

DISTRICT OF SOOKE

STATEMENT OF FINANCIAL INFORMATION

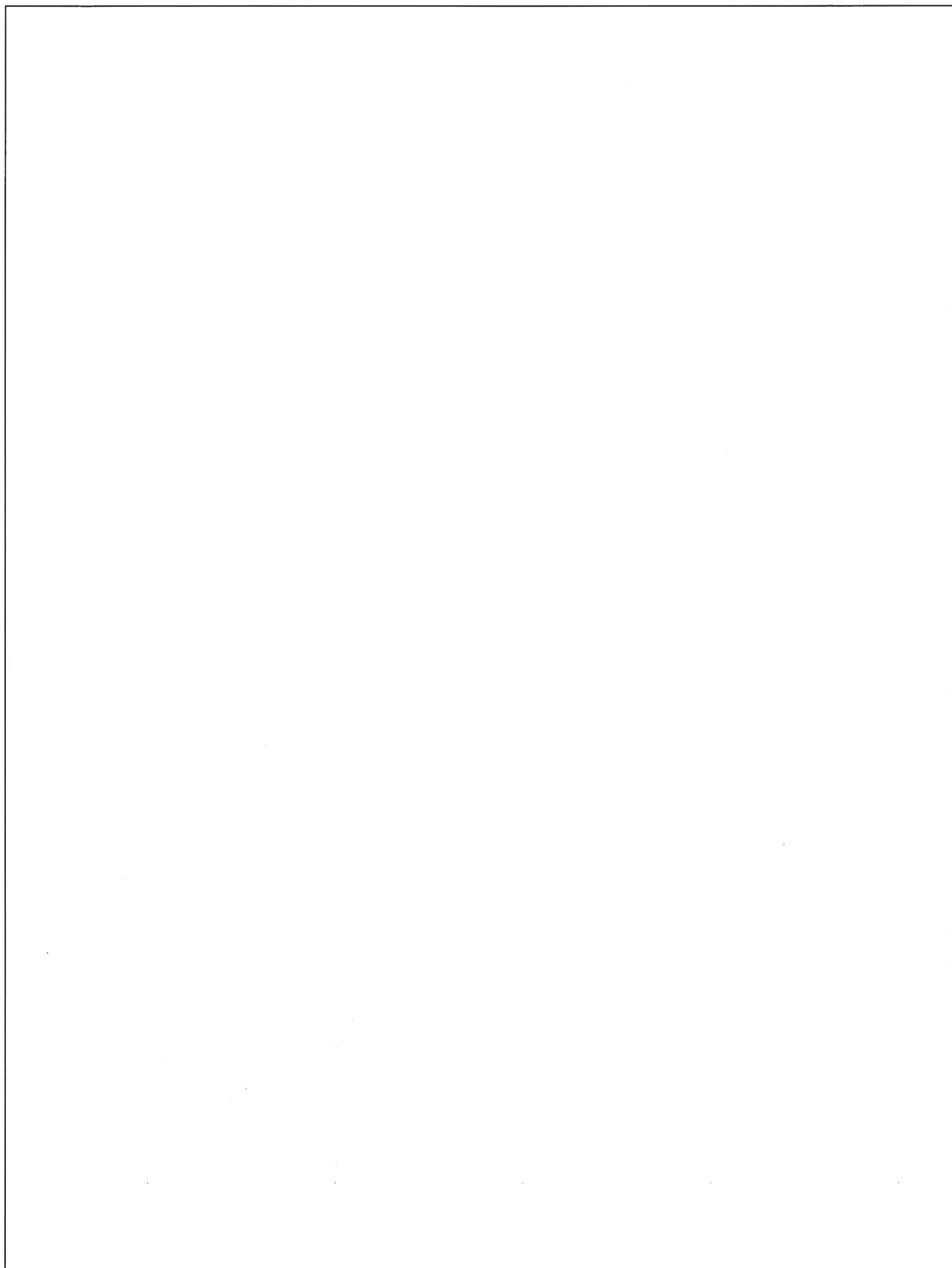
(SOFI)

