

District of Central Saanich

Statement of Financial Information

Year Ended December 31 2018



THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Statement of Financial Information

Year Ended December 31 2018

Table of Contents

Statement of Financial Information Approval

Financial Statements

Schedules

Schedule of Debts

Schedule of Guarantee and Indemnity Agreements

Schedule of Council Remuneration and Expenses

Schedule of Employee Remuneration and Expenses

Schedule of Payments to Suppliers of Goods and Services

Schedule of Grants and Contributions

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Statement of Financial Information Approval

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.

A handwritten signature in black ink, appearing to read "Paul Murray", with a horizontal line underneath the name.

Paul Murray, Director of Financial Services

Financial Statements of

**THE CORPORATION OF THE
DISTRICT OF CENTRAL SAANICH**

Year ended December 31, 2018

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Financial Statements

Year ended December 31, 2018

Financial Statements

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

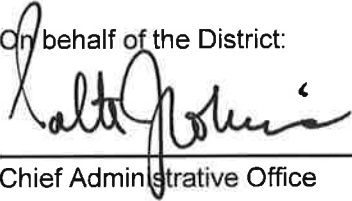
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the District of Central Saanich (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting standards for local governments as established 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.

On behalf of the District:


Chief Administrative Office



Director of Financial Services



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria V8W 3Y7
Canada
Telephone (250) 480-3500
Fax (250) 480-3539

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of The Corporation of the District of Central Saanich

Opinion

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

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

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

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

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.



The Corporation of the District of Central Saanich

- 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 6, 2019

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents (note 2)	\$ 11,866,754	\$ 4,979,769
Investments (note 2)	21,387,457	22,384,052
Property taxes receivable	414,654	502,557
Accounts receivable	3,062,590	3,399,586
Other government receivables	406,620	342,091
	<u>37,138,075</u>	<u>31,608,055</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 3)	1,586,996	2,004,150
Refundable deposits	2,116,603	1,689,549
Deferred revenue (note 4)	6,227,420	5,646,413
Debt (note 5)	9,383,263	10,001,478
Employee future benefit obligations (note 6)	1,094,600	1,017,687
	<u>20,408,882</u>	<u>20,359,277</u>
Net financial assets	16,729,193	11,248,778
Non-financial assets:		
Tangible capital assets (note 7)	88,547,528	88,516,859
Inventory of supplies	592,561	592,047
Prepaid expenses	268,505	86,961
	<u>89,408,594</u>	<u>89,195,867</u>
Accumulated surplus (note 8)	<u>\$ 106,137,787</u>	<u>\$ 100,444,645</u>

Commitments and contingencies (note 11)

The accompanying notes are an integral part of these financial statements

On behalf of the District:



Director of Financial Services



Manager of Finance

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Statement of Operations and Accumulated Surplus

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

	Financial plan (note 12)	2018	2017
Revenue:			
Municipal property taxes (note 9)	\$ 16,220,900	\$ 16,202,618	\$ 15,521,362
Grants in lieu of taxes	327,100	325,032	312,507
Sale of services	1,352,800	1,360,007	1,383,170
Permits, licenses and interest	867,000	1,887,947	1,141,361
Government transfers (note 10)	1,362,292	2,862,154	1,975,021
Water utility	5,320,200	5,504,953	5,074,001
Sewer enterprise	1,270,700	1,507,467	1,455,329
Contributions and donations	500	1,122,617	816,814
Total revenue	26,701,492	30,772,795	27,679,565
Expenses:			
General government	2,518,500	2,180,569	2,306,006
Protective services	8,246,100	8,054,596	7,739,959
Transportation services	5,260,200	5,235,624	5,152,837
Environmental development services	655,200	544,754	574,591
Parks and cultural services	2,683,800	2,757,629	2,688,727
Water utility	4,794,200	4,853,764	4,462,030
Sewer enterprise	1,096,700	1,064,537	1,084,420
Other fiscal services	588,200	388,180	365,721
Total expenses	25,842,900	25,079,653	24,374,291
Annual surplus	858,592	5,693,142	3,305,274
Accumulated surplus, beginning of year	100,444,645	100,444,645	97,139,371
Accumulated surplus, end of year	\$ 101,303,237	\$ 106,137,787	\$ 100,444,645

