

DISTRICT OF SOOKE

STATEMENT OF FINANCIAL INFORMATION

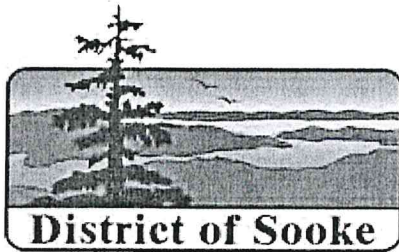
(SOFI)

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

June 24, 2019

Statement of Financial Information
Prepared under the *Financial Information Act*
For the Year ended December 31, 2018

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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 2018 Audited Financial Statements.	
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6. SCHEDULE OF GUARANTEE OR INDEMNITY	
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The District of Sooke has not given any guarantees or indemnities in 2018 under the <i>Guarantees and Indemnities Regulations</i> .	
7. STATEMENT OF SEVERANCE AGREEMENTS	
Prepared under the <i>Financial Information Regulation Schedule 1, Section 6 to Subsection 6(7):</i>	
There was one severance agreement made between the District of Sooke and its non-unionized employees during 2018. This agreement represents 11 months of compensation.	



File No. 1880-20

June 24, 2019

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,

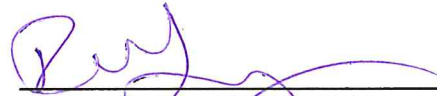
Raechel Gray, CPA, CMA
A/Director of Financial Services



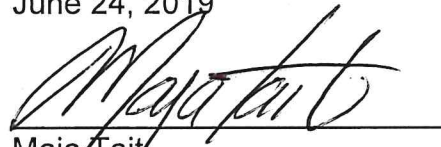
DISTRICT OF SOOKE

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*.



Raechel Gray, CPA CMA
A/Director of Financial Services
June 24, 2019



Maja Tait
Mayor
June 24, 2019

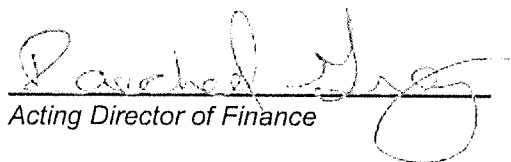
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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.



Acting Director of Finance



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the District of Sooke

Opinion

We have audited the financial statements of the District of Sooke (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements".)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at end of December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



District of Sooke

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 13, 2019

DISTRICT OF SOOKE

Statement of Financial Position

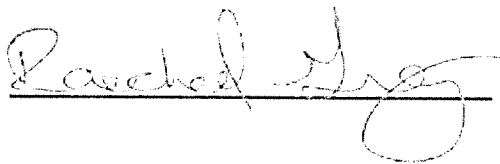
December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents (note 2)	\$ 13,563,470	\$ 11,042,579
Property taxes receivable	935,434	884,335
Accounts receivable	186,731	155,712
Other assets (note 10(a))	138,179	135,336
	14,823,814	12,217,962
Financial liabilities:		
Accounts payable and accrued liabilities	1,654,746	1,601,098
Deposits	1,597,826	607,622
Deferred revenue (note 3)	4,536,322	3,688,308
Employee benefit obligations (note 4)	314,203	255,126
Long-term liabilities (note 5)	5,363,593	6,136,960
	13,466,690	12,289,114
Net financial assets (debt)	1,357,124	(71,152)
Non-financial assets:		
Tangible capital assets (note 6)	109,835,364	106,124,711
Prepaid expenses	194,943	222,045
	110,030,307	106,346,756
Accumulated surplus (note 7)	\$ 111,387,431	\$ 106,275,604

Commitments and contingent liabilities (note 10)

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

On behalf of the District:



