



# **DISTRICT OF SOOKE**

## **2021 STATEMENT OF FINANCIAL INFORMATION**

For the year ended December 31, 2021

### **Including**

- 2022 Audited Financial Statements
- Schedule of Council Remuneration and Expense Report
- Schedule of Remuneration and Expenses paid to or on behalf of each employee
- Schedule of Payments to Suppliers of Goods and Services
- Schedule of Severance Agreements
- Schedule of Guarantee and Indemnity Agreements

***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*.



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Raechel Gray, CPA CMA  
Director of Financial Services  
June 29, 2022



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Maja Tait, Mayor  
June 29, 2022

# DISTRICT OF SOOKE

Statement of Financial Position

For the year ended December 31, 2021

Management's Responsibility for the Financial Statements Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Operations	5
Statement of Change in Net Debt	7
Statement of Cash Flows	8
Notes to Financial Statements	9
COVID-19 Safe Restart Grant	25
Schedule of Council Remuneration and Expense Report	26
Schedule of Remuneration and Expenses paid to or on behalf of each employee	27
Schedule of Payments to Suppliers of Goods and Services	28
Schedule of Severance Agreements	30
Schedule of Guarantee and Indemnity Agreements	31

## **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.



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*Director of Finance*



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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, 2021
- the statement of operations 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, 2021, 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 9, 2022

# DISTRICT OF SOOKE

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 28,160,972	\$ 21,399,501
Property taxes receivable	655,344	813,362
Accounts receivable	1,858,081	423,535
Other assets (note 10(a))	146,768	144,312
	<u>30,821,165</u>	<u>22,780,710</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	4,645,047	4,067,249
Deposits	2,721,128	2,381,537
Deferred revenue (note 3)	12,160,376	6,009,745
Employee benefit obligations (note 4)	407,047	384,341
Long-term liabilities (note 5)	3,749,539	4,699,848
	<u>23,683,137</u>	<u>17,542,720</u>
<b>Net financial assets</b>	7,138,028	5,237,990
<b>Non-financial assets:</b>		
Tangible capital assets (note 6)	121,095,400	116,188,959
Prepaid expenses	218,860	160,048
	<u>121,314,260</u>	<u>116,349,007</u>
<b>Accumulated surplus (note 7)</b>	<u>\$ 128,452,288</u>	<u>\$ 121,586,997</u>

Commitments and contingent liabilities (note 10)

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

On behalf of the District:



Director of Finance



# DISTRICT OF SOOKE

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Financial Plan (note 11)	2021	2020
Revenue:			
Net taxes available for municipal purposes (note 8)	\$ 9,449,829	\$ 9,445,068	\$ 8,918,165
Sales and user fees	97,750	304,309	197,571
Government transfers (note 9)	10,264,663	3,767,176	4,170,305
Investment income	210,000	558,343	363,557
Penalties and fines	160,000	181,953	177,984
Licenses and permits	789,543	1,347,588	937,335
Lease and rental	-	3,600	7,200
Donations and contributions	-	3,449,241	6,186,660
Developer cost charges	380,000	1,375,878	-
Sewer operating revenue	2,906,429	2,871,248	2,746,140
Casino revenue sharing	160,000	141,056	64,838
Total revenue	24,418,214	23,445,460	23,769,755
Expenses:			
General government	3,155,229	3,523,695	2,903,736
Protective services	4,355,502	4,618,914	4,592,812
Development service	5,651,431	5,439,842	5,032,074
Sewer	2,741,772	2,997,718	2,744,464
Total expenses	15,903,934	16,580,169	15,273,086
Annual surplus	8,514,280	6,865,291	8,496,669
Accumulated surplus, beginning of year	121,586,997	121,586,997	113,090,328
Accumulated surplus, end of year	\$ 130,101,277	\$ 128,452,288	\$ 121,586,997