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Statement of Change in Net Financial Assets

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

	Financial plan (note 12)	2018	2017
Annual surplus	\$ 858,592	\$ 5,693,142	\$ 3,305,274
Acquisition of tangible capital assets	(3,880,725)	(2,615,392)	(3,075,199)
Developer contributions of tangible capital assets	-	(1,083,760)	(787,308)
Amortization of tangible capital assets	4,300,000	3,668,483	3,508,175
	419,275	(30,669)	(354,332)
Acquisition of inventory of supplies	-	(514)	(62,837)
Use of prepaid expenses	-	(181,544)	36,098
	-	(182,058)	(26,739)
Change in net financial assets	1,277,867	5,480,415	2,924,203
Net financial assets, beginning of year	11,248,778	11,248,778	8,324,575
Net financial assets, end of year	\$ 12,526,645	\$ 16,729,193	\$ 11,248,778

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Statement of Cash Flows

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

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 5,693,142	\$ 3,305,274
Items not involving cash:		
Amortization of tangible capital assets	3,668,483	3,508,175
Donation of tangible capital assets	(1,083,760)	(787,308)
Actuarial adjustment on debt	(82,432)	(59,753)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	87,903	13,161
Accounts receivable	336,996	(957,451)
Other government receivables	(64,529)	13,751
Accounts payable and accrued liabilities	(417,154)	146,997
Refundable deposits	427,054	(87,777)
Deferred revenue	581,007	547,016
Employee future benefit obligations	76,913	(38,153)
Inventory of supplies	(514)	(62,837)
Prepaid expenses	(181,544)	36,098
	9,041,565	5,577,193
Capital activities:		
Acquisition of tangible capital assets	(2,615,392)	(3,075,199)
Investing activities:		
Purchase of investments	996,595	89,124
Financing activities:		
Debt repaid	(535,783)	(535,783)
	(535,783)	(535,783)
Increase (decrease) in cash and cash equivalents	6,886,985	2,055,335
Cash and cash equivalents, beginning of year	4,979,769	2,924,434
Cash and cash equivalents, end of year	\$ 11,866,754	\$ 4,979,769
Supplemental cash flow information:		
Cash paid for interest	\$ (383,036)	\$ (371,153)
Cash received from interest	661,279	371,027

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements

Year ended December 31, 2018

The Corporation of the District of Central Saanich (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's principal activities include the provision of local government services to residents of the incorporated area.

1. Significant accounting policies:

The financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principals for local governments as prescribed 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 reflect the assets, liabilities, revenues and expenses of the District's activities and funds. Inter-departmental balances and transactions have been eliminated. The District does not administer any trust activities on behalf of external parties. The District does not control any external entities and accordingly no entities have been consolidated into 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 and that give rise to an obligation that meets the definition of a liability 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.

(d) 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.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) 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, 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. Work performed for third parties is recognized in the statement of operations as a revenue and expense.

(f) Cash equivalents:

Cash equivalents consist of investments in Municipal Finance Authority of British Columbia ("MFA") Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

(g) Investments:

Investments are recorded at cost plus earnings that are reinvested in the funds. Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(h) Deposits and prepayments:

Receipts restricted by third parties are deferred and recognized as deposits and are refundable under certain circumstances. Deposits and prepayments are recognized as revenue when qualifying expenditures are incurred.

(i) 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 actuarially 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.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(j) Debt:

Debt is recorded net of repayments and actuarial earnings. Debt is recorded in the related segment that uses the proceeds to fund capital expenditures.

(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 costs, 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	15 - 40
Buildings	25 - 40
Equipment and vehicles	3 - 25
Roads infrastructure	20 - 60
Drainage infrastructure	5 - 60
Sewer infrastructure	5 - 60
Water infrastructure	5 - 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. Heritage buildings are not amortized as they have an indefinite service potential. 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 future economic benefits associated with the asset are less than book value of the asset.

