

District of North Saanich

Financial Statements

Year ended December 31, 2019

District of North Saanich

December 31, 2019

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District of North Saanich

December 31, 2019

Management's Responsibility for the Financial Statements

The accompanying financial statements of the District of North Saanich (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants 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 judgement, 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.

The 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 BDO Canada LLP, independent external auditors appointed by the District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the District's financial statements.



Chief Administrative Officer



Director of Financial Services

Independent Auditor's Report

To the Mayor and Council of the District of North Saanich

Opinion

We have audited the financial statements of the District of North Saanich ("the District") which comprise the Statement of Financial Position as at December 31, 2019 and the Statements Operations, Changes in Net Financial Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the District financial statements present fairly, in all material respects, the financial position of the District at December 31, 2019 and its results of operations, changes in net debt, and cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the District 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 District'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 District, or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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 District'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 District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However future events or conditions may cause the District 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.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

May 6, 2020

District of North Saanich

Statement of Financial Position

December 31, 2019, with comparative information for 2018


	2019	2018
Financial assets		
Cash	\$ 14,030,327	\$ 11,686,080
Portfolio investments (note 2)	24,870,201	21,799,050
Accounts receivable		
Taxes	581,606	865,954
Other (note 3)	1,713,250	2,262,742
Debt reserve deposits (note 4)	130,428	127,459
	<u>\$ 41,325,812</u>	<u>\$ 36,741,285</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	4,490,989	3,705,910
Prepaid property taxes	646,743	610,048
Deferred revenue (note 6)	2,391,967	2,631,834
Deposits	1,368,088	1,065,744
Employee future benefit liability (note 7)	438,300	414,700
Debt (note 8)	6,139,608	6,527,000
	<u>\$ 15,475,695</u>	<u>\$ 14,955,236</u>
Net financial assets	<u>\$ 25,850,117</u>	<u>\$ 21,786,049</u>
Non-financial assets		
Tangible capital assets (note 9)	79,877,404	75,048,741
Inventory of supplies	135,648	159,267
Prepaid expenses	543,006	152,856
	<u>\$ 80,556,058</u>	<u>\$ 75,360,864</u>
Accumulated surplus (note 10)	<u>\$106,406,175</u>	<u>\$ 97,146,913</u>

Contingencies and commitments (notes 4 and 11)

Contractual rights (note 12)



Director of Financial Services



Mayor

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

District of North Saanich

Statement of Operations

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

	Budget (note 16)	2019	2018
Revenues: (note 15)			
Taxes available for municipal purposes (note 13)	\$ 12,874,600	\$ 12,682,705	\$ 12,605,993
Sale of services			
General	1,016,100	1,034,066	1,441,410
Water utility fees and charges	3,293,500	3,230,900	3,373,598
Sewer utility fees and charges	1,282,900	1,295,491	1,259,601
Income from portfolio investments	291,250	833,917	674,321
Contributed assets (note 9)	-	5,658,386	-
Government transfers (note 14)	1,613,700	1,700,963	1,691,452
Other revenue	268,700	482,021	538,328
	\$ 20,640,750	\$ 26,918,449	\$ 21,584,703
Expenses: (note 15)			
General government	4,248,454	3,383,511	3,538,244
Protective services	3,574,615	3,437,209	3,354,312
Solid waste management and environment	72,900	69,825	63,348
Planning and community	1,343,122	1,003,792	934,938
Transportation	4,059,482	3,367,566	3,096,641
Parks, recreation and culture	1,843,492	1,583,816	1,491,495
Water utility	3,495,493	3,132,236	3,152,176
Sewer utility	1,757,442	1,681,232	1,698,008
	\$ 20,395,000	\$ 17,659,187	\$ 17,329,162
Annual surplus	245,750	9,259,262	4,255,541
Accumulated surplus, beginning of year	97,146,913	97,146,913	92,891,372
Accumulated surplus, end of year	\$ 97,392,663	\$106,406,175	\$ 97,146,913