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

# DISTRICT OF SOOKE

## Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Financial Plan (note 11)	2021	2020
Annual surplus	\$ 8,514,280	\$ 6,865,291	\$ 8,496,669
Acquisition of tangible capital assets	(7,177,269)	(4,440,512)	(2,970,172)
Developer contributions of tangible capital assets	-	(3,449,241)	(6,186,660)
Amortization of tangible capital assets	2,952,484	2,944,702	3,194,434
Loss on disposal of tangible capital assets	-	38,610	-
	(4,224,785)	(4,906,441)	(5,962,398)
Acquisition of prepaid expenses	-	(58,812)	28,083
Change in net debt	4,289,495	1,900,038	2,562,354
Net financial assets, beginning of year	5,237,990	5,237,990	2,675,636
Net financial assets, end of year	\$ 9,527,485	\$ 7,138,028	\$ 5,237,990

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

# DISTRICT OF SOOKE

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 6,865,291	\$ 8,496,669
Items not involving cash:		
Developer contributions of tangible capital assets	(3,449,241)	(6,186,660)
Amortization of tangible capital assets	2,944,702	3,194,434
Loss on disposal of tangible capital assets	38,610	-
Actuarial adjustment on debt	(235,099)	(214,026)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	158,018	27,767
Accounts receivable	(1,434,546)	(223,627)
Other assets	(2,456)	(2,912)
Accounts payable and accrued liabilities	577,798	2,334,401
Deposits	339,591	948,193
Employee benefit obligations	22,706	2,456
Deferred revenue	6,150,631	876,766
Prepaid expenses	(58,812)	28,083
	11,917,193	9,281,544
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(4,440,512)	(2,970,172)
	(4,440,512)	(2,970,172)
<b>Financing activities:</b>		
Debt issued and assumed	-	800,000
Debt payments	(715,210)	(752,437)
	(715,210)	47,563
Increase in cash and cash equivalents	6,761,471	6,358,935
Cash and cash equivalents, beginning of year	21,399,501	15,040,566
Cash and cash equivalents, end of year	\$ 28,160,972	\$ 21,399,501

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

# DISTRICT OF SOOKE

## Notes to Financial Statements

Year ended December 31, 2021

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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, 2021

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## 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, 2021

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## 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, 2021

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## 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. 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, 2021

## 2. Cash and cash equivalents:

	2021	2020
Bank deposits	\$ 4,025,678	\$ 6,734,187
Municipal Finance Authority Pooled Investment Funds	24,135,294	14,665,314
	<u>\$ 28,160,972</u>	<u>\$ 21,399,501</u>

## 3. Deferred revenue:

	2021	2020
Prepaid property taxes	\$ 1,118,671	\$ 907,404
Development cost charges	5,253,300	5,040,925
Other deferred revenue	5,788,405	61,416
Total deferred revenue	<u>\$ 12,160,376</u>	<u>\$ 6,009,745</u>

Included in other deferred revenue are business licenses, building permits and grants where required services, stipulations or qualifying expenditures have not yet been met.

### Development Cost Charges

	2021	2020
Opening balance of unspent funds	\$ 5,040,925	\$ 4,175,051
Add:		
Development cost charges received during the year	1,507,705	814,063
Interest earned	80,548	51,811
	<u>1,588,253</u>	<u>865,874</u>
	6,629,178	5,040,925
Less amount recorded as revenue	1,375,878	-
Closing balance of unspent funds	<u>\$ 5,253,300</u>	<u>\$ 5,040,925</u>



# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 4. Employee benefit obligations:

	2021	2020
Accrued vacation	\$ 79,640	\$ 102,761
Other contract obligations	327,407	281,580
	<u>\$ 407,047</u>	<u>\$ 384,341</u>

Employee benefit obligations represent accrued benefits as at December 31, 2021. 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 trusted 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, 2021, the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 41,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for the average future entrants to the plan. This rate may be adjusted for the amortization of any unfunded actuarial liability.

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 \$519,550 (2020 - \$470,934) for employer contributions to the Plan while employees contributed \$440,120 (2020 - \$396,864) to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available later in 2022.

# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 5. Long-term liabilities:

	2021	2020
Tax supported debt bearing interest at 4.52% and matures in 2027 (ladder truck)	\$ 219,061	\$ 258,189
Debt for sewer capital project bearing interest at 4.43% and matures in 2026	2,802,486	3,333,185
MFA Loan (property purchase) bearing annual variable interest and matures in 2021	-	142,000
MFA Equipment Loan (Water Tender Truck) bearing annual variable interest and matures in 2024	153,683	230,909
MFA Equipment Loan (Engine 1A) bearing annual variable interest and maturing in 2025	250,164	329,744
MFA Equipment Loan (Engine 1B) bearing annual variable interest and maturing in 2025	324,145	405,821
<b>Long-term liabilities</b>	<b>\$ 3,749,539</b>	<b>\$ 4,699,848</b>

(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 debt through the MFA. Debt is 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, 2021 and 2020 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:

2022	\$ 553,165
2023	554,272
2024	479,553
2025	406,961
2026	316,242

(c) Total interest expense on long-term debt for the year ending December 31, 2021 amounted to \$167,884 (2020 - \$179,386).

# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 6. Tangible capital assets:

	Land	Land improvements	Buildings	Equipment, furniture and vehicles	Roads and sidewalks	Storm sewer	Sanitary sewer	Work in progress	Total 2021	Total 2020
<b>Cost:</b>										
Balance, beginning of year	\$42,308,746	7,968,375	4,348,136	6,804,746	57,669,258	14,552,227	28,842,465	1,203,328	\$163,697,281	\$154,540,449
Additions	392,429	238,578	66,032	253,089	1,848,479	697,552	580,063	3,813,531	7,889,753	9,310,693
Transfers	-	-	-	748,705	-	-	-	(748,705)	-	(153,861)
Disposals	-	-	-	(244,392)	(38,106)	-	-	-	(282,498)	-
Balance, end of year	42,701,175	8,206,953	4,414,168	7,562,148	59,479,631	15,249,779	29,422,528	4,268,154	171,304,536	163,697,281
<b>Accumulated amortization:</b>										
Balance, beginning of year	-	3,753,215	2,854,079	3,806,321	27,798,361	2,265,554	7,030,792	-	47,508,322	44,313,888
Disposals	-	-	-	(216,681)	(27,207)	-	-	-	(243,888)	-
Amortization	-	346,175	114,072	282,774	1,451,426	188,941	561,314	-	2,944,702	3,194,434
Balance, end of year	-	4,099,390	2,968,151	3,872,414	29,222,580	2,454,495	7,592,106	-	50,209,136	47,508,322
Net book value, end of year	\$42,701,175	4,107,563	1,446,017	3,689,734	30,257,051	12,795,284	21,830,422	4,268,154	\$121,095,400	\$116,188,959

# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 6. Tangible capital assets (continued):

(a) Work in progress:

Work in progress having a value of \$4,268,154 (2020 - \$1,203,328) 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 \$3,449,241 (2020 - \$6,186,660) comprised of land (\$392,429), land improvements (\$nil), roads and sidewalks (\$1,778,347), storm sewer (\$713,252), sanitary sewer (\$565,213).