(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.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(k) Non-financial assets (continued):

(iii) Interest capitalization:

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

(iv) Inventory of supplies:

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost.

(l) Liability for contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the District is directly responsible or accepts responsibility for the liability
- (iv) future economic benefits will be given up, and
- (v) a reasonable estimate of the liability can be made.

(m) Use of estimates:

The preparation of financial statements 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 useful lives of tangible capital assets and estimating provisions for accrued liabilities including employee future benefits. Actual results could differ from those estimates.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Cash and cash equivalents and investments:

	2018	2017
Bank deposits	\$ 11,695,743	\$ 4,812,209
Municipal Finance Authority - Money Market	37,484	36,876
Restricted cash - MFA cash deposit	133,527	130,684
	<u>\$ 11,866,754</u>	<u>\$ 4,979,769</u>
Investments	\$ 21,387,457	\$ 22,384,052

Investments consist of Municipal Finance Authority of British Columbia ("MFA") Intermediate and Bond Funds, guaranteed investment certificates and other fixed income securities which have costs that approximate market values. Included in investments is \$2,047,822 (2017 - \$1,495,330) that can only be used for expenditures as provided by the development cost charge reserve bylaw and the relevant sections of the Local Government Act, unless otherwise authorized by the Ministry of Municipal Affairs and Housing, Province of British Columbia.

3. Accounts payable and accrued liabilities:

	2018	2017
Trade accounts payable	\$ 711,914	\$ 1,142,732
Other government agencies	288,477	333,472
Accrued salary, wages and employee benefits:		
Payroll	325,429	243,399
Vacation	146,930	174,483
Overtime	114,246	110,064
	<u>\$ 1,586,996</u>	<u>\$ 2,004,150</u>

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Deferred revenue:

	2018	2017
Parkland acquisition funds	\$ 262,544	\$ 256,881
Development cost charges	2,070,106	1,495,330
Restricted contractor donations	1,984,675	2,047,822
Prepaid taxes and other	1,910,095	1,846,380
Total deferred revenue	\$ 6,227,420	\$ 5,646,413

Schedule of Development Cost Charges

	2018	2017
Opening balance of unspent funds	\$ 1,495,330	\$ 1,432,420
Development cost charges received during year	535,901	42,160
Interest earned	38,875	20,750
	574,776	62,910
Less amount spent on projects and recorded as revenue	-	-
Closing balance of unspent funds	\$ 2,070,106	\$ 1,495,330

5. Debt:

- (a) The District issues debt instruments through the Municipal Finance Authority (MFA) pursuant to security issuing bylaws under authority of the Local Government Act, to finance certain capital expenses.

The Loan agreements with the Capital Regional District 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 to such borrowings, the resulting deficiency becomes a liability of the District.

	Gross debt	Repayments and actuarial earnings	Net debt 2018	Net debt 2017
General Capital Fund	\$ 11,942,413	\$ 2,559,150	\$ 9,383,263	\$ 10,001,478

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Debt (continued):

(a) Continued:

As a condition of the borrowing through the MFA, the District is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The deposits are included in the District's financial statements as restricted cash. If the debt is repaid without default, the deposits are refunded to the District. The notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon the maturity of a debt issue the demand notes are released and deposits refunded to the District. As at December 31, 2018, there were contingent demand notes of \$327,293 (2017 - \$327,293) which are not included in the financial statements of the District.

(b) Principal payments on debt for the next five years are as follows:

2019	\$	535,783
2020		335,363
2021		335,363
2022		335,363
2023		335,363

(c) Interest expense on long-term debt during the year was \$357,651 (2017 - \$357,651). Interest rates on long-term debt range from 2.75% to 4.50% per annum.

6. Employee future benefit obligations:

The District provides sick leave and certain other benefits to its employees.

	2018	2017
Employee benefit obligations:		
Accumulated sick leave	\$ 399,900	\$ 379,700
Retirement benefits	694,700	631,700
Other accrued benefits	-	6,287
	<hr/>	<hr/>
	\$ 1,094,600	\$ 1,017,687

Accumulated sick leave represents the liability for sick leave banks accumulated for estimated draw down at future dates.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Employee future benefit obligations (continued):

Retirement benefits represent the District's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments, death benefits and certain vacation entitlements in the year of retirement for qualified employees.