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

June 22, 2020

Statement of Financial Information
Prepared under the *Financial Information Act*
For the Year ended December 31, 2019

	Page
1. MANAGEMENT REPORT FOR STATEMENT OF FINANCIAL INFORMATION	1
2. STATEMENT OF APPROVAL OF FINANCIAL INFORMATION	2
3. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019	3
<ul style="list-style-type: none">• Management's Responsibility for the Financial Statements• Independent Auditors' Report• Statement of Financial Position• Statement of Operations• Statement of Change in Net Debt• Statement of Cash Flows• Notes to Financial Statements	
4. STATEMENT OF DEBTS	
Prepared under the <i>Financial Information Regulation Schedule 1, Subsection 4</i>	
<i>Information on all long-term debts for this organization is included in Note 5 to the 2019 Audited Financial Statements.</i>	
5. STATEMENT OF REMUNERATION AND EXPENSES	29
Prepared in accordance with the <i>Community Charter</i> (s. 168) and the <i>Local Government Act</i> (s. 377).	
6. STATEMENT OF SEVERANCE AGREEMENTS	33
Prepared under the <i>Financial Information Regulation Schedule 1, Section 6 to Subsection 6(7)</i>	
7. SCHEDULE OF GUARANTEE OR INDEMNITY	33
Prepared under the <i>Financial Information Regulation Schedule 1, Subsection 5</i>	





File No. 1880-20

June 22, 2020

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,

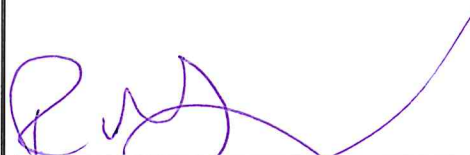


Director of Finance

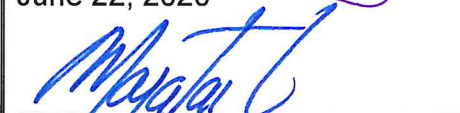
DISTRICT OF SOOKE

**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
Director of Financial Services
June 22, 2020



Maja Tait
Mayor
June 22, 2020

Financial Statements of

DISTRICT OF SOOKE

And Independent Auditors' Report thereon

Year ended December 31, 2019

DISTRICT OF SOOKE

Financial Statements

Year ended December 31, 2019

Financial Statements

Management's Responsibility for the Financial Statements	1
Independent Auditors' Report	2
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Debt	7
Statement of Cash Flows	8
Notes to Financial Statements	9

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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

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



Director of Finance



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Fax (250) 480-3539

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, 2019
- 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, 2019, 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.



District of Sooke

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 11, 2020

DISTRICT OF SOOKE

Statement of Financial Position

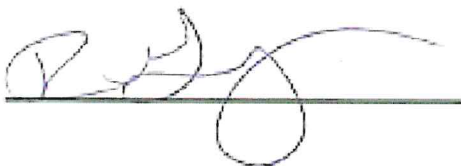
December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash and cash equivalents (note 2)	\$ 15,040,566	\$ 13,563,470
Property taxes receivable	841,129	935,434
Accounts receivable	199,908	186,731
Other assets (note 10(a))	141,400	138,179
	<u>16,223,003</u>	<u>14,823,814</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,732,848	1,654,746
Deposits	1,433,344	1,597,826
Deferred revenue (note 3)	5,132,979	4,536,322
Employee benefit obligations (note 4)	381,885	314,203
Long-term liabilities (note 5)	4,866,311	5,363,593
	<u>13,547,367</u>	<u>13,466,690</u>
Net financial assets	2,675,636	1,357,124
Non-financial assets:		
Tangible capital assets (note 6)	110,226,561	109,835,364
Prepaid expenses	188,131	194,943
	<u>110,414,692</u>	<u>110,030,307</u>
Accumulated surplus (note 7)	\$ 113,090,328	\$ 111,387,431