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

District of North Saanich

Statement of Change in Net Financial Assets

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

	Budget (note 16)	2019	2018
Annual surplus	\$ 245,750	\$ 9,259,262	\$ 4,255,541
Acquisition of tangible capital assets	(6,371,000)	(2,164,564)	(3,364,437)
Amortization of tangible capital assets	3,156,300	2,825,316	2,665,958
Loss (Gain) on disposal of capital assets	-	168,971	(29,030)
Proceeds on sale of capital assets	-	-	29,030
Contributed capital assets	-	(5,658,386)	-
	(2,968,950)	4,430,599	3,557,062
Acquisition of inventory of supplies	-	(98,222)	(81,384)
Consumption of inventory of supplies	-	121,841	127,697
Acquisition of prepaid expenses	-	(538,190)	(141,586)
Use of prepaid expenses	-	148,040	136,504
Change in net financial assets	(2,968,950)	4,064,068	3,598,293
Net financial assets, beginning of year	21,786,049	21,786,049	18,187,756
Net financial assets, end of year	\$ 18,817,099	\$ 25,850,117	\$ 21,786,049

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

District of North Saanich

Statement of Cash Flows

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

	2019	2018
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 9,259,262	\$ 4,255,541
Items not involving cash:		
Contributed tangible capital assets	(5,658,386)	-
Loss (gain) on disposal of capital assets	168,971	(29,030)
Amortization of tangible capital assets	2,825,316	2,665,958
Actuarial sinking fund earnings	(118,049)	(271,470)
	6,477,114	6,620,999
Change in non-cash operating assets and liabilities		
Decrease (increase) in accounts receivable - taxes	284,348	(447,773)
Decrease (increase) in accounts receivable - other	549,492	(424,466)
(Increase) decrease in debt reserve deposits	(2,969)	77,861
Increase in prepaid expenses	(390,150)	(5,082)
Increase in accounts payable and accrued liabilities	785,079	224,259
Increase in prepaid property taxes	36,695	56,082
(Decrease) in deferred revenue	(239,867)	(106,828)
Increase (decrease) in employee future benefit obligations	23,600	(6,800)
Decrease in materials and supplies	23,619	46,313
Decrease (increase) in deposits	302,344	(671,840)
	7,849,305	5,362,725
Capital transactions:		
Acquisition of tangible capital assets	(2,164,564)	(3,364,437)
Proceeds on disposal of tangible capital assets	-	29,030
	(2,164,564)	(3,335,407)
Financing transactions:		
Repayment of debt	(269,343)	(496,420)
Investing transactions:		
Change in portfolio investments	(3,071,151)	(474,929)
Increase in cash and cash equivalents	2,344,247	1,055,969
Cash and cash equivalents, beginning of year	11,686,080	10,630,111
Cash and cash equivalents, end of year	\$ 14,030,327	\$ 11,686,080

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

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

The District of North Saanich (the "District") is a municipality in the Province of British Columbia that was created on August 19, 1965 pursuant to the Local Government Act of British Columbia and Community Charter of British Columbia. The District provides municipal services such as police, fire, public works, planning, parks and recreation, library, and 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, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of presentation

The financial statements reflect the assets, liabilities, revenues and expenses of the District and the relevant portion of any cost sharing arrangements.

The District participates in the cost sharing agreements with the Town of Sidney for RCMP police services, Library building maintenance and capital improvements, and the operations of the Shoal Senior Centre. Only the District's portion of these costs are recorded in the financial statements. Refer to Note 11 for additional details.

Interdepartmental and inter-fund transactions have been eliminated. The District does not administer any trust activities on behalf of external parties.

(b) Basis of accounting

The District follows the accrual method of accounting for revenues and expenses. Revenues are 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 a legal obligation to pay.

(c) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability. Transfers received for which expenses are not yet incurred are included in deferred revenue and will be recognized over the period the liability is settled.