Acting Director of Finance

DISTRICT OF SOOKE

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Financial Plan (note 11)	2018	2017
Revenue:			
Net taxes available for municipal purposes (note 8)	\$ 7,854,400	\$ 7,890,048	\$ 7,385,794
Sales and user fees	92,750	217,099	301,508
Government transfers (note 9)	1,139,886	1,301,822	1,019,907
Investment income	60,000	322,709	315,504
Penalties and fines	160,000	152,200	157,768
Licenses and permits	661,043	727,045	667,909
Lease and rental	-	3,543	32,076
Donations and contributions	-	5,154,973	4,117,939
Developer cost charges	200,000	295,519	450,577
Sewer operating revenue	2,269,667	2,251,301	2,081,068
Casino revenue sharing	260,000	285,354	251,957
Total revenue	12,697,746	18,601,613	16,782,007
Expenses:			
General government	2,782,055	2,836,605	2,508,128
Protective services	3,890,740	3,935,237	3,924,664
Development service	4,194,231	4,669,303	4,950,220
Sewer	2,337,145	2,048,641	2,101,174
Total expenses	13,204,171	13,489,786	13,484,186
Annual surplus	(506,425)	5,111,827	3,297,821
Accumulated surplus, beginning of year	106,275,604	106,275,604	102,977,783
Accumulated surplus, end of year	\$ 105,769,179	\$ 111,387,431	\$ 106,275,604

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

DISTRICT OF SOOKE

Statement of Change in Net Debt

Year ended December 31, 2018, with comparative information for 2017

	Financial Plan (note 11)	2018	2017
Annual surplus	\$ (506,425)	\$ 5,111,827	\$ 3,297,821
Acquisition of tangible capital assets	(4,820,492)	(1,680,373)	(623,446)
Developer contributions of tangible capital assets	-	(5,153,299)	(4,077,554)
Amortization of tangible capital assets	2,601,471	3,123,019	3,349,321
Loss on disposal of tangible capital assets	-	-	1,424
	(2,219,021)	(3,710,653)	(1,350,255)
Acquisition of prepaid expenses	-	27,102	45,961
Change in net debt	(2,725,446)	1,428,276	1,993,527
Net debt, beginning of year	(71,152)	(71,152)	(2,064,679)
Net financial assets (debt), end of year	\$ (2,796,598)	\$ 1,357,124	\$ (71,152)

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

DISTRICT OF SOOKE

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 5,111,827	\$ 3,297,821
Items not involving cash:		
Developer contributions of tangible capital assets	(5,153,299)	(4,077,554)
Amortization of tangible capital assets	3,123,019	3,349,321
Loss on disposal of tangible capital assets	-	1,424
Actuarial adjustment on debt	(173,898)	(155,047)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	(51,099)	(14,739)
Accounts receivable	(31,019)	76,144
Other assets	(2,843)	(2,589)
Accounts payable and accrued liabilities	53,648	(423,899)
Deposits	990,204	212,071
Employee benefit obligations	59,077	(134,209)
Deferred revenue	848,014	70,430
Prepaid expenses	27,102	45,961
	4,800,733	2,245,135
Capital activities:		
Acquisition of tangible capital assets	(1,680,373)	(623,446)
	(1,680,373)	(623,446)
Financing activities:		
Debt payments	(599,469)	(680,894)
	(599,469)	(680,894)
Increase in cash and cash equivalents	2,520,891	940,795
Cash and cash equivalents, beginning of year	11,042,579	10,101,784
Cash and cash equivalents, end of year	\$ 13,563,470	\$ 11,042,579

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

DISTRICT OF SOOKE

Notes to Financial Statements

Year ended December 31, 2018

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, 2018

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, 2018

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, 2018

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, 2018

2. Cash and cash equivalents:

	2018	2017
Bank deposits	\$ 2,073,033	\$ 1,497,176
Municipal Finance Authority Pooled Investment Funds	11,490,437	9,545,403
	<u>\$ 13,563,470</u>	<u>\$ 11,042,579</u>

3. Deferred revenue:

	2018	2017
Prepaid property taxes	\$ 880,843	\$ 881,784
Development cost charges	3,616,447	2,756,217
Other deferred revenue	39,032	50,307
Total deferred revenue	<u>\$ 4,536,322</u>	<u>\$ 3,688,308</u>

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

Development Cost Charges

	2018	2017
Opening balance of unspent funds	\$ 2,756,217	\$ 2,615,510
Add:		
Development cost charges during the year	1,123,936	559,791
Interest earned	31,813	31,493
	<u>1,155,749</u>	<u>591,284</u>
	3,911,966	3,206,794
Less amount recorded as revenue	295,519	450,577
Closing balance of unspent funds	<u>\$ 3,616,447</u>	<u>\$ 2,756,217</u>

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Employee benefit obligations:

	2018	2017
Accrued vacation	\$ 55,573	\$ 52,018
Other contract obligations	258,630	203,108
	\$ 314,203	\$ 255,126

Employee benefit obligations represent accrued benefits as at December 31, 2018. 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 (the "Plan"), a jointly trusteesd pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multiemployer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local government.