(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, 2021

## 7. Accumulated surplus:

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

	2021	2020
<b>Surplus:</b>		
Equity in tangible capital assets	\$117,345,861	\$111,489,111
Operating Fund	999,323	666,000
Total surplus	118,345,184	112,155,111
<b>Reserve Funds:</b>		
COVID-19 Safe Restart Reserve	2,513,766	2,981,000
Future Sewer Expenditures Reserve	1,616,130	1,589,059
Gas Tax Reserve	1,834,077	1,262,261
Capital Asset Replacement Reserve	837,244	774,306
Playing Field Reserve	429,042	422,294
Future Policing Costs Reserve	529,816	432,102
Parkland Reserve	301,430	296,689
Seniors/Youth Centre Reserve	188,742	185,773
Future Road Liabilities Reserve	375,199	283,585
Emergency Road Repair / Snow Removal Reserve	188,578	185,612
Casino Revenue Reserve	156,517	53,848
Affordable Housing Reserve	143,242	140,990
Capital Improvement Financing Reserve	121,278	107,559
Land (Non-park) Reserve	103,447	101,820
SPA Revenue Reserve	120,805	99,409
Fire Equipment Reserve	177,334	73,634
Revenue Smoothing Reserve	71,000	71,000
Frontage Improvements Reserve	66,536	66,536
Community Amenities Reserve	59,864	58,922
Property Tax Stabilization Reserve	51,000	51,000
Sewer Expansion Reserve	50,952	50,151
Capital Works Reserve	68,857	48,089
Risk Management Reserve	30,870	30,870
Harbour Park Reserve	22,742	22,742
Carbon Tax Rebate Reserve	17,916	16,415
Tree Reserve	14,000	9,500
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	10,107,104	9,431,886
	\$128,452,288	\$121,586,997

# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 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.

	2021	2020
Taxes:		
Property tax	\$ 20,638,949	\$ 19,219,372
Payments in lieu of taxes	46,264	39,468
1% Utility tax	183,516	189,141
	<u>20,868,729</u>	<u>19,447,981</u>
Less taxes levied on behalf of:		
Provincial government - school taxes	5,636,503	4,918,755
Capital Regional District	3,455,856	3,336,889
Capital Regional Hospital District	691,201	690,913
Municipal Finance Authority	765	708
BC Assessment Authority	161,910	154,096
BC Transit Authority	764,800	735,123
Vancouver Island Regional Library	712,626	693,332
	<u>11,423,661</u>	<u>10,529,816</u>
Net taxes available for municipal purposes	<u>\$ 9,445,068</u>	<u>\$ 8,918,165</u>

## 9. Government transfers:

	2021	2020
Provincial Small Community Protection	\$ 305,000	\$ 323,984
Provincial Traffic Fine Revenue	90,808	95,078
Gas Tax Agreement Funds	1,232,702	602,623
Ministry of Transportation and Infrastructure	2,088,655	88,790
Other	50,011	78,830
COVID-19 Safe Restart Grant	-	2,981,000
	<u>\$ 3,767,176</u>	<u>\$ 4,170,305</u>

# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 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 \$146,869 (2020 - \$144,312) 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, 2021 there were contingent demand notes of \$272,296 (2020 - \$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 to March 30, 2022 and 90% as of April 1, 2022. At full strength (14 members) the 2022 estimated cost of this contract is \$2,847,824.

# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 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 2021 operating and capital financial plans approved by Council on January 11, 2021 (and amended on December 13, 2021). Amortization is included in the plan. The following reconciles the approved financial plan to the figures reported in these financial statements.

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	Financial plan amount
Revenues:	
Financial plan, as approved by Council	\$ 29,777,341
Amendments approved by Council	3,555,851
<hr/>	
Financial plan, as approved by Council	33,333,192
Less:	
Transfers from other funds	5,962,494
Amortization offset	2,952,484
<hr/>	
Total revenue	24,418,214
Expenses:	
Financial plan, as approved by Council	29,777,341
Amendments approved by Council	3,555,851
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Financial plan, as approved by Council	33,333,192
Less:	
Capital expenditures	11,193,039
Transfer to other reserves	5,351,808
Debt principal payments	884,411
<hr/>	
Total expenses	17,429,258
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Annual surplus	\$ 41,847,472

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# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 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.

(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.

# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 12. Segmented information (continued):

### (c) Development Services (continued):

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.