Commitments and contingent liabilities (note 10)
Subsequent event (note 12)

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, 2019, with comparative information for 2018

	Financial Plan (note 11)	2019	2018
Revenue:			
Net taxes available for municipal purposes (note 8)	\$ 8,625,575	\$ 8,640,268	\$ 7,890,048
Sales and user fees	77,750	77,055	217,099
Government transfers (note 9)	2,582,355	1,719,279	1,301,822
Investment income	150,000	349,968	322,709
Penalties and fines	160,000	161,016	152,200
Licenses and permits	674,543	850,474	727,045
Lease and rental	-	6,571	3,543
Donations and contributions	-	1,387,010	5,154,973
Developer cost charges	200,000	-	295,519
Sewer operating revenue	2,541,564	2,537,134	2,251,301
Casino revenue sharing	260,000	291,570	285,354
Total revenue	15,271,787	16,020,345	18,601,613
Expenses:			
General government	3,127,476	3,239,973	2,836,605
Protective services	4,060,842	4,259,234	3,935,237
Development service	4,712,328	4,552,243	4,669,303
Sewer	2,652,288	2,265,998	2,048,641
Total expenses	14,552,934	14,317,448	13,489,786
Annual surplus	718,853	1,702,897	5,111,827
Accumulated surplus, beginning of year	111,387,431	111,387,431	106,275,604
Accumulated surplus, end of year	\$ 112,106,284	\$ 113,090,328	\$ 111,387,431

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

DISTRICT OF SOOKE

Statement of Change in Net Debt

Year ended December 31, 2019, with comparative information for 2018

	Financial Plan (note 11)	2019	2018
Annual surplus	\$ 718,853	\$ 1,702,897	\$ 5,111,827
Acquisition of tangible capital assets	(5,153,105)	(2,080,306)	(1,680,373)
Developer contributions of tangible capital assets	-	(1,350,985)	(5,153,299)
Amortization of tangible capital assets	2,653,501	2,952,484	3,123,019
Loss on disposal of tangible capital assets	-	87,610	-
	(2,499,604)	(391,197)	(3,710,653)
Acquisition of prepaid expenses	-	6,812	27,102
Change in net debt	(1,780,751)	1,318,512	1,428,276
Net financial assets (debt), beginning of year	1,357,124	1,357,124	(71,152)
Net financial assets, end of year	\$ (423,627)	\$ 2,675,636	\$ 1,357,124

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

DISTRICT OF SOOKE

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,702,897	\$ 5,111,827
Items not involving cash:		
Developer contributions of tangible capital assets	(1,350,985)	(5,153,299)
Amortization of tangible capital assets	2,952,484	3,123,019
Loss on disposal of tangible capital assets	87,610	-
Actuarial adjustment on debt	(193,372)	(173,898)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	94,305	(51,099)
Accounts receivable	(13,177)	(31,019)
Other assets	(3,221)	(2,843)
Accounts payable and accrued liabilities	78,102	53,648
Deposits	(164,482)	990,204
Employee benefit obligations	67,682	59,077
Deferred revenue	596,657	848,014
Prepaid expenses	6,812	27,102
	3,861,312	4,800,733
Capital activities:		
Acquisition of tangible capital assets	(2,080,306)	(1,680,373)
Proceeds on disposal of tangible capital assets	6,000	-
	(2,074,306)	(1,680,373)
Financing activities:		
Debt issued and assumed	369,937	-
Debt payments	(679,847)	(599,469)
	(309,910)	(599,469)
Increase in cash and cash equivalents	1,477,096	2,520,891
Cash and cash equivalents, beginning of year	13,563,470	11,042,579
Cash and cash equivalents, end of year	\$ 15,040,566	\$ 13,563,470