The accrued benefit obligation and the net periodic benefit cost were estimated by an actuarial valuation as at December 31, 2018.

Information about liabilities for employee future benefit plans is as follows:

	2018	2017
Accrued future benefit obligation:		
Balance, beginning of year	\$ 1,011,400	\$ 1,047,400
Current service cost	115,100	108,000
Interest cost	36,900	40,400
Benefits payments	(93,000)	(192,900)
Amortization of actuarial gain	24,200	8,500
Balance, end of year	\$ 1,094,600	\$ 1,011,400

The difference between the actuarially determined accrued future benefit obligation as at December 31, 2018 of \$1,210,800 and the accrued benefit liability of \$1,094,600 is an actuarial gain of \$116,200. This actuarial gain will be amortized over a period equal to the employees' average remaining service lifetime of 10 years.

The significant actuarial assumptions adopted in measuring the District's accrued benefit obligations are as follows:

	2018	2017
Discount rates	3.20%	2.90%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.59% to 4.50%	2.59% to 4.50%

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Employee future benefit obligations (continued):

Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

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 average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The District paid \$1,101,430 (2017 - \$1,110,019) for employer contributions while employees contributed \$853,197 (2017 - \$825,269) to the plan in fiscal 2018. The next valuation will be as at December 31, 2018, with results available in 2019.

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

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

7. Tangible capital assets:

2018	Land	Land improvements	Buildings	Equipment and vehicles	Roads infrastructure	Drainage infrastructure	Sewer infrastructure	Water infrastructure	Assets under construction	Total
Cost:										
Balance, beginning of year	\$ 30,721,615	\$ 7,923,136	\$ 16,975,037	\$ 12,354,565	\$ 56,088,449	\$ 15,757,242	\$ 14,720,550	\$ 16,050,165	\$ 1,709,288	\$ 172,300,047
Additions	-	389,564	233,566	651,347	1,466,739	141,250	132,479	1,596,169	630,225	5,241,339
Disposals/transfers	-	-	-	(89,769)	-	-	-	-	(1,542,187)	(1,631,956)
Transfer	-	-	-	-	-	-	-	-	-	-
Balance, end of year	30,721,615	8,312,700	17,208,603	12,916,143	57,555,188	15,898,492	14,853,029	17,646,334	797,326	175,909,430
Accumulated amortization:										
Balance, beginning of year	-	3,900,847	5,422,437	8,458,968	42,400,011	9,433,537	7,445,580	6,721,808	-	83,783,188
Disposals	-	-	-	(89,769)	-	-	-	-	-	(89,769)
Amortization	-	134,599	403,597	527,799	1,933,558	215,097	219,989	233,844	-	3,668,483
Balance, end of year	-	4,035,446	5,826,034	8,896,998	44,333,569	9,648,634	7,665,569	6,955,652	-	87,361,902
Net book value, end of year	\$ 30,721,615	\$ 4,277,254	\$ 11,382,569	\$ 4,019,145	\$ 13,221,619	\$ 6,249,858	\$ 7,187,460	\$ 10,690,682	\$ 797,326	\$ 88,547,528

