

AGENDA

FINANCE AND GOVERNANCE STANDING COMMITTEE Monday, July 20, 2020 10:00 to 11:30 am COUNCIL CHAMBERS

1. MEETING BY ELECTRONIC PARTICIPATION

Due to COVID-19 measures, the Saanich Municipal Hall is closed to the public.

To register to **listen** by telephone, you must have access to a telephone, provide a telephone number that can be used to contact you, and an email address where instructions can be sent to you.

Register by calling: 250-475-5510 or email: rachel.mattiuz@saanich.ca

Registration deadline is 12:00 p.m. noon, Friday, July 17.

3 2. MINUTES FOR ADOPTION (attachments)

- March 17, 2020

7 3. 2019 AUDIT FINDINGS REPORT AND FINANCIAL STATEMENTS

Excerpt of minutes (attached) and Motion from the June 1, 2020 Special Council meeting:

“That the 2019 Audit Findings Report and 2019 Audited Financial Statements be referred to the Mayor’s Standing Committee on Finance and Governance for review prior to preparation of the 2021 budget.”

Report from the Director of Finance dated July 6, 2020 (attached)

88 4. FINANCIAL IMPACTS OF THE COVID-19 PANDEMIC

Excerpt of minutes (attached) and Motion from the June 1, 2020 Special Council meeting:

“That staff be directed to provide an update on Financial Impacts of the COVID-19 Pandemic to the Mayor’s Standing Committee on Finance and Governance or to Council within the next four months.”

Report from the Director of Finance dated July 9, 2020 (attached)

95 **5. TRIMESTER REPORTS – 2019 Q3 and 2020 Q1 (attached)**

118 **6. 2020 TAX SALE**

Report from the Director of Finance dated July 10, 2020 (attached)

130 **7. Finance 2020 Work Plan**

Report of the Director and Finance dated July 10, 2020 (attached)

133 **8. Strategic Real-Estate Function**

Committee Discussion

Planning, Transportation and Economic Development Advisory Committee – Chair’s Remarks – discussion items

Excerpt of minutes (attached) and Motion from the January 28, 2020 Special Council meeting:

“That the item – development of a Strategic Real Estate function for Saanich, be referred to the Mayor’s Standing Committee on Finance and Governance.”

138 **9. Post Built Variances**

Committee Discussion

4850 MAJOR ROAD – DEVELOPMENT VARIANCE PERMIT APPLICATION

Excerpt of minutes (attached) and Motion from the April 27, 2020 Special Council meeting:

“That Council refer the matter of post built variances to the Mayor’s Standing Committee on Finance and Governance.”

*** ADJOURNMENT ***

**MINUTES OF THE
FINANCE AND GOVERNANCE STANDING COMMITTEE
COMMITTEE ROOM #2
SAANICH MUNICIPAL HALL, 770 VERNON AVENUE
TUESDAY, MARCH 17, 2020 AT 2:00 PM**

Present: Chair: Councillor Susan Brice
Members: Mayor Haynes, Councillors Harper and Mersereau (2:15)
Staff Members: Paul Thorkelsson, Chief Administrative Officer; Paul Arslan, Senior
Manager; Jennifer Downie, Administrative Assistant.

Public: One member of the Public

MINUTES FOR ADOPTION

MOVED by Councillor Harper and seconded by Mayor Haynes: “That the minutes of the Finance and Governance Standing Committee meeting of January 20, 2020 be adopted as circulated.”

CARRIED

MOTION TO WAIVE MEETING NOTICE

Councillor Brice asked for a motion to waive the meeting notice requirement given the time has changed.

MOVED by Councillor Harper and seconded by Mayor Haynes: “That the Finance and Governance Standing Committee waive the meeting notice requirement as the time has changed.”

CARRIED

2020 STRATEGIC PRIORITIES GRANT APPLICATIONS AND 2020 COMMUNITY BUILDING GRANT APPLICATIONS

- Reports of the Director of Finance dated February 27, 2020 (attached).

The total amount of grant funding last year was \$202,081. The committee discussed not exceeding this limit for 2020. The total of 2020 Strategic Priorities Grant Applications and 2020 Community Building Grant Applications should not exceed \$202,081; the amount given out last year.