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

DISTRICT OF SOOKE

Notes to Financial Statements

Year ended December 31, 2019

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, 2019

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, 2019

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, 2019

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, 2019

2. Cash and cash equivalents:

	2019	2018
Bank deposits	\$ 2,862,474	\$ 2,073,033
Municipal Finance Authority Pooled Investment Funds	12,178,092	11,490,437
	<u>\$ 15,040,566</u>	<u>\$ 13,563,470</u>

3. Deferred revenue:

	2019	2018
Prepaid property taxes	\$ 914,579	\$ 880,843
Development cost charges	4,175,051	3,616,447
Other deferred revenue	43,349	39,032
Total deferred revenue	<u>\$ 5,132,979</u>	<u>\$ 4,536,322</u>

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

Development Cost Charges

	2019	2018
Opening balance of unspent funds	\$ 3,616,447	\$ 2,756,217
Add:		
Development cost charges received during the year	520,853	1,123,936
Interest earned	37,751	31,813
	<u>558,604</u>	<u>1,155,749</u>
	4,175,051	3,911,966
Less amount recorded as revenue	-	295,519
Closing balance of unspent funds	<u>\$ 4,175,051</u>	<u>\$ 3,616,447</u>

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Employee benefit obligations:

	2019	2018
Accrued vacation	\$ 103,670	\$ 55,573
Other contract obligations	278,215	258,630
	<u>\$ 381,885</u>	<u>\$ 314,203</u>

Employee benefit obligations represent accrued benefits as at December 31, 2019. 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 trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multiemployer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2018, the Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local government.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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 \$394,661 (2018 - \$354,549) for employer contributions to the Plan in fiscal 2019, while employees contributed \$332,308 (2018 - \$293,102) to the plan in fiscal 2019.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Long-term liabilities:

	2019	2018
Tax supported debt bearing interest at 4.52% and matures in 2027 (ladder truck)	\$ 294,991	\$ 329,533
Debt for sewer capital project bearing interest at 4.43% and matures in 2026	3,840,107	4,324,060
MFA Loan (property purchase) bearing annual variable interest and matures in 2021	426,000	710,000
MFA Equipment Loan (Water Tender Truck) bearing annual variable interest and matures in 2024	305,213	-
Long-term liabilities	\$ 4,866,311	\$ 5,363,593

(a) 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 debt at December 31, 2019 and 2018 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:

2020	\$ 673,998
2021	533,871
2022	393,192
2023	394,237
2024	316,827
Thereafter	2,554,186
	\$ 4,866,311

(c) Total interest expense on long-term debt for the year ending December 31, 2019 amounted to \$164,804 (2018 - \$170,966).

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Tangible capital assets:

Cost:	Equipment, furniture and vehicles							Total 2019	Total 2018
	Land	Land improvements	Buildings	Roads and sidewalks	Storm sewer	Sanitary sewer	Work in progress		
Balance, beginning of year		7,740,955	4,071,087	54,845,388	13,871,332	27,274,110	49,669	\$151,460,221	\$144,626,803
Additions		81,463	120,186	1,393,814	195,590	415,689	184,191	3,431,291	7,047,998
Disposals	-	-	-	(310,367)	-	-	-	(351,063)	(214,580)
Balance, end of year	38,792,311	7,822,418	4,191,273	55,928,835	14,066,922	27,689,799	233,860	154,540,449	151,460,221
Accumulated amortization:									
Balance, beginning of year		3,067,661	2,590,196	25,126,432	1,713,613	5,822,746	-	41,624,857	38,501,836
Disposals	-	-	-	(239,036)	-	-	-	(263,453)	-
Amortization	-	340,498	150,031	1,418,440	226,932	559,840	-	2,952,484	3,123,019
Balance, end of year	-	3,408,159	2,740,227	26,305,836	1,940,545	6,382,586	-	44,313,888	41,624,857
Net book value, end of year	\$38,792,311	4,414,259	1,451,046	29,622,999	12,126,377	21,307,213	233,860	\$110,226,561	\$109,835,364

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Tangible capital assets (continued):

(a) Work in progress:

Work in progress having a value of \$233,860 (2018 - \$49,669) 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 \$1,350,985 (2018 - \$5,153,299) comprised of land (\$309,675), land improvements (\$75,000), roads and sidewalks (\$625,520), storm sewer (\$188,840), sanitary sewer (\$145,200) and work in progress (\$6,750).