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 \$354,549 (2017 - \$337,233) for employer contributions to the Plan in fiscal 2018, while employees contributed \$293,102 (2017 - \$274,520) to the plan in fiscal 2018.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Long-term liabilities:

	2018	2017
Tax supported debt bearing interest at 4.52% and matures in 2027 (ladder truck)	\$ 329,533	\$ 360,322
Debenture debt for sewer capital project bearing interest at 4.43% and matures in 2026	4,324,060	4,782,638
MFA Loan (property purchase) bearing annual variable interest and matures in 2021	710,000	994,000
Long-term liabilities	\$ 5,363,593	\$ 6,136,960

(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, 2018 and 2017 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
2019	\$ 600,243
2020	600,243
2021	458,243
2022	316,243
2023	316,243

(c) Total interest expense on long-term debt for the year ending December 31, 2018 amounted to \$170,966 (2017 - \$205,553).

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Tangible capital assets:

Cost:	Equipment, furniture and vehicles							Total 2018	Total 2017
	Land	Land improvements	Buildings	Roads and sidewalks	Storm sewer	Sanitary sewer	Work in progress		
Balance, beginning of year	\$34,074,067	7,508,491	4,024,789	53,597,489	13,289,318	27,038,489	333,770	\$144,626,803	\$139,927,482
Additions	4,408,569	232,464	46,298	1,128,455	582,014	235,621	49,923	7,047,998	4,699,321
Transfers	-	-	-	119,444	-	-	(119,444)	-	-
Write Offs	-	-	-	-	-	-	(214,580)	(214,580)	-
Balance, end of year	38,482,636	7,740,955	4,071,087	54,845,388	13,871,332	27,274,110	49,669	151,460,221	144,626,803
Accumulated amortization:									
Balance, beginning of year	-	2,741,324	2,448,368	23,393,121	1,542,253	5,314,104	-	38,501,836	35,152,771
Amortization	-	326,337	141,828	1,733,311	171,360	508,642	-	3,123,021	3,349,321
Balance, end of year	-	3,067,661	2,590,196	25,126,432	1,713,613	5,822,746	-	41,624,857	38,501,836
Net book value, end of year	\$38,482,636	4,673,294	1,480,891	29,718,956	12,157,719	21,451,364	49,669	\$109,835,364	\$106,124,967

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Tangible capital assets (continued):

(a) Work in progress:

Work in progress having a value of \$49,669 (2017 - \$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 \$5,153,299 (2017 - \$4,077,554) comprised of land (\$4,408,569), land improvements (\$45,000), roads and sidewalks (\$430,830), storm sewer (\$150,150) and sanitary sewer (\$118,750).

(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, 2018

7. Accumulated surplus:

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

	2018	2017
Surplus:		
Equity in tangible capital assets	\$104,471,771	\$ 99,987,751
Operating Fund	2,088,978	1,668,628
Total surplus	106,560,749	101,656,379
Reserve Funds:		
Gas Tax Reserve	584,223	403,218
Fire Equipment Reserve	116,399	191,571
Parkland Reserve	290,025	209,386
Land (Non-park) Reserve	99,533	73,269
Casino Revenue Reserve	263,961	490,489
Capital Improvement Financing Reserve	122,226	108,968
SPA Revenue Reserve	72,493	61,012
Capital Works Reserve	25,737	56,123
Emergency Road Repair / Snow Removal Reserve	181,443	179,372
Carbon Tax Rebate Reserve	9,918	7,144
Community Amenities Reserve	57,599	127,292
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	570,735	609,023
Future Sewer Expenditures Reserve	1,087,754	915,771
Seniors/Youth Centre Reserve	254,916	202,578
Playing Field Reserve	401,562	408,101
Future Policing Costs Reserve	252,920	173,615
Future Road Liabilities Reserve	215,539	182,594
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	4,826,682	4,619,225
	\$111,387,431	\$106,275,604

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2018

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.