(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, 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.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

1. Significant accounting policies continued

(e) Taxation revenue

Taxation revenue is recorded at estimated amounts when it has been authorized and the taxable event occurs. Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal services in the year they are levied. Taxes receivable are recognized, when they meet the definition of an asset, net of an allowance for anticipated uncollectable amounts. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Through the British Columbia Assessments' appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded or can be reasonably estimated.

(f) Portfolio investments

All investments are recorded on an amortized cost basis. Investment premiums and discounts are amortized over the term of the respective investment, using the effective interest method. Investments are written down when there is, in the opinion of management, a permanent decline in value.

(g) Investment income

Investment income is reported as revenue in the period earned except when restricted in use by the funding government or related legal statute. In that event, the investment income earned is added to the deferred revenue balance.

(h) Debt

Debt is recorded net of principal repayments and actuarial earnings.

(i) Employee future benefits

The District and its employees make contributions to the Municipal Pension Plan and the Greater Victoria Labour Relations Association (GVLRA) Long-Term Disability Trust. As these are multi-employer plans, contributions are expensed as incurred.

Sick, personal, emergency, and family leave benefits 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 obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits. Long-term disability income benefits are disclosed according to the Greater Victoria Labour Relations Associations' policy.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

1. Significant accounting policies continued

(j) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when all 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;
- (iv) it is expected that the future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of remediation and post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(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.

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

Estimated useful life for tangible capital assets is as follows:

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

1. Significant accounting policies continued

(k) Non-financial assets continued

(i) Tangible capital assets continued

Asset	Useful life range in years
Buildings	25 to 50
Land improvements	10 to 40
Vehicles, machinery, and equipment	5 to 25
Engineering Structures:	
Roads	10 to 75
Drainage	25 to 80
Water	20 to 80
Sewer	20 to 80
Other	10 to 80

Land has an infinite life and is not amortized. Work in progress is not amortized until the project is substantially completed and put into 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 is less than the book value of the asset.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions, including tangible capital assets in lieu of developer cost charges, are recorded as revenue at their estimated fair value at the date of receipt.

(iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) 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.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

1. Significant accounting policies continued

(k) Non-financial assets continued

(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.

(vi) Inventory of supplies

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

(l) Deposits

Receipts restricted by third parties for future services or repayment are deferred as deposits and are refundable under certain circumstances. Deposits are recognized as revenue when qualifying expenditures are incurred.

(m) Allocation of expenses

Salary, wages and employee benefit expenses include the costs for District employees. The cost of certain finance personnel are allocated to the water and sewer utility segments based on an estimate of time spent on those segments.

(n) 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 disclosures 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, the fair value of contributed assets, the allocation of expenses, provisions for accrued liabilities and in performing actuarial valuations of employee future benefits, assessment of contaminated sites and provision for contingencies. Actual results could differ from these estimates.

2. Portfolio investments

The District's portfolio of investments consist of term deposits in credit unions. Term deposits in credit unions have varying maturity dates from January 2020 to November 2021 and have rates of return ranging from 2.30% to 3.30% (2018 - 2.10% to 3.30%).

	2019	2018
Term Deposits	\$ 24,870,201	\$ 21,799,050

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

3. Other accounts receivable

Other accounts receivable consists of the following:

	2019	2018
Utility fees and charges	\$ 1,060,953	\$ 1,127,930
BikeBC grant receivable	-	719,775
Other grants receivable	47,857	24,284
Protective services grants receivable	74,613	-
GST rebate	253,121	240,826
Trade accounts receivable	53,244	50,113
Receivable from library / other municipalities	57,853	-
Insurance proceeds	136,759	-
Deferred property taxes due from the Province of BC	14,613	87,065
Miscellaneous	14,237	12,749
	<u>\$ 1,713,250</u>	<u>\$ 2,262,742</u>

4. Municipal Finance Authority debt reserve fund and debt reserve deposits

As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are held by the MFA to act as security against the possibility of debt repayments default. If the debt is returned without default, the deposits are refunded to the District. At December 31, 2019, deposits of \$130,428 (2018 - \$127,459) are recorded as debt reserve deposits.