	General Government	Protective Services	Development	Sewer	Total
<b>2021</b>					
<b>Revenue:</b>					
Taxation	\$ 9,445,068	\$ -	\$ -	\$ -	\$ 9,445,068
User charges	313,159	195,363	1,347,588	2,871,248	4,727,358
Government transfers	355,010	551,353	2,633,785	227,028	3,767,176
Investment income	558,343	-	-	-	558,343
Other	122,401	-	4,825,114	-	4,947,515
<b>Total revenue</b>	<b>10,793,981</b>	<b>746,716</b>	<b>8,806,487</b>	<b>3,098,276</b>	<b>23,445,460</b>
<b>Expenses:</b>					
Salaries and wages	1,848,895	1,469,521	2,453,243	705,577	6,477,236
Contracted and general services	620,067	2,325,443	728,734	1,021,443	4,695,687
Supplies and materials	930,221	519,494	460,262	370,316	2,280,293
Interest and bank charges	10,293	21,830	-	150,128	182,251
Amortization	114,072	282,774	1,797,601	750,255	2,944,702
<b>Total expenses</b>	<b>3,523,548</b>	<b>4,619,062</b>	<b>5,439,840</b>	<b>2,997,719</b>	<b>16,580,169</b>
<b>Annual surplus (deficit)</b>	<b>\$ 7,270,433</b>	<b>\$ (3,872,346)</b>	<b>\$ 3,366,647</b>	<b>\$ 100,557</b>	<b>\$ 6,865,291</b>

# DISTRICT OF SOOKE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 12. Segmented information (continued):

2020	General Government	Protective Services	Development	Sewer	Total
<b>Revenue:</b>					
Taxation	\$ 8,918,165	\$ -	\$ -	\$ -	\$ 8,918,165
User charges	312,913	22,255	984,924	2,746,140	4,066,232
Government transfers	4,226	444,062	3,722,017	-	4,170,305
Investment income	363,557	-	-	-	363,557
Other	64,836	-	6,186,660	-	6,251,496
Total revenue	9,663,697	466,317	10,893,601	2,746,140	23,769,755
<b>Expenses:</b>					
Salaries and wages	1,562,258	1,449,138	2,052,726	526,535	5,590,657
Contracted and general services	504,498	2,369,397	890,756	840,346	4,604,997
Supplies and materials	702,148	501,815	251,012	227,658	1,682,633
Interest and bank charges	20,979	2,676	-	176,709	200,364
Amortization	113,853	269,786	1,837,580	973,216	3,194,435
Total expenses	2,903,736	4,592,812	5,032,074	2,744,464	15,273,086
Annual surplus (deficit)	\$ 6,759,961	\$ (4,126,495)	\$ 5,861,527	\$ 1,676	\$ 8,496,669

# DISTRICT OF SOOKE

## COVID-19 Safe Restart Grant

Year ended December 31, 2021  
(Unaudited)

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Balance, January 1, 2021	\$ 2,981,000
Computer and other electronic technology costs (to improve interconnectivity and virtual communications)	(73,819)
Services for vulnerable persons (e.g. persons living with disabilities or mental illness)	(38,620)
Addressing revenue shortfalls	(100,000)
Bylaw enforcement and protective services such as fire protection and police	(40,709)
Facility reopening and response costs; emergency planning and response costs	(214,086)
<hr/>	
Total eligible costs incurred	(467,234)
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Balance, December 31, 2021	\$ 2,513,766

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# DISTRICT OF SOOKE

## Schedule of Council Remuneration and Expense Report

For the year ended December 31, 2021

<b>Name</b>	<b>Position</b>	<b>Remuneration</b>		<b>Expenses</b>	
Tait, Maja	Mayor	\$	31,500	\$	1,856
Bateman, Jeffrey	Councillor		15,750		1,500
Beddows, Allan	Councillor		15,750		602
Lajeunesse, Dana	Councillor		15,750		2,196
Logins, Ebony	Councillor		15,750		475
McMath, Megan	Councillor		15,750		475
St-Pierre, Marcel	Councillor		15,750		1,823
		<b>\$</b>	<b>126,000</b>	<b>\$</b>	<b>8,926</b>

# DISTRICT OF SOOKE

Schedule of Remuneration, Wages and Expenses paid to employees with a gross salary greater than \$75,000