	2018	2017
Taxes:		
Property tax	\$ 17,200,438	\$ 16,437,477
Payments in lieu of taxes	41,180	39,987
1% Utility tax	180,517	168,117
	17,422,135	16,645,581
Less taxes levied on behalf of:		
Provincial government - school taxes	4,654,474	4,414,026
Capital Regional District	2,869,187	2,922,359
Capital Regional Hospital District	673,827	645,044
Municipal Finance Authority	593	501
BC Assessment Authority	125,720	115,089
BC Transit Authority	590,278	581,545
Vancouver Island Regional Library	618,008	581,223
	9,532,087	9,259,787
Net taxes available for municipal purposes	\$ 7,890,048	\$ 7,385,794

9. Government transfers:

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

	2018	2017
Provincial Small Community Protection	\$ 347,484	\$ 351,259
Provincial Traffic Fine Revenue	77,301	69,450
Gas Tax Agreement Funds	560,390	541,585
Ministry of Transportation and Infrastructure	313,002	-
Other	3,645	57,613
Total revenue	\$ 1,301,822	\$ 1,019,907

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2018

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 \$138,179 (2017 - \$135,336) 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, 2018 there were contingent demand notes of \$272,296 (2017 - \$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 2019 estimated cost of this contract is \$2,003,896.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2018

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 2018 operating and capital financial plans approved by Council on April 23, 2018 (and amended on August 13 and September 17, 2018). The following reconciles the approved financial plan to the figures reported in these financial statements.

	Financial plan amount
Revenues:	
	\$ 20,338,163
Amendments approved by Council	95,666
Financial plan, as approved by Council	20,433,829
Less:	
Transfers from other funds	3,924,612
Proceeds from borrowing	1,210,000
Amortization offset	2,601,471
Total revenue	12,697,746
Expenses:	
Financial plan, as approved by Council	20,338,163
Amendments approved by Council	95,666
Financial plan, as approved by Council	20,433,829
Less:	
Capital expenditures	4,820,492
Transfer to other reserves	1,744,993
Debt principal payments	664,173
Total expenses	13,204,171
Annual surplus	\$ (506,425)

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2018

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, 2018

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, 2018

12. Segmented information (continued):

	General Government	Protective Services	Development	Sewer	Total
2018					
Revenue:					
Taxation	\$ 7,890,048	\$ -	\$ -	\$ -	\$ 7,890,048
User charges	238,085	142,890	718,912	2,251,301	3,351,188
Government transfers	3,645	424,785	873,393	-	1,301,823
Investment income	322,709	-	-	-	322,709
Other	285,354	-	5,154,973	295,519	5,735,846
Total revenue	8,739,841	567,675	6,747,278	2,546,820	18,601,614
Expenses:					
Salaries and wages	1,292,706	1,052,119	1,718,943	534,872	4,598,640
Contracted and general services	538,735	2,121,196	375,061	486,731	3,521,723
Supplies and materials	831,392	503,413	515,652	193,037	2,043,494
Interest and bank charges	31,944	16,966	-	154,000	202,910
Amortization	141,828	241,543	2,059,647	680,001	3,123,019
Total expenses	2,836,605	3,935,237	4,669,303	2,048,641	13,489,786
Annual surplus (deficit)	\$ 5,903,236	\$ (3,367,562)	\$ 2,077,975	\$ 498,179	\$ 5,111,828

	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	25,212	420,709	573,985	-	1,019,906
Investment income	315,504	-	-	-	315,504
Other	251,957	-	4,239,746	295,519	4,787,222
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