Under borrowing arrangements with the Municipal Finance Authority ("MFA"), the District is required to lodge security by means of contingent demand notes and interest bearing cash deposits based on the amount of borrowing. As debt principal is retired, demand notes are released and the cash deposits are refunded.

At December 31, 2019 there were contingent demand notes of \$255,076 (2018 - \$255,076) which are not included in the financial statements of the District.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2019	2018
Trade accounts payable	\$ 1,390,613	\$ 1,407,801
Accrued liabilities	1,741,929	1,493,519
Grant in lieu payable	934,896	472,479
Accrued payroll liability	237,046	232,111
Contaminated sites liability (a)	100,000	100,000
PEMO amounts held (b)	86,505	-
	\$ 4,490,989	\$ 3,705,910

(a) A liability for contaminated sites has been recorded in the amount of \$100,000 (2018 - \$100,000). The existence of metals above the BC Contaminated Sites standards has been identified in the soil at Bazan Bay Park. The source of the contamination is a decommissioned sewage treatment plant clarifier tank on the property.

(b) Peninsula Emergency Measures Organization (PEMO) provides qualified volunteer support during times of emergency or major disaster. It is supported by the District of Central Saanich, the Town of Sidney, and the District of North Saanich.

6. Deferred revenue

	2018	Contributions received	Recognized as revenue	2019
Amenity Fee Contributions	\$ 1,546,527	\$ -	\$ -	\$ 1,546,527
Prepaid Building Permits	207,776	172,564	(207,776)	172,564
Prepaid Utility Billings	29,412	10,511	(29,412)	10,511
Sewer Parcel Tax	204,311	-	(198,264)	6,047
Sewer Upgrade Contributions	155,903	-	-	155,903
Specified Area Charges	482,905	-	-	482,905
Other	5,000	12,510	-	17,510
	\$ 2,631,834	\$ 195,585	\$ (435,452)	\$ 2,391,967

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

7. Employee future benefit liability

The District provides sick leave, retirement benefits, and family leave to its employees in addition to contributions to the Municipal Pension Plan and the GVLRA. These amounts and other employee-related liabilities will require funding in future periods and are set out below:

	2019	2018
Accumulated sick leave	\$ 240,204	\$ 227,185
Retirement benefit payment	198,096	187,515
	\$ 438,300	\$ 414,700

Information about the District's benefit plan for sick leave, retirement benefits and family leave is as follows:

	2019	2018
Accrued benefit obligation - opening:		
Balance, beginning of year	\$ 451,600	\$ 462,300
Current service cost	47,500	48,400
Interest cost	15,600	14,000
Benefits paid	(49,200)	(78,300)
Actuarial loss	20,600	5,200
Accrued benefit obligation - closing	486,100	451,600
Unamortized net actuarial loss	(47,800)	(36,900)
Accrued employee future benefit liability	\$ 438,300	\$ 414,700

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

	2019	2018
Discount rates	2.70 %	3.30 %
Expected inflation rate	2.50 %	2.50 %

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

7. Employee future benefit liability continued

The expected average remaining service life is 10 years (2018 - 10 years). The expected wage and salary increases (including 2.50% inflation estimate) are 2.58% - 4.50% (2018 - 2.58% - 4.50%). The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$72,800 (2018 - \$71,500).

Accumulated sick leave

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

Retirement benefit payments

Retirement benefit payments represent the District's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments and death benefits.

The amount recorded for these benefits is based on a benefit actuarial valuation. The most recent valuation was as at December 31, 2017. The actuarial valuation and assumptions upon which it is based are reviewed on a periodic basis.

Municipal pension plan

The District and its employees contribute to the Municipal Pension Plan (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, 2018, the plan had about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$431,488 for employer contributions to the plan in fiscal 2019 (2018 - \$411,253) and District employees paid \$375,032 (2018 - \$347,827).

