

District of North Saanich

Financial Statements

Year ended December 31, 2021

District of North Saanich

December 31, 2021

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District of North Saanich

December 31, 2021

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 Canadian Public Sector Accounting Board of the Chartered Professional Accountants Canada. A summary of the significant accounting policies is 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



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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, 2021 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 accompanying financial statements present fairly, in all material respects, the financial position of the District at December 31, 2021 and its results of operations, changes in net financial assets, 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.

Other Matters

We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Schedule 1 of the District's consolidated financial statements.

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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

May 6, 2022

District of North Saanich

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 16,275,867	\$ 17,213,216
Portfolio investments (note 2)	25,840,793	25,434,788
Accounts receivable		
Taxes	429,477	871,678
Other (note 3)	2,533,663	2,392,550
Debt reserve deposits (note 4)	135,376	133,112
	\$ 45,215,176	\$ 46,045,344
Liabilities		
Accounts payable and accrued liabilities (note 5)	4,979,022	7,371,229
Prepaid property taxes	677,322	731,706
Deferred revenue (note 6)	2,181,714	2,282,135
Deposits	901,265	1,131,707
Employee future benefit liability (note 7)	483,500	475,900
Debt (note 8)	5,317,525	5,736,594
	\$ 14,540,348	\$ 17,729,271
Net financial assets	\$ 30,674,828	\$ 28,316,073
Non-financial assets		
Tangible capital assets (note 9)	87,190,561	86,180,024
Inventory of supplies	185,922	160,231
Prepaid expenses	155,590	189,363
	\$ 87,532,073	\$ 86,529,618
Accumulated surplus (note 10)	\$118,206,901	\$114,845,691

Contingencies and commitments (notes 4 and 11)



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, 2021, with comparative information for 2020

	Budget (note 15)	2021	2020
Revenues: (note 14)			
Taxes available for municipal purposes (note 12)	\$ 13,622,300	\$ 13,706,632	\$ 13,039,686
Sale of services			
General	1,056,000	1,374,375	1,164,794
Water utility fees and charges	3,435,100	3,856,883	3,364,806
Sewer utility fees and charges	1,470,800	1,444,024	1,272,935
Income from portfolio investments	440,000	473,839	807,471
Contributed assets (note 9)	-	243,157	3,147,713
Government transfers (note 13)	1,529,400	1,569,313	4,306,114
Other revenue	201,700	553,340	311,290
	\$ 21,755,300	\$ 23,221,563	\$ 27,414,809
Expenses: (note 14)			
General government	4,666,672	4,011,048	3,697,329
Protective services	4,166,522	3,484,711	3,474,583
Solid waste management and environment	135,900	85,847	100,005
Planning and community	1,723,776	1,334,225	1,152,037
Transportation	4,681,866	3,488,519	3,734,228
Parks, recreation and culture	1,942,213	1,857,705	1,784,379
Water utility	3,722,620	3,705,392	3,241,744
Sewer utility	2,015,881	1,892,906	1,790,988
	\$ 23,055,450	\$ 19,860,353	\$ 18,975,293
Annual surplus (deficit)	(1,300,150)	3,361,210	8,439,516
Accumulated surplus, beginning of year	114,845,691	114,845,691	106,406,175
Accumulated surplus, end of year	\$113,545,541	\$118,206,901	\$114,845,691

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, 2021, with comparative information for 2020

	Budget (note 15)	2021	2020
Annual surplus (deficit)	\$ (1,300,150)	\$ 3,361,210	\$ 8,439,516
Acquisition of tangible capital assets	(8,495,500)	(3,825,036)	(6,096,956)
Amortization of tangible capital assets	3,448,000	2,954,186	2,935,746
(Gain) loss on disposal of capital assets	-	(170,997)	6,301
Proceeds on disposal of capital assets	-	274,466	-
Contributed capital assets	-	(243,157)	(3,147,713)
	(6,347,650)	2,350,672	2,136,894
Acquisition of inventory of supplies	-	(152,431)	(125,259)
Consumption of inventory of supplies	-	126,740	100,676
Acquisition of prepaid expenses	-	(143,053)	(187,782)
Use of prepaid expenses	-	176,827	541,427
Change in net financial assets	(6,347,650)	2,358,755	2,465,956
Net financial assets, beginning of year	28,316,073	28,316,073	25,850,117
Net financial assets, end of year	\$ 21,968,423	\$ 30,674,828	\$ 28,316,073