Friends of Victoria Basketball will be discussed as a separate item as this item was forwarded to the Committee via Council motion. In response to committee members, the Chief Administrative Officer advised that Friends of Victoria Basketball would need to be a separate item as they did not meet the grant application deadline and it was a Council motion that this Committee review the request.

Moved by Councillor Harper and seconded by Mayor Haynes: “That the Finance and Governance Standing Committee not exceed \$202,081 in the grants review process and that Friends of Victoria Basketball not be included as part of the grants review process.”

CARRIED

Consensus was to review all the grant applications with a formal motion being made at the end of the review.

Individual motions will not be made after review of each item. The Senior Manager of Finance will keep a running tally with the Committee doing a final review at the end, at which time a formal motion with a recommendation to Council will be made.

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Chief Administrative Officer left the meeting at 2:45 PM

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Items to Note:

Saanich Neighbourhood Place

Councillor Mersereau put forward an action item for staff; would like explore whether Parks and Recreation staff can play a role in helping Saanich Neighbourhood Place promote their services.

Councillor Brice suggested that the issue of cross promotion with Parks and Recreation be raised with staff.

Victoria Native Friendship Centre Bruce Parisian Library

The Committee proposed providing a grant in the amount of \$3000; and identified that the grant be allocated to fulfill books acquisition for children, youth and young adults (\$2,000) and Elders Honoraria (\$500) as outlined in the "Project Budget Statement Form." The remaining \$500 to be assigned where necessary.

Gorge Tillicum Community Association

The Committee proposed providing a grant in the amount of \$7,000. Grant is subject to event moving ahead.

The Greater Victoria Bike to Work Society

The Committee proposed providing a grant in the amount of \$4,500. Grant is subject to event moving ahead.

After review and discussion on each application the Committee identified the following for funding:

Strategic Priorities Grant	Amount Requested	Amount Approved
676 Kittyhawk Sponsoring Committee Society (on behalf of 676 Kittyhawk Air Cadet Squadron)	\$1,000	\$0
Capital Region Food and Agriculture Initiatives Roundtable	\$15,000	\$10,000
Cedar Hill Golf Club, Ladies Division	\$5,000	\$5,000
Community Social Planning Council of Greater Victoria	\$50,000	\$10,000
Connections Place Society	\$12,000	\$0
Creatively United for the Planet Society	\$27,000	\$1,650
Crisis Intervention & Public Info Society of GV- Need 2 Suicide Prevention	\$15,000	\$5,000
Friends of Mount Douglas Park Society	\$1,100	\$1,100

Friends of Victoria Basketball	\$75,000	
Greater Victoria Sports Tourism Commission	\$2,500	\$2,500
Greater Victoria Visitors & Convention Bureau (Destination Greater Victoria)	\$18,000	\$18,000
Greater Victoria Volunteer Society (Volunteer Victoria)	\$10,000	\$10,000
Habitat Acquisition Trust	\$5,150	\$3,000
Human-Nature Counselling Society	\$8,500	\$0
Junior Achievement B.C. (JABC)	\$10,000	\$0
KidSport Greater Victoria	\$10,000	\$0
Lake Hill Lawn Bowling Club	\$5,750	\$0
Leadership Victoria Society	\$9,000	\$0
LifeCycles Project Society	\$17,000	\$15,000
Maritime Museum of British Columbia	\$10,000	\$0
Peninsula Streams Society	\$20,000	\$15,000
The Rithet's Bog Conservation Society	\$1,100	\$1,100
Saanich Marine Rescue Society	\$10,000	\$10,000
Saanich Neighbourhood Place (\$9,100 in Kind)	\$40,000	\$15,000
Shelbourne Community Kitchen Society	\$15,000	\$10,000
Think Local First	\$22,800	\$0
Vancouver Island South Film & Media Commission	\$60,000	\$25,000
Victoria Brain Injury Society	\$3,000	\$0
Victoria Sexual Assault Centre	\$35,000	\$25,000
Victoria Women's Transition House Society	\$3,000	\$0
	\$516,900	\$182,350
Community Well-being and Place-making		
The Greater Victoria Placemaking Network	\$2,574	\$0
Victoria Native Friendship Centre Bruce Parisian Library	\$7,500	\$3,000
	\$10,074	\$3,000
Community Events		
Friends of Bowker Creek Society	\$1,500	\$1,500
Gorge Tillicum Community Association	\$7,000	\$7,000
The Greater Victoria Bike to Work Society	\$6,000	\$4,500
Haliburton Community Organic Farm Society	\$7,500	\$0
Victoria and Vancouver Island Greek Community Society	\$7,500	\$2,000
Victoria's Canada Day	\$5,000	\$1,000
Victoria Nikkei Cultural Society (VNCS)	\$500	\$500
	\$35,000	\$16,500
Grand Total	\$561,974	\$201,850

