitments and contingent liabilities (continued):

- (f) 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 2016 operating and capital financial plans approved by Council on April 10, 2017. 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	\$ 19,399,635
Less:	
Transfers from other funds	3,679,459
Proceeds from borrowing	1,000,000
Amortization offset	2,563,026
Total revenue	12,157,150
Expenses:	
Financial plan, as approved by Council	19,399,635
Less:	
Capital expenditures	4,381,672
Transfer to other reserves	1,377,603
Debt principal payments	892,845
Total expenses	12,747,515
Annual surplus	\$ (590,365)

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2017

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. 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, 2017

12. 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, 2017

12. Segmented information (continued):

	General Government	Protective Services	Development	Sewer	Total
2017					
Revenue:					
Taxation	\$ 7,385,794	\$ -	\$ -	\$ -	\$ 7,385,794
User charges	290,674	254,252	647,587	2,081,068	3,273,581
Government transfers	277,169	420,709	573,985	-	1,271,863
Investment income	315,504	-	-	-	315,504
Other	-	-	4,239,746	295,519	4,535,265
Total revenue	8,269,141	674,961	5,461,318	2,376,587	16,782,007
Expenses:					
Salaries and wages	1,185,097	1,089,037	1,410,602	552,269	4,237,005
Contracted and general services	594,163	1,931,479	340,562	413,547	3,279,751
Supplies and materials	559,071	551,124	1,059,984	236,753	2,406,932
Interest and bank charges	29,671	27,506	-	154,000	211,177
Amortization	140,126	325,518	2,139,072	744,605	3,349,321
Total expenses	2,508,128	3,924,664	4,950,220	2,101,174	13,484,186
Annual surplus (deficit)	\$ 5,761,013	\$ (3,249,703)	\$ 511,098	\$ 275,413	\$ 3,297,821

	General Government	Protective Services	Development	Sewer	Total
2016					
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	295,520	3,295,682
Total revenue	7,706,601	468,967	4,555,884	2,291,532	15,022,984
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	\$ (57,983)	\$ 2,238,405

District of Sooke

Statement of Financial Information for the year ended December 31, 2017

Remuneration, Wages and Expenses

Name	Position	Remuneration	Expenses (Note 1)		
			(paid directly)	(paid indirectly)	Total
Tait, Maja	Mayor	20,320.56	1,433.74	5,938.10	7,371.84
Berger, Beverly	Councillor	10,160.02	367.62	2,598.08	2,965.70
Kasper, Rick	Councillor	10,160.02	1,158.34	6,402.65	7,560.99
Parkinson, Brenda	Councillor	10,160.02	862.52	2,324.22	3,186.74
Pearson, Kevin	Councillor	10,160.02	1,655.64	4,974.80	6,630.44
Reay, Kerrie	Councillor	10,160.02	2,432.93	2,251.79	4,684.72
Logins, Ebony	Councillor	10,160.02	1,111.78	4,896.98	6,008.76
Totals		\$ 81,280.68	\$ 9,022.57	\$ 29,386.62	\$ 38,409.19

Employees with Gross Salary Greater than \$75,000

Name	Position	Wages > \$75,000	Expenses (Note 1)
Norris-Jones, Cameron	Firefighter	\$ 177,193.24	\$ 2,443.76
McCrea, Christopher	Firefighter	173,914.31	1,813.34
Barney, Matthew	Assistant Fire Chief	160,048.44	4,562.80
Mount, Kenneth	Fire Chief	132,171.63	10,520.15
Sullivan, Teresa	Chief Administrative Officer	130,460.93	17,678.87
Blackhall, Robert	Director of Financial Services	123,958.18	8,597.15
Howat, Robert	Director of Development Services	117,831.21	1,684.15
Miller, Christopher	Wastewater Operator	101,272.65	1,327.58
Skidmore, Danny	Manager of Wastewater	92,618.20	4,388.65
Lewers, Nicole	Land Development Technician	89,357.18	65.00
Hooper, Laura	Parks & Environmental Coordinato	89,317.80	468.07
Goble, Brian	Head of Geographic Services	87,718.28	1,864.22
Downton, Mark	System Specialist & Database Adm	86,950.41	6,336.82
McNeill, James	Wastewater Lead Operator	85,789.84	166.64
Rice, Danica	Planner	82,641.30	434.26
Bastone, Anthony	Building Official	77,228.26	1,049.78
MacDonald, Constance	Head of Human Resources	75,390.96	2,419.74
Total: Employees with remuneration Greater Than \$75,000		\$ 1,883,862.82	\$ 55,413.73
Other Employees with remuneration		1,800,587.20	10,144.67
TOTAL: EMPLOYEES		\$ 3,684,450.02	\$ 65,558.40