District of Sooke

Statement of Financial Information for the year ended December 31, 2018

COUNCIL REMUNERATION

Council Wages			Council Expenses		
Lastname, Name	Position	Wages	(paid directly)	(paid indirectly)	Total Expenses
Tait, Maja	Mayor	20,320.56	135.00	2,769.56	2,904.56
Bateman, Jeffrey	Councillor	1,172.31	-	285.72	285.72
Beddows, Allan	Councillor	1,172.31	-	285.72	285.72
Berger, Beverly	Councillor	9,026.79	-	617.71	617.71
Kasper, Rick	Councillor	9,026.79	932.80	3,029.85	3,962.65
Logins, Ebony	Councillor	10,160.02	773.46	5,874.11	6,647.57
McMath, Megan	Councillor	1,172.31	-	285.72	285.72
Parkinson, Brenda	Councillor	10,160.02	823.62	3,898.91	4,722.53
Pearson, Kevin	Councillor	9,026.79	-	3,724.22	3,724.22
Reay, Kerrie	Councillor	9,026.79	155.29	272.71	428.00
St-Pierre, Marcel	Councillor	1,172.31	-	285.72	285.72
TOTALS		\$ 81,437.00	\$ 2,820.17	\$ 21,329.93	\$ 24,150.10

GRAND TOTAL (Wages + Expenses) \$ 105,587.10

District of Sooke

Statement of Financial Information for the year ended December 31, 2018

EMPLOYEE REMUNERATION

Employees with Gross Salary Greater than \$75,000			
Name	Position	Wages > \$75,000	Expenses
Barney, Matthew	Assistant Fire Chief	145,899.08	3,150.50
Bastone, Anthony	Building Official	78,581.84	2,728.43
Blackhall, Robert	Director of Financial Services	135,210.15	10,326.28
Demchuk, Michael	Wastewater Operator	76,751.18	2,029.69
Derrick, Brian	Engineering Technologist	77,005.29	330.00
Downton, Mark	Head of Information Technology	88,806.60	2,801.43
Goble, Brian	Head of Geographic Services	88,189.22	1,654.00
Hooper, Laura	Head of Parks & Env'tal Services	87,739.17	3,608.82
Howat, Robert	Director of Development Services	116,887.43	1,062.54
Kerr, Grayson	Firefighter	95,790.49	357.19
Lewers, Nicole	Land Development Technician	82,670.23	979.00
MacDonald, Constance	Head of Human Resources	77,021.30	1,014.25
McCrea, Christopher	Firefighter	134,449.23	1,349.22
McNeill, James	Wastewater Lead Operator	110,814.90	1,579.46
Mills, Media	Bylaw Enforcement Officer	77,155.29	1,692.46
Miller, Christopher	Wastewater Operator	98,040.56	2,441.16
Mount, Kenneth	Fire Chief	141,370.57	3,257.09
Mushata, Carolyn	Corporate Officer	121,287.21	1,689.81
Norris-Jones, Cameron	Firefighter	132,634.54	248.95
Skidmore, Danny	Manager of Wastewater	91,674.45	4,937.35
Sullivan, Teresa	Chief Administrative Officer	176,611.81	1,189.54
Temple, Benjamin	Firefighter	93,648.02	1,505.95
Total - Employees with salary greater than \$75,000		\$ 2,328,238.56	\$ 49,933.11
Total Remuneration - Other Employees		\$ 1,587,858.40	\$ 30,243.33
GRAND TOTAL: EMPLOYEES		\$ 3,916,096.96	\$ 80,176.44

District of Sooke

Statement of Financial Information for the year ended December 31, 2018

TOTAL REMUNERATION

REMUNERATION SUMMARY - Council and Employees		
	Wages	Expenses
Elected Officials	\$ 81,437.00	\$ 24,150.10
Employees	\$ 3,916,096.96	\$ 80,176.44
GRAND TOTAL (Council and Employees)	\$ 3,997,533.96	\$ 104,326.54

GRAND TOTAL (Wages from 2018 T4's) \$ 3,997,533.96

TOTAL REMUNERATION: (Wages + Expenses) \$ 4,101,860.50

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 2018 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, 2018