(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, 2019

7. Accumulated surplus:

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

	2019	2018
Surplus:		
Equity in tangible capital assets	\$105,360,250	\$104,471,771
Operating Fund	1,913,976	2,088,978
Total surplus	107,274,226	106,560,749
Reserve Funds:		
Future Sewer Expenditures Reserve	1,301,769	1,087,754
Gas Tax Reserve	1,115,867	584,223
Capital Asset Replacement Reserve	537,854	570,735
Playing Field Reserve	417,118	401,562
Future Policing Costs Reserve	332,893	252,920
Parkland Reserve	293,052	290,025
Seniors/Youth Centre Reserve	257,577	254,916
Future Road Liabilities Reserve	250,526	215,539
Emergency Road Repair / Snow Removal Reserve	183,337	181,443
Casino Revenue Reserve	181,922	263,961
Affordable Housing Reserve	139,261	-
Capital Improvement Financing Reserve	135,502	122,226
Land (Non-park) Reserve	100,572	99,533
SPA Revenue Reserve	83,237	72,493
Fire Equipment Reserve	77,498	116,399
Revenue Smoothing Reserve	71,000	71,000
Frontage Improvements Reserve	66,536	30,911
Community Amenities Reserve	58,200	57,599
Property Tax Stabilization Reserve	51,000	51,000
Sewer Expansion Reserve	49,536	-
Capital Works Reserve	31,003	25,737
Risk Management Reserve	30,870	30,870
Harbour Park Reserve	20,115	19,198
Carbon Tax Rebate Reserve	13,137	9,918
Knott / Demamiel Watershed Reserve	6,700	6,700
Marine Boardwalk Reserve	5,520	5,520
Street Lighting Reserve	4,000	4,000
Banner Contributions Reserve	500	500
Total reserve funds	5,816,102	4,826,682
	\$113,090,328	\$111,387,431

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

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.

	2019	2018
Taxes:		
Property tax	\$ 18,690,662	\$ 17,200,438
Payments in lieu of taxes	42,976	41,180
1% Utility tax	185,682	180,517
	18,919,320	17,422,135
Less taxes levied on behalf of:		
Provincial government - school taxes	4,946,656	4,654,474
Capital Regional District	3,167,260	2,869,187
Capital Regional Hospital District	701,518	673,827
Municipal Finance Authority	667	593
BC Assessment Authority	134,453	125,720
BC Transit Authority	653,482	590,278
Vancouver Island Regional Library	675,016	618,008
	10,279,052	9,532,087
Net taxes available for municipal purposes	\$ 8,640,268	\$ 7,890,048

9. Government transfers:

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

	2019	2018
Provincial Small Community Protection	\$ 337,528	\$ 347,484
Provincial Traffic Fine Revenue	77,333	77,301
Gas Tax Agreement Funds	1,162,767	560,390
Ministry of Transportation and Infrastructure	97,528	313,002
Other	44,123	3,645
	\$ 1,719,279	\$ 1,301,822

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

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 \$141,400 (2018 - \$138,179) 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, 2019 there were contingent demand notes of \$272,296 (2018 - \$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 2020 estimated cost of this contract is \$2,153,457.

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

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 2019 operating and capital financial plans approved by Council on April 8, 2019 (and amended on November 18, 2019). The following reconciles the approved financial plan to the figures reported in these financial statements.