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

District of North Saanich

Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 3,361,210	\$ 8,439,516
Items not involving cash:		
Contributed tangible capital assets	(243,157)	(3,147,713)
(Gain) loss on disposal of capital assets	(170,997)	6,301
Amortization of tangible capital assets	2,954,186	2,935,746
Actuarial sinking fund earnings	(149,725)	(133,670)
	5,751,517	8,100,180
Change in non-cash operating assets and liabilities		
Decrease (increase) in accounts receivable - taxes	442,201	(290,071)
(Increase) in accounts receivable - other	(141,113)	(679,300)
(Increase) in debt reserve deposits	(2,264)	(2,684)
Decrease in prepaid expenses	33,773	353,643
(Decrease) increase in accounts payable and accrued liabilities	(2,392,207)	2,880,240
(Decrease) increase in prepaid property taxes	(54,384)	84,963
(Decrease) in deferred revenue	(100,421)	(109,832)
Increase in employee future benefit obligations	7,600	37,600
(Increase) in materials and supplies	(25,691)	(24,583)
(Decrease) in deposits	(230,442)	(236,381)
	3,288,569	10,113,775
Capital transactions:		
Acquisition of tangible capital assets	(3,825,036)	(6,096,956)
Proceeds on disposal of tangible capital assets	274,466	-
	(3,550,570)	(6,096,956)
Financing transactions:		
Repayment of debt	(269,343)	(269,343)
Investing transactions:		
Change in portfolio investments	(406,005)	(564,587)
(Decrease) increase in cash and cash equivalents	(937,349)	3,182,889
Cash and cash equivalents, beginning of year	17,213,216	14,030,327
Cash and cash equivalents, end of year	\$ 16,275,867	\$ 17,213,216

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

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

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"). 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, 2021

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, 2021

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.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

1. Significant accounting policies continued

- (k) Non-financial assets continued
- (i) Tangible capital assets continued
Estimated useful life for tangible capital assets is as follows:

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.

- (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, 2021

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 or services provided.

(m) Allocation of expenses

Salary, wages and employee benefit expenses include the costs for District employees. The cost of certain 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 assets, receivables and liabilities, underlying assumptions for 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 2022 to November 2023 and have rates of return ranging from 0.80% to 2.50% (2020: 0.80% to 3.30%).

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

3. Other accounts receivable

Other accounts receivable consists of the following:

	2021	2020
Utility fees and charges	\$ 1,394,809	\$ 1,230,171
BikeBC grant receivable	615,916	615,916
Other grants receivable	50,000	24,255
GST rebate	317,088	397,921
Trade accounts receivable	87,785	60,026
Receivable from library / other municipalities	21,819	19,779
Deferred property taxes due from the Province of BC	4,967	8,120
Miscellaneous	41,279	36,362
	\$ 2,533,663	\$ 2,392,550

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, 2021, deposits of \$135,376 (2020 - \$133,112) 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, 2021 there were contingent demand notes of \$255,076 (2020 - \$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, 2021

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2021	2020
Trade accounts payable	\$ 1,643,455	\$ 1,330,572
Accrued liabilities	616,858	586,503
Grants in lieu payable to other government organizations	508,966	649,340
Accrued payroll liability	329,843	333,882
Contaminated sites liability (a)	100,000	100,000
School tax levy and grant in lieu payable to the Province of BC	1,706,538	4,307,310
PEMO amounts held (b)	73,362	63,622
	\$ 4,979,022	\$ 7,371,229

(a) A liability for contaminated sites has been recorded in the amount of \$100,000 (2020 - \$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

	2020	Contributions received	Recognized as revenue	2021
Amenity fee contributions	\$ 1,546,527	\$ -	\$ -	\$ 1,546,527
Prepaid building permits	248,064	324,022	(248,065)	324,021
Prepaid utility billings	12,924	9,268	(12,924)	9,268
Sewer upgrade contributions	155,903	-	-	155,903
Specified area charges	298,641	-	(180,452)	118,189
Other	20,076	10,760	(3,030)	27,806
	\$ 2,282,135	\$ 344,050	\$ (444,471)	\$ 2,181,714

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

7. Employee future benefit liability

The District provides sick leave, retirement benefits, and personal, emergency, and family leave (PEFL) 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:

	2021	2020
Accumulated sick leave	\$ 294,150	\$ 285,524
Retirement benefits	189,350	190,376
	\$ 483,500	\$ 475,900

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

	2021	2020
Accrued benefit obligation - opening:		
Balance, beginning of year	\$ 604,200	\$ 486,100
Current service cost	68,600	52,200
Interest cost	13,800	13,900
Benefits paid	(88,100)	(38,500)
Actuarial (gain) loss	(25,500)	90,500
Accrued benefit obligation - closing	573,000	604,200
Unamortized net actuarial loss	(89,500)	(128,300)
Accrued employee future benefit liability	\$ 483,500	\$ 475,900

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

	2021	2020
Discount rates	2.60 %	2.20 %
Expected inflation rate	2.50 %	2.50 %

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

7. Employee future benefit liability continued

The expected average remaining service life is 12 years (2020 - 12 years). The expected wage and salary increases (including 2.50% inflation estimate) are 2.58% - 4.50% (2020 - 2.58% - 4.50%). The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$95,700 (2020 - \$76,100).