For the year ended December 31, 2021

<b>Name</b>	<b>Position</b>	<b>Remuneration</b>	<b>Expenses (Note 1)</b>
Barney, Matthew	Deputy Fire Chief	\$ 159,482	\$ 1,744
Bastone, Anthony	Building Official II	80,158	1,748
Bohemier, Paul	Manager of Wastewater	100,746	9,642
Boquist, Jessica	Parks & Environmental Services Coordinator	87,658	5,160
Carter, Jeffrey	Director of Operations	138,845	543
Chen, Yi	Deputy Director of Financial Services	82,152	3,164
Dueck, Stanley	Chief Building Official	93,017	2,014
Goble, Brian	Head of Geographic Services	93,017	-
Gray, Raechel	Director of Financial Services	139,756	1,961
Hardcastle, Bri	Wastewater Operator I	86,045	475
Hester, John	Firefighter	79,356	570
Hooper, Laura	Manager of Parks & Environmental Services	111,645	782
Janota-Bzowska, Katherine	Planner I	78,519	735
Johnson, Tara	Planner II	87,145	851
Kerr, Grayson	Firefighter	112,806	-
Knight, Deborah	Financial Assistant II	77,462	287
Lee, Koltan	Wastewater Operator III	95,488	715
Lesyshen, Katherine	Senior Planner	93,017	2,252
MacDonald, Constance	Head of Human Resources	79,912	3,154
Mattson, Raphiel	Lead Engineering Technologist	75,154	1,249
McCrea, Christopher	Captain - Fire Services	134,229	2,332
McInnis, Norman	Chief Administrative Officer	168,138	4,438
McNeill, Andrew	Wastewater Operator III	98,934	813
Metzger, Bradley	Building Official II	80,164	2,567
Mills, Medea	Bylaw Enforcement Officer II	80,288	819
Moog, Christina	Communications Coordinator	76,559	-
Mount, Kenneth	Fire Chief	95,991	2,703
Mushata, Carolyn	Corporate Officer	132,003	4,803
Norris-Jones, Cameron	Captain - Fire Services	157,443	3,061
Pawlow, Matthew	Director of Planning & Development	136,565	1,186
Reinsch, Ryan	Head of Information Technology	99,906	-
Sinclair, Angela	Parks Lead Hand	79,818	339
Stubbert, Clifton	Wastewater Lead Operator	95,841	2,618
Sutherland, Kyle	Firefighter	108,538	113
Temple, Benjamin	Firefighter	121,062	497
Temple, Sarah	Deputy Corporate Officer	83,154	4,552
Zerr, Nicole	Land Development Technician	87,137	1,550
<b>Total Employees with remuneration greater Than \$75,000</b>		<b>3,787,148</b>	<b>69,435</b>
<b>Add: Employees with remuneration less than \$75,000</b>		<b>2,564,088</b>	<b>44,226</b>
<b>Add: Mayor and Council Remuneration</b>		<b>126,000</b>	<b>8,926</b>
<b>Total remuneration and expenses</b>		<b>\$ 6,477,236</b>	<b>\$ 122,587</b>

**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 2021 Audited Financial Statements and includes accruals and other wage related accounting entries.