Schedule Showing Total Paid to Each Supplier For Payments Exceeding \$25,000	
Supplier Name	Amount
661314 B.C. LTD	\$61,398.64
Accutemp	\$32,366.25
Associated Fire Safety	\$32,595.52
BC Hydro	\$244,404.68
BC Transit	\$596,593.43
BioMaxx Wastewater Solutions Inc	\$42,492.81
Black Press Group Ltd	\$26,805.97
Canadian Union of Public Employees	\$40,433.40
Capital Reg. Emerg. Serv. Telecommunications	\$53,843.18
Capital Regional District	\$3,538,333.69
Capital Regional District-Water Dept	\$674,798.92
Capital Regional Hospital District	\$674,769.56
CDW Canada Inc	\$73,202.55
CIBC - VISA	\$166,859.91
Clearbrook Estates Ltd	\$26,973.27
CRD Water Department	\$107,828.76
Dale's Electric Ltd.	\$59,585.74
Desjardins Financial Security	\$258,767.90
District of Metchosin	\$28,602.82
Emery Electric Ltd	\$99,296.78
Fitzpatrick Enterprises Ltd	\$200,035.00
Guillevin International Company	\$39,177.32
H L Disposal & Lawn Services Ltd	\$166,947.01
Habitat Systems Inc	\$47,483.38
Harris & Company LLP	\$29,923.22
Hazmasters Inc	\$31,089.12
Infinite Road Marking Ltd	\$87,756.48
Insurance Corporation of BC	\$50,219.00
ISL Engineering and Land Services Ltd	\$40,233.00
Island Asphalt Company	\$788,950.16
Jameson, Elizabeth Margaret	\$70,000.00
Jim Pattison Toyota Victoria	\$37,826.88
KPMG Chartered Accountants	\$34,125.00
Luxton Construction	\$113,452.50
Mainroad South Island Contracting Ltd.	\$334,180.24
Mega-Tech	\$45,470.79
Municipal Finance Authority of BC	\$284,001.14
Municipal Insurance Association of British Columbia	\$104,157.58
Municipal Pension Plan	\$641,525.21
Paula Boddie & Associates Ltd	\$26,956.83
Plan Contracting Ltd	\$206,565.65
R.C.M.P.	\$1,847,473.85
RCMP - E Division HQ	\$110,377.01
Receiver General for Canada	\$1,198,400.57
Reed Pope Law Corporation	\$189,067.67
Revenue Services of British Columbia	\$27,937.50
Richard and Jean Phillips	\$28,000.00

District of Sooke

Statement of Financial Information for the year ended December 31, 2018

Schedule Showing Total Paid to Each Supplier For Payments Exceeding \$25,000	
Supplier Name	Amount
Rocky Mountain Phoenix	\$104,707.99
School District #62 (Sooke)	\$166,421.40
School Tax	\$1,993,308.44
Sooke Centre Auto Repair	\$77,445.01
Sooke Community Association	\$30,600.00
Sooke Fire Fighters Association	\$39,657.04
Sooke Food Bank Society	\$25,000.00
Sooke Region Community Health Initiative	\$62,500.00
Sooke Regional Tourism Association	\$38,000.00
Stantec Consulting Ltd.	\$100,756.49
Swing Time Distributors Ltd	\$83,927.90
The Tempest Development Group Inc.	\$43,327.43
Urban Systems	\$56,224.28
Vancouver Island Regional Library	\$772,510.00
Victoria Ford Alliance Ltd dba Suburban Motors	\$145,716.48
Victoria Truck Alliance Ltd dba Suburban Motors	\$43,564.64
Waterhouse Environmental Services Corp	\$44,778.16
Westbrook Consulting Ltd	\$35,598.23
Western Watershed Designs Inc	\$193,581.00
Worker's Compensation Board of BC	\$40,801.40
Young, Anderson, Barristers and Solicitors	\$61,887.26
Total Aggregate for Suppliers over \$25,000	\$17,781,599.04
Total Aggregate for Suppliers under \$25,000	\$1,733,877.44
Total Supplier payments	\$19,515,476.48

District of Sooke

Statement of Financial Information for the year ended December 31, 2018

Statement of Severance Agreements

There was one severance agreement made between the District of Sooke and its non-unionized employees during 2018. This agreement represents 11 months of compensation.

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

Schedule of Guarantee and Indemnity Agreements

The District of Sooke has not given any guarantees or indemnities under the *Guarantees and Indemnities Regulation*.