Accumulated sick leave

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

Retirement benefits

Retirement benefits 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. It is recorded in combination with sick, personal, emergency and family leave valuations. The most recent valuation was as at December 31, 2020. 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, 2020, the plan had about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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 \$471,946 for employer contributions to the plan in fiscal 2021 (2020 - \$464,041) and District employees paid \$406,922 (2020 - \$401,995).

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, 2021

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 fully actuarially determined as at December 31, 2020. At December 31, 2020, the total plan provision for approved claims was \$20,054,200 (2019 - \$17,748,900) and the provision for unreported claims was \$1,607,400 (2019 - \$1,332,400) with an accumulated surplus of \$4,450,361 (2019 - \$4,244,806). The total plan provision for approved and unreported claims and net surplus or deficit at December 31, 2021 will be available later in 2022. The District paid \$53,074 (2020 - \$52,395) for employer contributions and District employees paid \$53,074 (2020 - \$52,395) for employee contributions to the plan in 2021.

8. Debt

	Interest rate	Year of maturity	Gross Debt	Repayments and actuarial earnings	2021	2020
MFA Issue #102	2.25	2032	\$ 7,722,907	\$ (3,403,244)	\$ 4,319,663	\$ 4,629,452
MFA Issue #127	3.3	2029	1,680,000	(682,138)	997,862	1,107,142
			\$ 9,402,907	\$ (4,085,382)	\$ 5,317,525	\$ 5,736,594

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 2021 was \$229,205 (2020 - \$229,205).

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

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:

	2021
2022	\$ 269,343
2023	269,343
2024	269,343
2025	269,343
2026	269,343
Thereafter	1,364,356
Future actuarial interest	2,606,454
	<hr/> \$ 5,317,525 <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 2021 or 2020.

In 2021 \$243,157 of asset contributions were received related to various developments within the District. The estimated fair market value of these assets is shown as revenue as well as tangible capital asset additions. This was comprised of land - \$55,027; roads - \$26,690; drainage - \$127,515; water - \$30,325; and sewer - \$3,600. In 2020 contributed assets worth \$3,147,713 were received.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

9. Tangible capital assets continued

2021	Engineering Structures										Total 2021	Total 2020
	Land	Land Improvement	Buildings	Vehicles, Machinery & Equipment	Roads	Drainage	Water	Sewer	Other	Work in Progress		
Cost												
Opening balance	\$ 22,191,896	\$ 3,846,355	\$ 8,559,842	\$ 9,042,069	\$ 40,440,546	\$ 7,577,972	\$ 14,293,291	\$ 28,408,536	\$ 65,381	\$ 1,370,432	\$135,796,320	\$126,580,995
Add: Additions	55,027	39,996	182,357	2,145,499	488,081	212,109	55,307	3,600	-	886,217	4,068,193	9,244,669
Less: Disposals	-	-	(4,399)	(1,479,011)	(14,154)	-	-	-	-	-	(1,497,564)	(29,343)
Completed work in progress	-	-	-	1,293,179	-	-	-	-	-	(1,293,179)	-	-
Closing balance	22,246,923	3,886,351	8,737,800	11,001,736	40,914,473	7,790,081	14,348,598	28,412,136	65,381	963,470	138,366,949	135,796,321
Accumulated Amortization												
Opening balance	-	1,019,219	2,737,869	6,180,673	23,698,762	1,919,233	5,766,416	8,247,835	46,290	-	49,616,297	46,703,593
Add: Additions	-	119,432	189,620	728,595	1,022,578	138,275	198,772	555,685	1,229	-	2,954,186	2,935,746
Less: Disposals	-	-	(4,399)	(1,375,541)	(14,154)	-	-	-	-	-	(1,394,094)	(23,042)
Closing balance	-	1,138,651	2,923,090	5,533,727	24,707,186	2,057,508	5,965,188	8,803,520	47,519	-	51,176,389	49,616,297
Net book value	\$ 22,246,923	\$ 2,747,700	\$ 5,814,710	\$ 5,468,009	\$ 16,207,287	\$ 5,732,573	\$ 8,383,410	\$ 19,608,616	\$ 17,862	\$ 963,470	\$ 87,190,561	\$ 86,180,024