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

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.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

7. Employee future benefit liability continued

GVLRA/CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employees representing a number of CUPE locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. Employers and employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2017 with an extrapolation prepared by the actuary as at December 31, 2018. At December 31, 2018, the total plan provision for approved claims was \$16,827,700 (2017 - \$15,844,900) and the provision for unreported claims was \$1,332,400 (2017 - \$1,332,400) with an accumulated surplus of \$3,016,917. The total plan provision for approved and unreported claims and net surplus or deficit at December 31, 2019 will be available later in 2020. The District paid \$50,267 (2018 - \$56,526) for employer contributions and District employees paid \$50,267 (2018 - \$57,526) for employee contributions to the plan in 2019.

8. Debt

	Interest rate	Year of maturity	Gross Debt	Repayments and actuarial earnings	2019	2018
MFA Issue #102	2.25%	2032	\$ 7,722,907	\$ (2,795,554)	\$ 4,927,353	\$ 5,213,747
MFA Issue #127	3.30%	2029	1,680,000	(467,745)	1,212,255	1,313,253
			\$ 9,402,907	\$ (3,263,299)	\$ 6,139,608	\$ 6,527,000

The District issues debt instruments through the MFA, pursuant to security issuing bylaws under authority of the Local Government Act, to finance certain capital expenditures. MFA invests the District's principal payments so that the payments plus the investment income earned on repayments (actuarial earnings), will equal the original outstanding debt amount at the end of the repayment period.

The loan agreements with 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.

Interest expense on long-term debt for 2019 was \$229,205 (2018 - \$318,130).

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

8. Debt continued

The aggregate amount of payments required on the District's debt during each of the next five years and thereafter is as follows:

	2019
2020	\$ 269,343
2021	269,343
2022	269,343
2023	269,343
2024	269,343
Thereafter	1,903,043
Future actuarial interest	2,889,850
	<hr/> \$ 6,139,608 <hr/>

9. Tangible capital assets

There are no significant art nor historic treasures owned and held by the District. No tangible capital assets were written down in 2019 or 2018.

In 2019 \$5,658,386 of asset contributions were received related to various developments within the District. The fair market value of these assets is shown as revenue as well as tangible capital asset additions. This was comprised of land - \$2,959,177; land improvements - \$190,310; roads - \$1,006,557; drainage - \$715,957; water - \$388,550; and sewer - \$397,835. There were no such contributions in 2018.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

9. Tangible capital assets continued

2019	Engineering Structures										Total 2019	Total 2018
	Land	Land Improvement	Buildings	Vehicles, Machinery & Equipment	Roads	Drainage	Water	Sewer	Other	Work in Progress		
Cost												
Opening balance	\$ 17,508,531	\$ 2,747,706	\$ 8,227,756	\$ 7,899,753	\$ 36,242,530	\$ 6,000,162	\$ 12,206,158	\$ 27,735,504	\$ 65,381	\$ 370,312	\$119,003,793	\$115,756,446
Add: Additions	2,959,177	214,393	197,570	745,850	1,107,958	821,400	708,418	415,952	-	652,232	7,822,950	3,364,437
Less: Disposals	-	-	-	(53,839)	-	-	(30,857)	(161,052)	-	-	(245,748)	(117,090)
Less: Completed work in progress	-	9,864	-	28,168	-	312,246	-	-	-	(350,278)	-	-
Closing balance	20,467,708	2,971,963	8,425,326	8,619,932	37,350,488	7,133,808	12,883,719	27,990,404	65,381	672,266	126,580,995	119,003,793
Accumulated Amortization												
Opening balance	-	809,669	2,332,054	5,076,349	21,410,629	1,682,795	5,452,787	7,146,937	43,833	-	43,955,053	41,406,185
Add: Additions	-	104,276	197,757	566,244	1,136,964	103,143	165,835	549,868	1,229	-	2,825,316	2,665,958
Less: Disposals	-	-	-	(53,839)	-	-	(20,786)	(2,152)	-	-	(76,777)	(117,090)
Closing balance	-	913,945	2,529,811	5,588,754	22,547,593	1,785,938	5,597,836	7,694,653	45,062	-	46,703,592	43,955,053
Net book value	\$ 20,467,708	\$ 2,058,018	\$ 5,895,515	\$ 3,031,178	\$ 14,802,895	\$ 5,347,870	\$ 7,285,883	\$ 20,295,751	\$ 20,319	\$ 672,266	\$ 79,877,404	\$ 75,048,740