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

7. Tangible capital assets (continued):

2017	Land	Land improvements	Buildings	Equipment and vehicles	Roads infrastructure	Drainage infrastructure	Sewer infrastructure	Water infrastructure	Assets under construction	Total
Cost:										
Balance, beginning of year	\$ 30,721,615	\$ 7,923,136	\$ 16,975,037	\$ 11,954,842	\$ 55,065,079	\$ 15,444,215	\$ 14,594,800	\$ 15,703,823	\$ 165,075	\$ 168,547,622
Additions	-	-	-	509,805	1,023,370	313,027	125,750	346,342	1,587,261	3,905,555
Disposals/transfers	-	-	-	(110,082)	-	-	-	-	(43,048)	(153,130)
Balance, end of year	30,721,615	7,923,136	16,975,037	12,354,565	56,088,449	15,757,242	14,720,550	16,050,165	1,709,288	172,300,047
Accumulated amortization:										
Balance, beginning of year	-	3,763,536	5,016,911	8,219,976	40,441,682	9,222,482	7,226,872	6,493,636	-	80,385,095
Disposals	-	-	-	(110,082)	-	-	-	-	-	(110,082)
Amortization	-	137,311	405,526	349,074	1,958,329	211,055	218,708	228,172	-	3,508,175
Balance, end of year	-	3,900,847	5,422,437	8,458,968	42,400,011	9,433,537	7,445,580	6,721,808	-	83,783,188
Net book value, end of year	\$ 30,721,615	\$ 4,022,289	\$ 11,552,600	\$ 3,895,597	\$ 13,688,438	\$ 6,323,705	\$ 7,274,970	\$ 9,328,357	\$ 1,709,288	\$ 88,516,859

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

7. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction totaling \$797,326 (2017 - \$1,709,288) are not being amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

During the year there were contributed assets of \$1,083,760 (2017 - \$787,308) recognized, which represents their fair market value at the date of contribution.

(c) Works of art and historical treasures:

The District manages and controls various works of art and non-operational historical cultural assets including 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.

(d) Write-down of tangible capital assets:

Included in disposals are write-downs of \$nil (2017 - nil).

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

8. Accumulated surplus:

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

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 79,164,265	\$ 78,515,381
General	8,160,025	7,840,645
Total surplus	87,324,290	86,356,026
Reserve funds set aside for specific purposes by Council:		
Public works equipment	292,520	397,423
Fire department equipment	932,541	693,563
Local service area	201,590	177,655
Capital expenditures	2,795,562	2,350,563
Total	4,222,213	3,619,204
Reserves set aside for specific purposes by Council:		
General	7,854,145	6,611,387
Water utility	2,865,939	2,157,307
Sewer enterprise	3,871,200	1,700,721
Total	14,591,284	10,469,415
	\$106,137,787	\$100,444,645

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

9. Municipal property taxes:

Municipal property tax revenue, reported on the statement of operations, is comprised of the following:

	2018	2017
General taxation:		
Property and business taxes	\$ 31,804,601	\$ 30,925,918
Less taxes levied for other authorities:		
Provincial Government - school taxes	8,236,750	8,050,072
Capital Regional District	4,497,510	4,459,316
Capital Regional Hospital District	1,338,376	1,327,580
BC Transit Authority	1,277,022	1,326,599
BC Assessment Authority	251,147	239,957
Municipal Finance Authority	1,178	1,032
	15,601,983	15,404,556
	<u>\$ 16,202,618</u>	<u>\$ 15,521,362</u>

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

10. Government transfers:

The District recognizes the transfer of government funding as revenue when received and all related eligibility criteria and stipulations have been satisfied. The government transfers reported on the statement of operations are:

	2018	2017
Capital Regional District:		
Sewer Infrastructure Reserve	\$ 1,451,027	\$ -
Provincial government:		
Small communities and equalization payments	\$ 431,675	\$ 424,301
Infrastructure grants	21,250	763,357
Other	173,931	53,266
	626,856	1,240,924
Federal government:		
Gas Tax Agreement funds	759,271	734,097
Cenotaph Grant	25,000	-
	784,271	734,097
	\$ 2,862,154	\$ 1,975,021

11. Commitments and contingencies:

- (a) The CRD debt, under provisions 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.
- (b) The District is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated which provides 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.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

11. Commitments and contingencies (continued):

- (c) In the normal course of a year, claims for damages are made against the District. 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 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 are to share jointly for such claims in excess of individual deductibles ranging from \$5,000 to \$50,000 against any member. The District's deductible is \$10,000.
- (d) The District entered into a five year agreement for Police related dispatch services with E-Comm Emergency Communications for British Columbia Incorporated effective January 1, 2019. The annual charge to the District will be based on the District's share of actual costs for the calendar year as determined in the agreement. The estimated cost for 2019 is \$266,000.
- (e) The District has identified a property that will be remediated in the future. A liability for estimated costs of \$130,000 has been recognized, as the District has committed to remediation and future economic benefits are expected to be given up.