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

10. Accumulated surplus

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

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 81,873,036	\$ 80,443,429
Unallocated surplus	7,828,447	12,619,716
Total surplus	89,701,483	93,063,145
Non-statutory reserve funds set aside by Council		
First Nation Relations fund	15,000	-
Total non-statutory reserves funds	15,000	-
Statutory reserve funds set aside by Council		
Capital reserves	13,664,111	11,293,905
Operating and opportunity reserves	14,826,307	10,488,641
Total statutory reserve funds	28,490,418	21,782,546
	\$118,206,901	\$114,845,691

On January 11, 2021 Council adopted *North Saanich Reserve Funds Establishment Bylaw No. 1512, 2020*. This bylaw updated the District's reserve structure. Comparable data is shown as allocated within the new structure.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

11. Contingencies and commitments

(a) Agreements and contracts

The District has entered into various agreements and contracts for services and construction with periods ranging from one to five years.

(b) 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. The estimated cost for 2022 is \$522,500.

(c) 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 where there is likely to be a settlement 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. No provision has been recorded as there is no expected risk at this time.

(d) 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.

(e) 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.

(f) Sandown operating lease

In 2020 the District entered into a lease agreement with Circular Farm and Food Society: Vancouver Island to operate the Sandown lands. Within this lease agreement the District agreed to provide funding during the first three years of operation (2020 - 2022). The estimated cost for 2022 is \$125,000.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

12. Taxes available for municipal purposes

	Budget	2021	2020
Taxes collected for general municipal purposes:			
Property and business taxes	\$ 11,295,950	\$ 11,277,338	\$ 10,895,092
Grants in lieu of taxes	1,227,650	1,322,660	1,308,186
Water and sewer system parcel taxes	1,098,700	1,106,634	836,408
Total	13,622,300	13,706,632	13,039,686
Taxes collected on behalf of and paid to other governments:			
School Authorities	-	9,040,144	7,242,390
Regional Hospital District	-	1,236,232	1,234,323
Municipal Finance Authority	-	1,338	1,304
British Columbia Assessment Authority	-	282,128	272,250
BC Transit Authority	-	1,455,494	1,416,647
Regional District	-	3,389,285	2,983,326
Total	-	15,404,621	13,150,240
Gross taxes collected	\$ -	\$ 29,111,253	\$ 26,189,926

13. Government transfers

The following government transfers have been included in revenues:

	Budget	2021	2020
Transfers			
Provincial	\$ 424,000	\$ 487,500	\$ 1,066,271
Provincial - COVID-19 Safe Restart Grant	-	-	2,711,000
Federal	1,105,400	1,081,813	528,843
	\$ 1,529,400	\$ 1,569,313	\$ 4,306,114

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

14. 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 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.

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

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, 2021

December 31, 2021	General Government	Protective Services	Solid Waste Management & Environment	Planning and Community	Transportation	Parks, Recreation and Cultural	Water Utility	Sewer Utility	2021
Revenues									
Taxes available for municipal purposes	\$ 12,599,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 721,650	\$ 384,984	\$ 13,706,632
Sale of services	134,499	71,218	64,169	935,007	110,796	58,686	3,856,883	1,444,024	6,675,282
Income from portfolio investments	366,729	-	-	-	-	-	46,450	60,660	473,839
Contributed assets	209,232	-	-	-	-	-	30,325	3,600	243,157
Government transfers	1,569,313	-	-	-	-	-	-	-	1,569,313
Other revenue	232,562	13,425	-	3,669	68,149	-	31,528	204,007	553,340
	15,112,333	84,643	64,169	938,676	178,945	58,686	4,686,836	2,097,275	23,221,563
Expenses									
Salaries, wages and employee benefits	2,153,389	788,139	49,312	1,076,639	1,500,196	398,168	536,854	263,096	6,765,793
Contracted services	1,422,170	2,164,824	35,466	239,479	458,430	1,255,026	42,810	685,206	6,303,411
Supplies and materials	119,981	172,307	1,069	7,584	150,312	85,703	2,886,403	171,277	3,594,636
Interest and bank charges	13,122	55,440	-	-	-	-	-	173,765	242,327
Amortization	302,386	304,001	-	10,523	1,379,581	118,808	239,325	599,562	2,954,186
	4,011,048	3,484,711	85,847	1,334,225	3,488,519	1,857,705	3,705,392	1,892,906	19,860,353
Annual surplus (deficit)	\$ 11,101,285	\$ (3,400,068)	\$ (21,678)	\$ (395,549)	\$ (3,309,574)	\$ (1,799,019)	\$ 981,444	\$ 204,369	\$ 3,361,210