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

10. Accumulated surplus

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

	2019	2018
Surplus		
Invested in tangible capital assets	\$ 73,737,796	\$ 68,521,741
Unallocated surplus	12,165,211	11,080,119
Total surplus	85,903,007	79,601,860
Reserves set aside by Council		
Working funds	10,018,092	8,665,086
Federal Gas Tax Agreement funds	3,295,593	2,511,279
	13,313,685	11,176,365
Reserve funds set aside for specific purposes by Council		
Replacement reserves	2,685,117	2,513,330
Growth and opportunity reserves	1,727,254	1,522,082
Local improvement reserve	1,033,323	1,008,636
Parks capital and acquisition reserves	1,743,789	1,324,640
Total reserve funds	7,189,483	6,368,688
	\$106,406,175	\$ 97,146,913

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

11. Contingencies and commitments

	2020	2021	2022	2023	2024
RCMP (a)	\$ 488,506	\$ 424,366	\$ 395,240	\$ 340,780	-
Fire dispatch	46,680	48,080	49,522	51,008	-
Shoal Centre	18,300	18,600	19,000	19,300	19,700
Shaw telephone and internet	44,123	44,123	44,123	6,300	-
Janitorial services (e)	65,293	21,764	-	-	-
GIS software	18,950	19,281	19,624	-	-
CFAIR (f)	25,000	25,000	25,000	25,000	25,000
Water main renewal (g)	892,475	-	-	-	-
Drainage master plan (g)	241,674	-	-	-	-
Fire engine and fire tender (h)	1,620,192	-	-	-	-
	\$ 3,461,193	\$ 601,214	\$ 552,509	\$ 442,388	\$ 44,700

(a) RCMP

The District has entered into a five-year renewable agreement with the Town of Sidney, effective January 1, 2018, for the use of the RCMP facilities located in the Town of Sidney. This agreement requires that the District reimburse the Town of Sidney for a share of facility, equipment and staffing costs, based upon the ratio of staff assigned to the District and the total number of staff assigned to the detachment under the Policy Agreement.

(b) Insurance

The District is a defendant in various lawsuits and historical circumstances may result in additional legal claims. 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 through membership in the Municipal Insurance Association of British Columbia. Under this program, member municipalities are to share jointly for general liability 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.

(c) CREST

The District is a shareholder and member of the Capital Regional 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.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

11. Contingencies and commitments continued

(d) Regional District debt

Regional District debt is, under the provisions of the Local Government Act, a direct, joint and several liability of the Regional District and each member municipality within the Regional District, including the District.

(e) Janitorial services

In April 2019 the District entered into a two-year agreement with Tricom Building Maintenance Ltd. for janitorial services.

(f) Capital Region Food and Agriculture Initiatives Roundtable (CFAIR) agreement

In May 2019 the District entered into a six-year agreement with CFAIR for conducting the annual Flavour Trails.

(g) Water main and drainage master plan

In 2019 the District entered into an agreement with Triahn Enterprises (2018) Ltd. for the 2020 water main renewal contract and Parsons Inc. for the drainage master plan contract.

(h) Fire engine and fire tender

In September 2019 the District awarded the fire engine and fire tender contract to Hub Fire Engines. Hub Fire Engines will provide a new fire engine and fire tender for use by the District's Fire Department.

12. COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be specific impacts on the District, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the District's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the District is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The District's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The District will continue to focus on collecting receivables, managing expenditures, and, if necessary, leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

13. Taxes available for municipal purposes

	Budget	2019	2018
Taxes collected for general municipal purposes:			
Property and business taxes	\$ 10,843,850	\$ 10,577,094	\$ 10,403,014
Grants in lieu of taxes	1,206,050	1,276,854	1,287,871
Water and sewer system parcel taxes	824,700	828,757	915,108
Total	12,874,600	12,682,705	12,605,993
Taxes collected on behalf of and paid to other governments:			
School Authorities	-	8,945,876	8,258,509
Regional Hospital District	-	1,353,167	1,386,145
Municipal Finance Authority	-	1,284	1,217
British Columbia Assessment Authority	-	256,826	258,312
BC Transit Authority	-	1,367,711	1,304,342
Regional District	-	2,985,602	2,991,746
Total	-	14,910,466	14,200,271
Gross taxes collected	\$ 12,874,600	\$ 27,593,171	\$ 26,806,264

14. Government transfers

The following government transfers have been included in revenues:

	Budget	2019	2018
Transfers			
Provincial	\$ 540,000	\$ 590,008	\$ 1,124,030
Federal	1,073,700	1,110,905	546,269
Regional and other	-	50	21,153
	\$ 1,613,700	\$ 1,700,963	\$ 1,691,452

15. Segmented information

The District is a diversified government organization that provides a wide range of services to its citizens as follows:

Protective Services - RCMP, Fire Department and Animal Control

The mandates of the RCMP and Fire Departments are to enforce laws, prevent crime and maintain peace, order

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

and security by protecting life, property and the environment through the provision of emergency response thus, ensuring safe homes and community. The District cost shares with the Town of Sidney to provide policing services through the Royal Canadian Mounted Police (RCMP). District animal control services are provided under contract by the Capital Regional District.

Parks, Recreation and Cultural Services

The Parks division of the Infrastructure Services Department is responsible for providing and facilitating high quality parks and recreational facilities. The District cost shares with the Town of Sidney to provide access to recreation and cultural services through the Mary Winspear Centre and Shoal Centre located nearby in the Town of Sidney. The District is a member of the Vancouver Island Regional Library which provides access to information through the library facility located in the Town of Sidney.

General Government Services - Legislative; Corporate Services; Financial and Information Technology Services

The functions within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing District assets; ensuring effective financial and human resource management; monitoring performance and ensuring that high quality District service standards are met.

Transportation Services - Engineering and Public Works; Roads; Drainage

The Infrastructure Services Department is responsible for the delivery of municipal transportation and storm drainage systems and services and for approving subdivision plans.

Solid Waste Management and Environmental Services

The management of garbage pickup on municipal public property is the responsibility of the Infrastructure Services Department. Council, through the establishment of Commission and Committees of the District, are provided with feedback and advice to assist in providing policy direction to protect and enhance rural, agricultural, heritage and environmental characteristics.

Planning and Community Services

The Planning and Community Services Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the District; and conducting building inspections and bylaw enforcement.

Water Utility - Infrastructure Services, Utilities

The Utilities Division of the Infrastructure Services Department installs and maintains the water mains and pump stations and oversees the distribution of water purchased from the Capital Regional District.

Sewer Utility - Infrastructure Services, Utilities

The Utilities Division of the Infrastructure Services Department installs and maintains the sewer mains and pump stations of the District.

Statement of Segmented Information

The following statement provides additional information for the foregoing functions. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