# DISTRICT OF SOOKE

## Schedule of Payments to Suppliers of Goods and Services exceeding \$25,000

For the year ended December 31, 2021

<b>Supplier Name</b>		<b>Amount</b>
0848631 BC Ltd dba Ecklundson Construction Group	\$	283,357
1098614 BC Ltd		367,727
1128141 BC Ltd		43,668
4 Seasons Fire Prevention Services		29,200
4-M Bobcat & Trucking Ltd		39,273
Agius Builders Ltd		83,093
Associated Engineering (B.C.) Ltd.		117,903
Associated Fire Safety		38,772
Bartlett Tree Experts		25,253
BC Assessment Authority		162,221
BC Hydro		257,679
BC Hydro and Power Authority		44,584
BC Transit		773,219
Canadian Union of Public Employees		48,674
Capital Reg. Emerg. Serv. Telecommunications		83,423
Capital Regional District		4,483,706
Capital Regional District-Water Dept		633,022
Capital Regional Hospital District		694,366
CDW Canada Inc		115,313
Central Square Canada Software Inc		46,707
CIBC - VISA		293,375
Clarkston Construction Ltd		43,614
Clearbrook Estates Ltd		25,807
CRD Water Department		126,259
Desjardins Financial Security		338,181
DIALOG BC Architecture Engineering Interior Design Planning Inc		106,574
Emery Electric Ltd		124,939
Flowsystems Distribution INC		44,279
FortisBC-Natural Gas		84,264
Good Neighbours Fencing		36,018
Green for Life Environmental		32,726
Guillevin International Company		25,276
H L Disposal & Lawn Services Ltd		156,737
Hazelwood Construction Services Inc		2,248,633
Hendry Swinton McKenzie		67,568
Homewood Constructors Ltd		44,365
InfraStruct Products		49,875
Insurance Corporation of BC		42,204
Iredale Architecture		35,451
ISL Engineering and Land Services Ltd		38,733
Kerr Wood Leidal Associates Ltd		34,800
KMS Tools & Equipment Ltd		30,560

# DISTRICT OF SOOKE

## Schedule of Payments to Suppliers of Goods and Services exceeding \$25,000

For the year ended December 31, 2021

<b>Supplier Name</b>	<b>Amount</b>
Koning Consulting	25,988
KPMG Chartered Accountants	36,750
Lamont Land Inc	112,142
Marsden Construction Management Ltd	168,310
McDermaids Ltd	39,702
McElhanney Consulting Services Ltd	280,616
McRae's Environmental Services Ltd.	25,787
Meadowlands Investment Corp. Inc. No. BC1246371	380,309
Metro Motors Ltd	55,468
MPE Engineering Ltd	36,031
Municipal Finance Authority of BC	142,000
Municipal Insurance Association of British Columbia	120,430
Municipal Pension Plan	959,670
On Point Project Engineers Ltd	599,130
Petro Canada	28,959
R.C.M.P.	1,941,308
RCMP - E Division HQ	26,514
Receiver General for Canada	1,566,923
Revenue Services of British Columbia	88,516
Rocky Mountain Phoenix	70,587
Rogers Wireless	31,818
School District #62 (Sooke)	105,316
School Tax	2,647,041
Sooke Community Association	29,714
Sooke Food Bank Society	25,750
Sooke Region Chamber of Commerce	28,400
Sooke Region Community Health Initiative	74,844
Sooke Region Museum	27,727
Sooke Shelter	213,706
Sooke Transition House Society	29,258
SP Pump & Tanks Ltd	26,698
Stantec Consulting Ltd.	271,412
Urban Systems	122,778
Vancouver Island Regional Library	712,626
Victoria Contracting	725,244
Victoria Ford Alliance Ltd dba Suburban Motors	103,321
Waterhouse Environmental Services Corp	60,192
Work Link Employment Society	40,000
Worker's Compensation Board of BC	101,967
Young, Anderson, Barristers and Solicitors	123,232
<b>Total Aggregate for Suppliers over \$25,000</b>	<b>24,607,581</b>



# DISTRICT OF SOOKE

Schedule of Payments to Suppliers of Goods and Services exceeding \$25,000

For the year ended December 31, 2021

<b>Supplier Name</b>	<b>Amount</b>
<b>Total Aggregate for Suppliers under \$25,000</b>	1,854,561
<b>Total Supplier payments</b>	\$ 26,462,142

Note: There were no grants and contribution payments exceeding \$25,000 in 2021.

# **DISTRICT OF SOOKE**

## Schedule of Severance Agreements

For the year ended December 31, 2021

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There was one severance agreement made between the District of Sooke and its employees during 2021. This agreement represents 5 months of compensation totalling \$44,109.33.

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

## **DISTRICT OF SOOKE**

### Schedule of Guarantee and Indemnity Agreements

For the year ended December 31, 2021

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