	Financial plan amount
Revenues:	
	\$ 22,050,566
Amendments approved by Council	581,845
Financial plan, as approved by Council	22,632,411
Less:	
Transfers from other funds	3,549,827
Proceeds from borrowing	1,157,296
Amortization offset	2,653,501
Total revenue	15,271,787
Expenses:	
Financial plan, as approved by Council	22,050,566
Amendments approved by Council	581,845
Financial plan, as approved by Council	22,632,411
Less:	
Capital expenditures	5,153,105
Transfer to other reserves	2,073,123
Debt principal payments	853,249
Total expenses	14,552,934
Annual surplus	\$ 718,853

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

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. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This situation presents uncertainty over the District's future cash flows and may have a significant impact on the District's future operations. Potential impacts on the District's business could include future decreases in revenue, future increases in expenses, impairment of receivables, impairment of investments or reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact of the economy are not known, an estimate of the financial effect on the District is not practical at this time.

13. Segmented information:

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

(a) General Government:

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

(b) Protective services:

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

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

13. Segmented information (continued):

(c) Development Services:

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

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

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

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

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

(d) Sewer:

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

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

DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2019

13. Segmented information (continued):

2019	General Government	Protective Services	Development	Sewer	Total
Revenue:					
Taxation	\$ 8,640,268	\$ -	\$ -	\$ -	\$ 8,640,268
User charges	252,387	40,028	802,701	2,537,134	3,632,250
Government transfers	5,022	414,861	1,299,396	-	1,719,279
Investment income	349,968	-	-	-	349,968
Other	291,570	-	1,387,010	-	1,678,580
Total revenue	9,539,215	454,889	3,489,107	2,537,134	16,020,345
Expenses:					
Salaries and wages	1,590,032	1,221,510	1,871,061	446,209	5,128,812
Contracted and general services	704,197	2,201,003	573,427	622,159	4,100,786
Supplies and materials	761,177	561,449	348,816	256,859	1,928,301
Interest and bank charges	34,536	18,529	-	154,000	207,065
Amortization	150,031	256,743	1,758,939	786,771	2,952,484
Total expenses	3,239,973	4,259,234	4,552,243	2,265,998	14,317,448
Annual surplus (deficit)	\$ 6,299,242	\$ (3,804,345)	\$ (1,063,136)	\$ 271,136	\$ 1,702,897

2018	General Government	Protective Services	Development	Sewer	Total
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

District of Sooke

Statement of Financial Information for the year ended December 31, 2019

TOTAL REMUNERATION

REMUNERATION SUMMARY - Council and Employees

	Wages	Expenses
Elected Officials	\$ 96,634.63	\$ 49,337.39
Employees	\$ 4,281,486.95	\$ 121,424.49
GRAND TOTAL (Council and Employees)	\$ 4,378,121.58	\$ 170,761.88
GRAND TOTAL (Wages from 2019 T4's)	\$ 4,378,121.58	
TOTAL REMUNERATION: (Wages + Expenses)		\$ 4,548,883.46

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.

COUNCIL REMUNERATION

Council Wages			Council Expenses		
Lastname, Name	Position	Wages	(paid directly)	(paid indirectly)	Total Expenses
Tait, Maja	Mayor	25,000.00	2,758.08	2,585.86	5,343.94
Parkinson, Brenda	Councillor	\$ 6,730.78	\$ 151.50	-	151.50
Logins, Ebony	Councillor	\$ 12,500.00	\$ 1,282.33	6,712.37	7,994.70
Beddows, Allan	Councillor	\$ 12,500.00	\$ 1,558.50	7,082.09	8,640.59
McMath, Megan	Councillor	\$ 12,500.00	\$ 880.65	7,476.37	8,357.02
St-Pierre, Marcel	Councillor	\$ 12,500.00	\$ 706.56	8,743.91	9,450.47
Bateman, Jeffrey	Councillor	\$ 12,500.00	\$ 1,825.95	7,272.75	9,098.70
Lajeunesse, Dana	Councillor	\$ 2,403.85	\$ 300.47	-	300.47
TOTALS		\$ 96,634.63	\$ 9,464.04	\$ 39,873.35	\$ 49,337.39
COUNCIL GRAND TOTAL (Wages + Expenses)			\$ 145,972.02		