12. Financial plan:

The financial plan presented in these financial statements is based upon the 2018 operating and capital budgets approved by Council on April 16, 2018.

13. Segmented information:

The District is a diversified municipal organization that provides a wide range of services to its citizens. Certain segments that have different governance and responsibility have been separately disclosed in the segmented information, along with the services they provide, which are as follows:

General Government:

The general government operations provide the functions of building services and maintenance, corporate administration, finance, human resources, legislative services and any other functions categorized as non-departmental.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

13. Segmented information (continued):

Municipal services:

Municipal services include services provided to the residents of Central Saanich including police services, fire protection, building inspection, bylaw enforcement, development services and parks. These services are the direct responsibility of Council.

Water utility:

The water utility installs and maintains the water mains and pump stations and oversees the distribution of water purchased from the Capital Regional District.

Sewer enterprise:

The sewer enterprise installs and maintains the sewer mains and pump stations of the District.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The taxation revenues are allocated to the functions based on budgeted expenditures for 2018. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Notes to Financial Statements (continued)

Year ended December 31, 2018

13. Segmented information (continued):

2018	General government	Municipal services	Water utility	Sewer enterprise	Total
Revenue:					
Taxation	\$ 4,078,007	\$ 12,449,643	\$ -	\$ -	\$ 16,527,650
Non-taxation	48,354	7,184,371	5,504,953	1,507,467	14,245,145
Total revenue	4,126,361	19,634,014	5,504,953	1,507,467	30,772,795
Expenses:					
Salaries, wages and benefits	1,521,503	9,674,012	568,217	433,543	12,197,275
Materials and supplies	19,483	612,775	3,663,070	82,496	4,377,824
Services	503,624	3,024,150	388,633	328,509	4,244,916
Other	51,412	539,743	-	-	591,155
Amortization	-	3,214,650	233,844	219,989	3,668,483
Total expenses	2,096,022	17,065,330	4,853,764	1,064,537	25,079,653
Annual surplus	\$ 2,030,339	\$ 2,568,684	\$ 651,189	\$ 442,930	\$ 5,693,142
2017	General government	Municipal services	Water utility	Sewer enterprise	Total
Revenue:					
Taxation	\$ 4,102,933	\$ 11,730,936	\$ -	\$ -	\$ 15,833,869
Non-taxation	38,165	5,278,203	5,074,001	1,455,327	11,845,696
Total revenue	4,141,098	17,009,139	5,074,001	1,455,327	27,679,565
Expenses:					
Salaries, wages and benefits	1,522,473	9,490,110	521,845	442,575	11,977,003
Materials and supplies	27,628	642,082	3,317,015	60,189	4,046,914
Services	778,129	2,735,243	394,998	362,948	4,271,318
Other	141,437	429,444	-	-	570,881
Amortization	-	3,061,295	228,172	218,708	3,508,175
Total expenses	2,469,667	16,358,174	4,462,030	1,084,420	24,374,291
Annual surplus	\$ 1,671,431	\$ 650,965	\$ 611,971	\$ 370,907	\$ 3,305,274

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Schedule of Debts

For the Year Ended December 31 2018

Issue	Bylaw	Term	Rate(1)	Amount	Outstanding	Maturity Date
133	1729	25	2.75%	\$ 8,523,540	\$ 7,837,927	2040
130	1721	5	2.05%	1,085,540	227,188	2019
116	1665	15	4.20%	1,333,333	791,781	2026
110	1665	15	4.50%	1,000,000	526,367	2025
Total				\$ 11,942,413	\$ 9,383,263	

(1) Interest rate does not include the impact of Actuarial Adjustments. Principal payments for debt Issued through the Municipal Finance Authority are reduced by MFA sinking fund reinvestment returns.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Schedule of Guarantee and Indemnity Agreements

For the Year Ended December 31 2018

*There are no Guarantee or Indemnity Agreements in place for 2018.