Following the review of the grant applications the following motion was made:

Moved by Councillor Harper and seconded by Councillor Mersereau: “That the Finance and Governance Standing Committee advance their recommendations for grant funding totaling \$201,850 to Council.”

CARRIED

FRIENDS OF VICTORIA BASKETBALL – REQUEST FOR FUNDING

Motion from the Monday, March 9, 2020 Council meeting:

MOVED by Councillor Plant and Seconded by Councillor Chambers: “That the We the West Basketball festival be forwarded to the Mayors Standing Committee on Finance & Governance meeting of March 17, 2020 and that the timeline for the grant application be waived.”

The Committee reviewed the request from *Friends of Victoria Basketball*.

Moved by Councillor Mersereau and seconded by Mayor Haynes: “That the Finance and Governance Standing Committee recommend that Council grant a maximum of \$45,000 to the Friends of Victoria Basketball from uncommitted 2019 funds including Council’s Strategic Initiatives fund and subject to the event proceeding.”

CARRIED

Moved by Mayor Haynes and seconded by Councillor Harper: “That the Finance and Governance Standing Committee advance these recommendations before council for consideration prior to the adoption of these minutes.

CARRIED

Copies of the binder containing all grant requests and supporting materials are available for any member of Council to review in the Councillors’ office.

ADJOURNMENT

On the motion from Councillor Brice the meeting adjourned at 3:58 pm.

Chair

I hereby certify these Minutes are accurate.

Committee Secretary

PUBLIC INPUT ON COUNCIL AGENDA ITEMS VIA TELECONFERENCE

Public Input on
Council Agenda
Items

7320-20
COVID-19

V. Sanders, Stan Wright Lane
Municipal Service Resumption

- The recommendation is supportable; the municipality will ensure that the appropriate precautions are utilized to keep residents and staff safe.
- The pandemic has disrupted work and services across Saanich departments; how Saanich interacts with the public and the public interacts with Saanich will be different in the future.

RESOLUTIONS FOR ADOPTION

5550-20
Audit Findings

2019 AUDIT FINDINGS REPORT AND FINANCIAL STATEMENTS

Report of the Director of Finance dated May 22, 2020 recommending that Council receive the 2019 Audit Findings Report for information and that Council accept the 2019 Audited Financial Statements.

L. Lee, KPMG, presented the Audit Findings Report (PowerPoint on file) and answered questions from Council:

- In terms of asset retirement obligations, in the year of adoption, there will be a quantification of the total estimated costs of remediation that would be added to the capital asset costs and recognized as a liability.
- Each subsequent year, there will be an interest cost up to the actual out of pocket cost at the time of retirement and an amortization cost.
- There are various types of revenue and standards that provide guidance for revenue recognition; the majority of revenue for the municipality is from property taxation or government transfers.
- The new standard recognizes ancillary revenue such as goods and services, recreation revenue, and items that may be exchanged for cash.
- Three Invitations to Comment were issued by the Public Sector Accounting Board on defined benefit pension costs and those comments will be available for public review.

In response to questions from Council, the Senior Manager, Financial Services stated:

- Amortization is based on best estimates; depending on what gets added to the asset during the year, those numbers may not be accurate.
- The numbers do not impact cash flow or net income.