Summary

	Remuneration & Wages	Expenses
Elected Officials	\$ 81,280.68	\$ 38,409.19
Employees	3,684,450.02	65,558.40
TOTAL	\$ 3,765,730.70	\$ 103,967.59

Total wages from 2017 T4's \$ 3,765,730.70

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 12 to the 2017 Audited Financial Statements and includes accruals and other wage related accounting entries.

District of Sooke

Statement of Financial Information for the year ended December 31, 2017

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

Supplier Name	Amount
Aquatech West	\$60,333.47
Associated Fire Safety	\$45,067.96
BC Assessment Authority	\$115,753.40
BC Hydro	\$247,259.60
BC Transit	\$586,237.20
Canadian Union of Public Employees	\$35,962.66
Capital Reg. Emerg. Serv. Telecommunications	\$46,565.00
Capital Regional District	\$3,489,860.32
Capital Regional District-Water Dept	\$330,589.98
Capital Regional Hospital District	\$648,010.56
Carsten Contracting Services	\$31,506.97
CIBC - VISA	\$159,609.39
Collard, Louis	\$62,368.02
CRD Water Department	\$103,411.20
Dale's Electric Ltd.	\$27,556.98
Desjardins Financial Security	\$218,279.45
District of Metchosin	\$27,798.85
Emery Electric Ltd	\$69,345.12
Evergreen Centre Holdings Corp	\$120,762.74
H L Disposal & Lawn Services Ltd	\$155,165.48
Hendry Swinton McKenzie	\$41,559.00
Insurance Corporation of BC	\$25,792.00
Island Tractor & Supply Ltd	\$66,880.80
KPMG Chartered Accountants	\$34,773.90
Lidstone & Company	\$27,446.61
Mainroad South Island Contracting Ltd.	\$290,674.97
Monk Office	\$44,190.83
Morrison Hershfield Ltd	\$64,464.76
MPE Engineering Ltd	\$48,172.79
Municipal Finance Authority of BC	\$142,503.23
Municipal Pension Plan	\$612,608.27
Pedneault, William and George	\$107,129.74
Plan Contracting Ltd	\$67,529.14
R Read Construction Ltd	\$28,631.16
R.C.M.P.	\$2,146,815.30
RCMP - E Division HQ	\$91,960.42
Receiver General for Canada	\$1,040,627.34
Revenue Services of British Columbia	\$54,975.00
Rocky Mountain Phoenix	\$73,272.52

District of Sooke

Statement of Financial Information for the year ended December 31, 2017

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

Supplier Name	Amount
Rocky Mountain Phoenix	\$73,272.52
School District #62 (Sooke)	\$70,429.50
School Tax	\$1,888,799.46
Softchoice LP	\$56,810.09
Sooke Community Association	\$728,000.00
Sooke Fire Fighters Association	\$39,402.04
Sooke Food Bank Society	\$25,700.00
Sooke Home Hardware	\$27,167.05
Sooke Region Community Health Initiative	\$35,645.00
The Canet Foundation	\$26,102.82
The Tempest Development Group Inc.	\$63,280.40
Vancouver Island Regional Library	\$581,228.00
Victoria Truck Alliance Ltd dba Suburban Motors	\$66,484.32
Waterhouse Environmental Services Corp	\$43,522.41
Westbrook Consulting Ltd	\$27,301.13
Western Island Tree Service Ltd	\$69,326.25
Worker's Compensation Board of BC	\$33,491.18
Total Aggregate for Suppliers over \$25,000	\$15,374,141.78
Total Aggregate for Suppliers under \$25,000	\$1,678,836.31
Total Supplier payments	\$17,052,978.09

District of Sooke

Statement of Financial Information for the year ended December 31, 2017

Statement of Severance Agreements

There was no severance agreement made between the District of Sooke and its non-unionized employees during 2017.

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