Schedule of Council Remuneration and Expenses

For the Year Ended December 31 2018

Elected Official	Remuneration	Expense Allowance*	Total	Expenses Incurred for Meetings, Courses & Conferences
	\$	\$	\$	\$
Graham, Christopher	9,236	4,618	13,854	5,872
Holman, Alicia	7,992	3,996	11,988	5,570
Jensen, Carl	9,236	4,618	13,854	5,478
King, Zeb	9,236	4,618	13,854	273
Newton, Gordon	1,244	622	1,866	0
Paltiel, Niall	9,236	4,618	13,854	1,123
Thompson, Robert	9,236	4,618	13,854	3,161
Windsor, Ryan (Mayor)	21,024	10,512	31,536	4,536
Total	76,440	38,220	114,660	26,013

* Tax exempt expense allowance as per Subsection 81(3) of the Income Tax Act

Note – Expenses incurred reported above do not include expenses reimbursed for other committees or boards.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Schedule of Employee Remuneration and Expenses

For the Year Ended December 31 2018

Employee Name	Position	Remuneration	Expenses
		\$	\$
Barnett, Brian	Dir. of Engineering	132,716	2,629
Bissenden, Dean	Foreman	92,246	856
Bousquet, Tony	Manager of IT	109,703	2,040
Chad, Thomas	Mechanic	84,243	399
Cornwell, Elizabeth	Municipal Clerk Public Works	127,376	4,902
Doerksen, Norm	Superintendent	107,530	3,859
Erskine, Karl	Foreman	90,086	624
Godfrey, Mike	Lead Hand	78,838	418
Gummer, Brennan	Fire Inspector	109,821	1,774
Hood, Ken	Electrician	86,277	672
Kearley, Geoffrey	Foreman	96,441	480
Law, Andrew	Building Inspector	81,699	816
Law, John	Foreman	78,890	310
Matanowitsch, Jarret	Dir. Of Planning	129,861	128
Mcconnell, Chad	IT Technician	89,339	743
Mcdonald, Scott	Mechanic	76,328	125
Murray, Paul	Dir. Of Finance	126,821	11,008
Mutz, Mark	Building Maintenance	87,206	25
Owens, Forrest	Fire Inspector	99,603	212
Pickard, Andrea	Planner	75,048	3
Robertson, John	Fire Inspector	136,694	84
Robins, Patrick	Chief Admin. Officer	176,828	4,962
Rocheleau, Roland	Engineering Technician	86,084	345
Samuel, Michael	Labourer	84,365	963
Simpson, Michael	Labourer	81,034	2,152
Smith, Kirt	Labourer	76,360	160
Smith, Peter	Clerk/Buyer	80,507	75
Sylvestre, Yvan	Engineering Technician	86,845	1,644
Syverson, Robert	Fire Inspector	113,834	3,646
Taylor, Michael	Chief Bldg Inspector	96,385	816
Vrabel, Christopher	Fire Chief	136,128	6,273
Ziegler, Troy	Manager of Finance	98,085	2,891
Total \$75,000 or More		3,213,221	56,034
Total Under \$75,000		2,734,235	31,045
Grand Total		5,947,456	87,079

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Statement of Severance Agreements:

There were no severance agreements in 2018.

Note - Does not include Central Saanich Police Service Employees

Statement of Reconciliation to Financial Statements Disclosure:

The remuneration schedule is prepared on a cash paid basis for employee related compensation; the Financial Statements are prepared on an accrual accounting basis, and include employer related costs for employment agreements and payroll related obligations.