District of Sooke

Statement of Financial Information for the year ended December 31, 2019

EMPLOYEE REMUNERATION

Employees with Gross Salary Greater than \$75,000			
Name	Positiior	Wages > \$75,000	Expenses
Barney, Matthew	Assistant Fire Chief	\$ 147,239.49	\$ 3,482.12
Bastone, Anthony	Building Official	\$ 76,312.75	\$ 3,718.65
Boquist, Jessica	Parks - Lead Hand	\$ 79,576.74	\$ 1,548.02
Butterfield, Paul	Engineering Technologist	\$ 75,833.48	\$ 3,515.94
Campbell, Ivy	Head of Planning	\$ 105,889.15	\$ 8,147.55
Derrick, Brian	Engineering Technologist	\$ 79,209.84	\$ 5,863.24
Downton, Mark	System Specialist & Database Administrator	\$ 90,367.03	\$ 4,556.85
Evertse, Teunesha	Planner II	\$ 85,196.07	\$ 3,247.14
Goble, Brian	Head of Geographic Services	\$ 90,367.02	\$ 3,746.23
Gray, Raechel	Acting Director of Finance	\$ 117,806.55	\$ 3,293.76
Hooper, Laura	Parks & Environmental Coordinator	\$ 94,672.71	\$ 5,175.02
Howat, Robert	Director of Development Services	\$ 87,820.04	\$ -
Kerr, Grayson	Firefighter	\$ 111,913.88	\$ 1,591.82
MacDonald, Constance	Head of Human Resources	\$ 81,025.40	\$ 416.36
McCrea, Christopher	Firefighter	\$ 132,224.60	\$ 74.24
McInnis, Norman	Chief Administrative Officer	\$ 76,577.10	\$ 16,811.08
McNeill, James	Wastewater Lead Operator	\$ 116,209.40	\$ 1,738.69
Metzger, Bradley	Building Official	\$ 83,655.13	\$ 2,975.84
Miller, Christopher	Wastewater Operator	\$ 99,108.72	\$ 2,039.57
Mills, Media	Bylaw Enforcement Officer	\$ 78,322.25	\$ 2,692.80
Mount, Kenneth	Fire Chief	\$ 142,329.51	\$ 3,011.82
Mushata, Carolyn	Corporate Officer	\$ 117,084.00	\$ 4,915.72
Norris-Jones, Cameron	Firefighter	\$ 153,110.82	\$ 3,587.43
Rear, Patricia	Deputy Corporate Officer	\$ 80,538.01	\$ 4,208.97
Schaffer, Donald	Interim CAO	\$ 80,811.33	\$ 7,120.33
Temple, Benjamin	Firefighter	\$ 116,129.98	\$ 1,103.82
Zerr, Nicole	Land Development Technician	\$ 86,015.08	\$ 1,629.00
Total - Employees with salary greater than \$75,000		\$ 2,685,346.08	\$ 100,212.01
Total Remuneration - Other Employee:		\$ 1,596,140.87	\$ 21,212.49
GRAND TOTAL: EMPLOYEES		\$ 4,281,486.95	\$ 121,424.49