December 31, 2019	General Government	Protective Services	Solid Waste Management & Environment	Planning and Community	Transportation	Parks, Recreation and Cultural	Water Utility	Sewer Utility	2019
Revenues									
Taxes available for municipal purposes	\$ 11,853,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 469,550	\$ 359,208	\$ 12,682,705
Sale of services	132,917	99,585	53,858	590,776	150,941	21,456	3,230,900	1,295,491	5,560,457
Income from portfolio investments	800,814	-	-	-	-	-	4,483	28,620	833,917
Contributed assets	4,872,001	-	-	-	-	-	388,550	397,835	5,658,386
Government transfers	1,700,963	-	-	-	-	-	-	-	1,700,963
Other revenue	241,045	-	-	-	-	-	(10,071)	251,047	482,021
	19,601,688	99,585	53,858	590,776	150,941	21,456	4,083,412	2,332,201	26,918,449
Expenses									
Salaries, wages and employee benefits	1,869,434	680,943	34,018	929,002	1,418,882	263,698	489,664	237,915	5,923,556
Contracted services	1,062,459	2,324,127	32,702	66,038	432,951	1,175,115	77,376	577,063	5,747,831
Supplies and materials	131,258	141,975	3,105	3,101	132,112	40,095	2,356,835	114,102	2,922,583
Interest and bank charges	10,696	55,440	-	-	-	-	-	173,765	239,901
Amortization	309,664	234,724	-	5,651	1,383,621	104,908	208,361	578,387	2,825,316
	3,383,511	3,437,209	69,825	1,003,792	3,367,566	1,583,816	3,132,236	1,681,232	17,659,187
Annual surplus (deficit)	\$ 16,218,177	\$ (3,337,624)	\$ (15,967)	\$ (413,016)	\$ (3,216,625)	\$ (1,562,360)	\$ 951,176	\$ 650,969	\$ 9,259,262

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

December 31, 2018	General Government	Protective Services	Solid Waste Management & Environment	Planning and Community	Transportation	Parks, Recreation and Cultural	Water Utility	Sewer Utility	2018
Revenues									
Taxes available for municipal purposes	\$ 11,690,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467,874	\$ 447,234	\$ 12,605,993
Sale of services	132,917	104,628	44,522	945,425	180,118	33,799	3,373,598	1,259,601	6,074,609
Income from portfolio investments	643,435	-	-	-	-	-	3,089	27,797	674,321
Government transfers	1,691,452	-	-	-	-	-	-	-	1,691,452
Other revenue	197,070	-	-	-	-	-	5,175	336,083	538,328
	14,355,759	104,628	44,522	945,425	180,118	33,799	3,849,736	2,070,715	21,584,703
Expenses									
Salaries, wages and employee benefits	1,861,119	606,538	31,576	844,094	1,365,881	231,408	499,787	219,531	5,659,934
Contracted services	1,227,270	2,347,369	31,131	78,131	300,748	1,147,598	96,245	539,343	5,767,835
Supplies and materials	128,861	134,923	641	9,740	143,493	16,130	2,365,867	107,259	2,906,915
Interest and bank charges	10,388	55,440	-	-	-	-	-	262,690	328,518
Amortization	310,606	210,042	-	2,973	1,286,519	96,359	190,277	569,185	2,665,960
	3,538,244	3,354,312	63,348	934,938	3,096,641	1,491,495	3,152,176	1,698,008	17,329,162
Annual surplus (deficit)	\$ 10,817,515	\$ (3,249,684)	\$ (18,826)	\$ 10,487	\$ (2,916,523)	\$ (1,457,696)	\$ 697,560	\$ 372,707	\$ 4,255,541

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

16. Budget data

The budget data presented in these financial statements is based upon the 2019 budget in Financial Plan Bylaw #1476, Schedule A passed by Council on April 15, 2019.

	2019
Revenues	
Taxes available for municipal purposes	\$ 12,874,600
Water utility fees and charges	3,293,500
Sewer utility fees and charges	1,282,900
General sale of services	1,016,100
Income from portfolio investments	291,250
Government transfers	1,613,700
Other revenue	268,700
Total revenue	20,640,750
Expenses	
Interest and bank charges	229,300
Amortization	3,156,300
General operating fund	12,743,700
Water operating fund	3,254,800
Sewer operating fund	1,010,900
	20,395,000
Annual surplus before transfers	245,750
ALLOCATIONS	
Add	
Amortization expense	3,156,300
Transfers to reserve funds	3,238,250
Total additions	6,394,550
Deduct	
Principal payments on debt	269,300
Capital expenditures	6,371,000
Total deductions	6,640,300
Financial Plan balance	\$ -

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2019

17. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.