**MOVED by Councillor Harper and Seconded by Councillor Chambers:
"That Council receive the 2019 Audit Findings Report for information."**

Council discussion ensued with the following comments:

- The tables in the report are helpful.
- Saanich's financial position continues to strengthen.
- The District has operated thoughtfully.

The Motion was then Put and CARRIED

MOVED by Councillor Harper and Seconded by Councillor Taylor: "That Council accept the 2019 Audited Financial Statements."

CARRIED

MOVED by Councillor Harper and Seconded by Councillor Brice: “That the 2019 Audit Findings Report and 2019 Audited Financial Statements be referred to the Mayor’s Standing Committee on Finance and Governance for review prior to preparation of the 2021 budget.”

Council discussion ensued with the following comments:

- Having the opportunity to get an overview on the Audit Findings Report and Audited Financial Statements in a committee setting is appropriate.

The Motion to Refer was CARRIED

5550-20
SOFI

2019 FINANCIAL INFORMATION ACT SUBMISSION

Report of the Director of Finance dated May 22, 2020 recommending that Council approve the 2019 Statement of Financial Information.

MOVED by Councillor Chambers and Seconded by Councillor Brice: “That Council accept the 2019 Statement of Financial Information.”

CARRIED

The Senior Manager, Financial Services exited the meeting at 7:36 p.m.

RECOMMENDATIONS FROM COMMITTEES

1030-30
Code of Conduct
Policy

COUNCIL CODE OF CONDUCT POLICY UPDATE

Memo of the Director of Corporate Services dated May 20, 2020 recommending Section 6.1 of the Council Code of Conduct Policy be changed to the following: “Given that the Mayor is the Official Spokesperson of Council, it is not the role of individual Council officials to report directly on District related business. Council officials will use caution in reporting decision-making by way of their social media profiles and websites ensuring that any material they publish is accurate, precise and communicates the intent of Council.” Memo of the January 20, 2020 Mayor’s Standing Committee on Finance and Governance meeting where the following was resolved: “That the Mayor’s Standing Committee of Finance and Governance recommends that the Code of Conduct policy with proposed changes be reviewed by the Chair and then forwarded to Council for approval.”

Councillor Brice, as Chair of the Mayor’s Standing Committee on Finance and Governance stated:

- In 2016, Council adopted the Code of Conduct policy, a process that all levels of government were moving towards.
- The Mayor’s Standing Committee on Finance and Governance has reviewed the policy and recommended changes.
- Some preferred wording has been recommended for Section 6.1; the wording better captures the discussion that took place at the committee level.
- The proposed wording does not prevent Council from engaging on social media but embodies the principles that all Council should maintain in being accurate, precise and communicating Council’s intent.



The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: July 6, 2020
Subject: 2019 AUDIT FINDINGS REPORT AND FINANCIAL STATEMENTS

RECOMMENDATION

That the Committee receive the report for information.

PURPOSE

To bring forward the 2019 Audit Findings Report and 2019 Financial Statements pursuant to Council motion.

BACKGROUND

At the June 1, 2020 Council Meeting, KPMG presented its 2019 Audit Findings Report to Council and the 2019 Financial Statements were brought for Council approval. The following motion was passed by Council:

"That the 2019 Audit Findings Report and 2019 Audited Financial Statements be referred to the Mayor's Standing Committee on Finance and Governance for review prior to preparation of the 2021 budget."

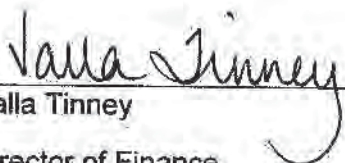
DISCUSSION

The District of Saanich financial statements are prepared in accordance with public sector accounting standards (PSAB) and are very challenging for even finance professionals to understand. Therefore, in 2019, Finance staff developed the "Financial Results at a Glance" document to provide a high level, and hopefully more understandable approach to the Financial Statements. This document is provided as an additional attachment to this report.

Documents provided for discussion:

1. 2019 Audited Financial Statements
2. 2019 Audit Findings Report
3. 2019 Financial Results at a Glance


Prepared by



Valla Tinney
Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.