District of Sooke

Statement of Financial Information for the year ended December 31, 2019

SUPPLIER EXPENSES

Total Paid to Each Supplier For Payments Exceeding \$25,000	
Supplier Name (Alphabetically)	Amount
2119 Charters Developments Ltd	\$81,134.55
661314 B.C. LTD	\$27,918.70
Accutemp	\$38,141.78
Associated Fire Safety	\$49,224.15
Bartlett Tree Experts	\$38,500.35
BC Assessment Authority	\$134,475.54
BC Hydro	\$228,407.60
BC Transit	\$658,504.84
Bickford Enterprises Ltd.	\$109,998.42
Canadian Union of Public Employees	\$43,748.38
Canem Systems	\$28,192.50
Capital City Paving Ltd.	\$751,867.20
Capital Reg. Emerg. Serv. Telecommunications	\$65,758.26
Capital Regional District	\$3,722,353.34
Capital Regional District-Water Dept	\$272,280.76
Capital Regional Hospital District	\$704,219.40
CDW Canada Inc	\$61,567.96
CIBC - VISA	\$228,067.30
CitySpaces Consulting Ltd.	\$29,659.55
CRD Water Department	\$144,403.05
Dale's Electric Ltd.	\$38,662.47
Desjardins Financial Security	\$282,192.31
E P Engineered Pump Systems Ltd	\$44,473.03
Emery Electric Ltd	\$95,298.78
Fort Garry Fire Trucks Ltd	\$414,868.43
Guillevin International Company	\$27,130.56
H L Disposal & Lawn Services Ltd	\$209,755.44
Hendry Swinton McKenzie	\$45,513.00
Insurance Corporation of BC	\$25,763.00
KPMG Chartered Accountants	\$27,825.00
Lamont Land Inc	\$27,918.70
Mainroad South Island Contracting Ltd.	\$238,447.15
Marsden Construction Management Ltd	\$52,350.06
Monk Office	\$29,027.50
Municipal Finance Authority of BC	\$284,668.92
Municipal Insurance Association of British Columbia	\$108,478.59
Municipal Pension Plan	\$709,060.14
Patrick O'Reilly	\$29,600.00
Paula Boddie & Associates Ltd	\$26,111.92
Plan Contracting Ltd	\$44,818.83
R Read Construction Ltd	\$48,675.90

District of Sooke

Statement of Financial Information for the year ended December 31, 2019

SUPPLIER EXPENSES

Total Paid to Each Supplier For Payments Exceeding \$25,000	
Supplier Name (Alphabetically)	Amount
R.C.M.P.	\$1,906,211.63
Ramida Enterprises Ltd.	\$54,113.20
RCMP - E Division HQ	\$93,891.54
Receiver General for Canada	\$1,217,412.07
Receiver General-Canada Revenue Agency	\$56,472.40
Reed Pope Law Corporation	\$110,244.55
Revenue Services of BC	\$86,250.00
Rocky Mountain Phoenix	\$114,125.49
Rolling Tides Construction	\$62,994.76
School District #62 (Sooke)	\$59,955.99
School Tax	\$2,192,166.30
Scia'New Nation Investment Corporation Inc	\$196,969.85
Softchoice LP	\$25,990.12
Sooke Community Association	\$28,000.00
Sooke Fire Fighters Association	\$37,779.00
Sooke Food Bank Society	\$31,100.00
Sooke Lions Club	\$32,111.41
Sooke Region Community Health Initiative	\$59,337.50
Sooke Region Museum	\$26,650.00
Stantec Consulting Ltd.	\$86,788.06
The Tempest Development Group Inc.	\$42,569.52
Timberwolf Precast Ltd	\$88,373.25
Urban Systems	\$124,107.46
Urbanics Consultants Ltd	\$64,067.25
Vancouver Island Regional Library	\$675,016.00
Victoria Contracting	\$112,499.73
Victoria Truck Alliance Ltd dba Suburban Motors	\$162,848.00
Waterhouse Environmental Services Corp	\$59,519.01
Worker's Compensation Board of BC	\$49,097.31
Young, Anderson, Barristers and Solicitors	\$90,255.42
Total Aggregate for Suppliers over \$25,000	\$ 18,175,980.18
Total Aggregate for Suppliers under \$25,000	\$1,828,923.11
Total Supplier payments	\$ 20,004,903.29

District of Sooke

Statement of Financial Information for the year ended December 31, 2019

Statement of Severance Agreements

There was one severance agreement made between the District of Sooke and its non-unionized employees during 2019. This agreement represents 6 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*.