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Schedule of Payments to Suppliers of Goods and Services

For the Year Ended December 31 2018

<u>Supplier Name</u>	<u>Amount Paid</u>
	\$
Aristos Mail Tech Inc.	25,887
B C Assessment Authority	251,294
B C Hydro & Power Authority	342,731
BC Transit	1,277,976
Black Press Group Ltd.	60,753
Bricklok Surfacing	50,515
Britt Burnham Communications	35,854
Bumper To Bumper	27,915
C-1 Contractors Ltd.	457,063
C3 Mainline Inspections Inc.	81,642
Capital City Paving Ltd.	51,530
Capital Regional District	9,225,287
Capital Regional Hospital	1,338,856
Capital Tree Service Inc.	38,727
Central Saanich Police Association	105,696
Central Saanich Volunteer Firefighters Association	45,000
Century Group Inc.	280,170
City Of Victoria	38,774
Cityspaces Consulting Ltd.	25,057
Corix Water Products Limited Partnership	103,226
CREST	231,373
Desjardins Card Services	297,564
District Of Saanich	169,504
Don Mann Excavating Ltd.	78,750
Duka Environmental Services Ltd.	56,279
Express Custom Trailer Mfg. Inc.	55,976
Finning Canada	119,983
G. & E. Contracting	70,623
Greater Victoria Public Library	894,107
Guillevin International Inc.	39,790
Heavy Metal Marine Ltd.	139,755
ICBC	77,848
Industrial Transformers Inc.	55,458
Innov8 Digital Solutions	35,633
Iredale Architecture	84,071
Island Asphalt Ltd.	953,807
Kerr Wood Leidal	26,244
KTI Limited	60,562

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Schedule of Payments to Suppliers of Goods and Services (continued)

Lidstone & Company	49,729
Mainroad Maintenance Products	25,567
Mcrae's Environmental Services Ltd.	38,118
Medical Services Plan Revenue Services Of BC	68,438
Michell Excavating Ltd.	57,654
Monk Office Supply Ltd.	37,179
Mortimer'S Monumental Works Ltd.	65,332
Municipal Insurance Association BC	136,595
Municipal Pension Plan	1,984,733
Pacific Blue Cross	748,379
Pacific Coast Commercial Cleaning Inc.	90,540
Parkland Refining (BC) Ltd.	194,263
Peninsula Streams Society	31,000
Provincial School Tax Deposit To Account	4,765,032
Raylec Power Ltd.	90,594
Receiver General - RCMP	48,340
Receiver General For Canada	2,834,866
Rick Thom Construction	127,222
Scottish Line Painting Ltd.	34,709
Seafirst Insurance Brokers	97,761
Shades Tankers (1976) Ltd.	36,050
Small & Rossell Landscape Architects	41,459
Smiths Detection Montreal Inc.	46,590
South Island Prosperity Partnership	25,484
Stantec Consulting Ltd.	130,448
Telus Communications Company	43,960
Telus Finance	47,300
Tempest Development Group	94,843
Top Quality Coatings Ltd.	28,718
Tower Fence Products Ltd.	42,835
Town of Sidney	38,587
Waste Management Of Canada Corporation	84,814
Worksafe BC	137,290
Young Anderson Barristers & Solicitors	30,461
Total \$25,000 or More	29,666,170
Total Under \$25,000	2,301,128
Grand Total	31,967,298

THE CORPORATION OF THE DISTRICT OF CENTRAL SAANICH

Reconciliation of Payments for Goods and Services to Financial Statements:

The Schedule of Payments to Suppliers for the Provision of Goods and Services has been prepared on a cash basis whereas the financial statements have been prepared on an accrual accounting basis, therefore no reconciliation of this schedule with the financial statements has been prepared.

Included in the above payments are taxes collected for and paid to other governments and agencies, refunds of deposits, and payroll and other statutory obligations.

Schedule of Grants

For the Year Ended December 31 2018

Recipient	Amount \$
676 Kittyhawk Air Cadet Squadron	500
Central Saanich Little League	884
Greater Victoria Bike to Work Society	225
Growing Young Farmers Society	750
Habitat Acquisition Trust	900
Navy League of Canada-Saanich Peninsula Branch	1,000
Peninsula Celebrations Society	500
Peninsula Connections	500
Peninsula Dry Grad Society	1,350
Saanich Historical Artifacts Society	1,951
Saanich Inlet Lifeboat Society	2,000
Saanich Inlet Protection Society	1,000
Terry Fox Foundation	141
Town of Sidney Food Bank	2,457
Total	14,158