Paul Thorkeisson, Administrator

2019 Financial Statements

The Corporation of the
District of Saanich
British Columbia

Fiscal year ended December 31, 2019

Prepared by:
District of Saanich
Finance Department
saanich.ca



June 1, 2020

Mayor and Council
District of Saanich

Your Worship and Members of Council,

I am pleased to present the financial statements for the fiscal year ending December 31, 2019 pursuant to Section 98 of the Community Charter Act.

These statements have been prepared in accordance with generally accepted accounting principles and the recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and the Provincial Ministry of Municipal Affairs & Housing.

The Corporation maintains a system of internal accounting controls designed to safeguard the assets of the Corporation and provide reliable financial information. We verify and test these systems on a regular basis through the use and review of the internal controls.

The audit firm of KPMG was appointed by Council and is responsible for expressing an opinion as to whether the financial statements, prepared by the Corporation's management, fairly present the financial position of the District of Saanich and the results of its 2019 operations.

In 2019, the Corporation's financial position continued to strengthen. Investment in tangible capital assets such as lands, parks infrastructure, roads and sidewalks increased by \$6.0 million and total reserves and appropriated surplus increased by \$12.7 million. The operating fund decreased by \$2.5 million due to transfers to future expenditures for anticipated retroactive pay for collective agreement settlement and a transfer from 2018 surplus of approximately \$1.2 million to reserve for council initiatives. The capital fund surplus increased by \$11.9 million due to debt proceeds. Overall these results strengthened the Corporation's overall financial position by \$26.8 million.

Revenue increases to note for 2019 include taxation of \$4.7 million and sewer user charges of \$2.4 million. Grants and contributions increased by \$3.5 million which includes a one-time, additional Federal Gas Tax payment. Total expenses increased by \$8.2 million or 4.3% over 2018. The most significant proportion of this increase arose from implementation of the BC Employer Health Tax (\$1.8 million).

The Corporation's prudent approach to financial management is reflected in the increasing financial assets level, moderate use of long term debt, and level of reserves.

Respectfully submitted,

A handwritten signature in blue ink that reads "Valla Tinney".

Valla Tinney, FCPA, FCGA
Director of Finance

THE CORPORATION OF THE DISTRICT OF SAANICH

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

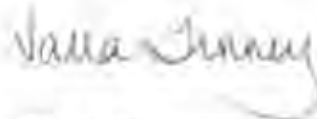
The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a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

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

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



Paul Thorkelsson
Chief Administrative Officer



Valla Tinney
Director of Finance

June 1, 2020



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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019 and its results of operations, its changes in net financial assets and its 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
June 1, 2020

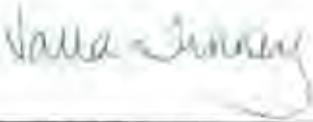
THE CORPORATION OF THE DISTRICT OF SAANICH

STATEMENT OF FINANCIAL POSITION

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash and cash equivalents (note 2)	\$ 119,318,499	\$ 95,042,171
Investments (note 2)	106,893,713	104,345,259
Receivables:		
Property taxes	2,355,545	1,924,378
Board of Cemetery Trustees of Greater Victoria (note 3b)	756,476	821,814
Accounts receivable	13,701,270	14,032,042
MFA cash deposit (note 4)	731,881	617,914
Other assets	18,598	7,619
	243,775,982	216,791,197
Financial liabilities:		
Accounts payable and accrued liabilities	15,494,612	11,908,234
Accrued employee benefit obligations (note 5)	19,244,739	18,045,439
Debt (note 3)	44,188,529	34,014,828
Deferred revenue (note 6)	22,853,398	21,280,461
Deposits and prepayments	14,955,847	14,769,920
	116,737,125	100,018,882
Net financial assets	127,038,857	116,772,315
Non-financial assets:		
Inventories of supplies	2,410,090	1,958,421
Prepaid expenses	1,328,295	1,238,500
Tangible capital assets (note 9)	881,945,483	865,964,467
	885,683,868	869,161,388
Contingent liabilities, contracts, commitments and subsequent events (notes 4, 11, 12 and 15)		
Accumulated surplus (note 10)	\$ 1,012,722,725	\$ 985,933,703