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

December 31, 2020	General Government	Protective Services	Solid Waste Management & Environment	Planning and Community	Transportation	Parks, Recreation and Cultural	Water Utility	Sewer Utility	2020
Revenues									
Taxes available for municipal purposes	\$ 12,203,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,200	\$ 359,208	\$ 13,039,686
Sale of services	131,890	108,362	37,660	735,009	117,197	34,676	3,364,806	1,272,935	5,802,535
Income from portfolio investments	781,674	-	-	-	-	-	4,397	21,400	807,471
Contributed assets	2,838,653	-	-	-	-	-	172,300	136,760	3,147,713
Government transfers	4,246,114	-	-	-	-	-	-	60,000	4,306,114
Other revenue	166,899	-	-	-	-	-	(4,611)	149,002	311,290
	20,368,508	108,362	37,660	735,009	117,197	34,676	4,014,092	1,999,305	27,414,809
Expenses									
Salaries, wages and employee benefits	2,109,173	655,450	48,860	982,218	1,549,230	371,772	501,161	246,959	6,464,823
Contracted services	1,142,483	2,353,591	49,480	152,989	556,533	1,226,600	39,141	612,474	6,133,291
Supplies and materials	122,798	150,657	1,665	8,517	181,657	81,355	2,478,957	177,186	3,202,791
Interest and bank charges	9,437	55,440	-	-	-	-	-	173,765	238,642
Amortization	313,438	259,445	-	8,313	1,446,808	104,652	222,485	580,605	2,935,746
	3,697,329	3,474,583	100,005	1,152,037	3,734,228	1,784,379	3,241,744	1,790,989	18,975,293
Annual surplus (deficit)	\$ 16,671,179	\$ (3,366,221)	\$ (62,345)	\$ (417,028)	\$ (3,617,031)	\$ (1,749,703)	\$ 772,348	\$ 208,317	\$ 8,439,516

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

15. Budget data

The budget data presented in these financial statements is based upon the 2021 budget in Financial Plan Bylaw #1521, Schedule A passed by Council on May 3, 2021.

	2021
Revenues	
Taxes available for municipal purposes	\$ 13,622,300
Water utility fees and charges	3,435,100
Sewer utility fees and charges	1,470,800
General sale of services	1,056,000
Income from portfolio investments	440,000
Government transfers	1,529,400
Other revenue	201,700
Total revenue	21,755,300
Expenses	
Interest and bank charges	229,300
Amortization	3,448,000
General operating fund	14,794,950
Water operating fund	3,390,400
Sewer operating fund	1,192,800
	23,055,450
Annual deficit before transfers	(1,300,150)
ALLOCATIONS	
Add	
Amortization expense	3,448,000
Transfers from reserve funds	6,616,950
Total additions	10,064,950
Deduct	
Principal payments on debt	269,300
Capital expenditures	8,495,500
Total deductions	8,764,800
Financial Plan balance	\$ -

District of North Saanich

Notes to the Financial Statements

Year ended December 31, 2021

16. Uncertainty due to COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The District's offices were closed to the public as a result, although essential services continued to be provided, with the offices re-opening in a limited capacity during the year. As the impacts of COVID-19 continue, there could be further effects on the District, its citizens, employees, suppliers and other third party business associates. The District has continued to deliver services during this pandemic through a variety of means, whether face-to-face or utilizing technology. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

17. Comparative figures

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

18. Subsequent event

Subsequent to year end, the District, Victoria Airport Authority, and Town of Sidney entered into a Memorandum of Understanding to build a roundabout at the intersection of Beacon Avenue West and Galaran Road. The project cost will be shared according to an agreed upon formula with the Victoria Airport Authority and Town of Sidney each contributing 40% and the District 20%. The District's share is estimated at \$1,000,000 and has been included in the 2022-2026 Financial Plan Bylaw.

District of North Saanich

Supplementary Financial Information

Year ended December 31, 2021

UNAUDITED

SCHEDULE 1: COVID-19 SAFE RESTART GRANT

The District of North Saanich received a \$2,711,000 COVID-19 Restart Grant for Local Governments in November, 2020. Please see the schedule below for a summary of the eligible costs incurred in 2021.

Balance, year ending December 31, 2020		\$ 2,483,800
Eligible 2021 costs incurred:		
Revenue shortfalls	(535,850)	
General government	(79,530)	
Protective services	(116,178)	
Grants to other organizations	<u>(143,950)</u>	
Total eligible costs:		<u>(875,508)</u>
Balance, year ending December 31, 2021		<u>\$ 1,608,292</u>