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



Director of Finance

THE CORPORATION OF THE DISTRICT OF SAANICH

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	Budget (note 13)	2019	2018
Revenue:			
Taxes (note 7)	\$ 129,455,790	\$ 127,038,584	\$ 122,321,935
Grants in lieu of taxes	2,655,900	2,747,165	2,572,116
Sales of services	19,990,710	21,421,712	20,613,810
Revenue from own sources	10,031,250	14,344,134	13,171,324
Transfers from other governments (note 8)	1,908,880	1,777,244	1,617,946
Sale of water	20,586,320	19,679,127	19,842,712
Water service charges	1,654,000	1,707,707	1,707,405
Sewer user charges	23,469,720	23,594,000	21,191,214
Grants and contributions	11,835,250	11,081,598	7,573,117
Developer contributions	-	2,290,008	5,163,197
Development cost charges (note 6)	3,104,800	52,129	364,438
Sub-regional parks reserve (note 6)	212,614	212,614	212,614
Other	394,654	982,513	891,690
Total revenue	225,299,888	226,928,535	217,243,518
Expenses:			
General government services	27,158,649	20,812,923	19,029,400
Protective services	59,529,803	58,992,798	58,766,380
Engineering and public works	31,262,899	26,248,120	25,759,099
Refuse collection	7,288,990	6,946,389	6,860,145
Community planning	4,388,690	3,654,472	3,212,254
Recreation, parks and cultural	43,853,475	45,012,899	42,321,285
Water utility	19,230,028	18,970,727	17,738,210
Sewer utility	22,987,289	19,386,973	18,178,258
Other fiscal services	96,624	114,212	77,165
Total expenses	215,796,447	200,139,513	191,942,196
Annual surplus	9,503,441	26,789,022	25,301,322
Accumulated surplus, beginning of year	985,933,703	985,933,703	960,632,381
Accumulated surplus, end of year	\$ 995,437,144	\$ 1,012,722,725	\$ 985,933,703

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

THE CORPORATION OF THE DISTRICT OF SAANICH

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

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

	Budget	2019	2018
Annual surplus	\$ 9,503,441	\$ 26,789,022	\$ 25,301,322
Acquisition of tangible capital assets	(80,461,056)	(34,658,250)	(28,990,615)
Developer contributions of tangible capital assets	-	(2,290,008)	(5,163,197)
Amortization of tangible capital assets	36,900,156	20,600,857	19,216,650
Loss on disposal of tangible capital assets	-	366,385	710,270
	(43,560,900)	(15,981,016)	(14,226,892)
Purchase of inventories of supplies	-	(451,669)	(68,340)
Purchase of prepaid expenses	-	(89,795)	(203,807)
	-	(541,464)	(272,147)
Change in net financial assets	(34,057,459)	10,266,542	10,802,283
Net financial assets, beginning of year	116,772,315	116,772,315	105,970,032
Net financial assets, end of year	\$ 82,714,856	\$ 127,038,857	\$ 116,772,315

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

THE CORPORATION OF THE DISTRICT OF SAANICH

STATEMENT OF CASH FLOWS

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

	2019	2018
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 26,789,022	\$ 25,301,322
Items not involving cash:		
Amortization	20,600,857	19,216,650
Developer contributions of tangible capital assets	(2,290,008)	(5,163,197)
Actuarial adjustment on debt	(539,352)	(501,542)
Accrued employee benefit obligations	1,199,300	1,341,900
Loss on disposal of tangible capital assets	366,385	710,270
Change in non-cash assets and liabilities:		
Property taxes receivable	(431,167)	164,257
Board of Cemetery Trustees receivable	65,338	62,227
Accounts receivable	330,772	(554,000)
Other assets	(10,979)	(822)
Accounts payable and accrued liabilities	3,586,378	(4,380,021)
Deferred revenue	1,572,937	1,806,665
Deposits and prepayments	185,927	2,806,011
Inventories of supplies	(451,669)	(68,340)
Prepaid expenses	(89,795)	(203,807)
Net change in cash from operating activities	50,883,946	40,537,573
Capital Activities:		
Cash used to acquire tangible capital assets	(34,658,250)	(28,990,615)
Investing Activities:		
Net increase in investments	(2,548,454)	(19,452,234)
Financing Activities:		
MFA cash deposit	(113,967)	(21,481)
Debt proceeds	13,739,271	1,582,000
Debt repaid	(2,960,880)	(2,859,525)
Debt repaid (Board of Cemetery Trustees)	(65,338)	(62,227)
Net change in cash from financing activities	10,599,086	(1,361,233)
Increase (decrease) in cash and cash equivalents	24,276,328	(9,266,509)
Cash and cash equivalents, beginning of year	95,042,171	104,308,680
Cash and cash equivalents, end of year	\$ 119,318,499	\$ 95,042,171

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

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

The Corporation of the District of Saanich (the "Corporation") is incorporated and operates under the provisions of the British Columbia Local Government Act and the Community Charter of British Columbia. The Corporation's principle activities include the provision of local government services to residents of the incorporated area. These include protective, parks, recreation, transportation, drainage, water and sewer.

1. Significant accounting policies:

The financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

a) Reporting entity:

The financial statements include the combination of all the assets, liabilities, accumulated surplus, revenues and expenses of all the activities and funds of the Corporation. The Corporation does not control any significant external entities and accordingly, no entities have been consolidated in the financial statements. Inter-departmental balances and significant organizational transactions have been eliminated. The Corporation does not administer any trust activities on behalf of external parties.

b) Basis of accounting:

The Corporation 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 of a legal obligation to pay.

c) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, deposit notes, and short-term, highly liquid investments with a maturity date of less than 3 months subsequent to acquisition date that are readily converted to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents also include investments in Municipal Finance Authority of British Columbia Money Market Funds which are recorded at cost plus earnings reinvested in the fund.

d) Investments:

Investments are recorded at cost except for the investments in the Municipal Finance Authority of British Columbia Bond and Intermediate Funds which are recorded at cost plus earnings that are reinvested in the funds. Short-term investments are comprised of bankers' acceptances, guaranteed investment certificates and deposit notes with a maturity date of 3 months to one year subsequent to acquisition date, while investments with a maturity date greater than one year are classified as long-term.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

1. Significant accounting policies (continued):

d) Investments (continued):

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

e) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

f) Deposits and prepayments:

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

g) Debt:

Debt is recorded net of repayments and actuarial adjustments.

h) Employee future benefits:

The Corporation and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred. The costs of multi-employer defined contribution pension plan benefits, such as the Municipal Pension Plan, are the employer's contributions due to the plan in the period.

Sick leave and other retirement benefits are also available to the Corporation'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 these benefit plans is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

i) 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.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

1. Significant accounting policies (continued):

j) Property tax revenue:

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

k) Loan guarantees:

Periodically the Corporation provides loan guarantees on specific debt issued by related authorities and other entities not consolidated in the Corporation's financial statements. Loan guarantees are accounted for as contingent liabilities and no amounts are accrued in the consolidated financial statements of the Corporation until the Corporation considers it likely that the borrower will default on the specified loan obligation. Should a default occur, the Corporation's liability would be recorded in the consolidated financial statements.

l) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Vehicles, machinery and equipment	4 - 25
Buildings and building improvements	20 - 75
Parks infrastructure	15 - 50
Drainage, water and sewer infrastructure	40 - 100
Roads infrastructure	15 - 100

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation'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. Amortization is charged upon the asset becoming available for productive use in the year of acquisition. Assets under construction are not amortized until the year after the asset is available for productive use.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

1. Significant accounting policies (continued):

i) Non-financial assets (continued):

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

iv) Interest capitalization

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

v) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

vi) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

m) Liability for contaminated sites:

Contaminated sites are defined as contamination of ground or water of a chemical, organic, or radioactive material that exceeds an environmental standard. A liability for remediation of a contaminated site is recognized when a Corporation-owned site not in productive use, or another site, meets all of the following criteria:

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

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

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

1. Significant accounting policies (continued):

n) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, the determination of employee benefit obligations, provision for contingencies, and accrued liabilities. Actual results could differ from those estimates.

2. Cash, cash equivalents and investments:

	2019	2018
Cash and cash equivalents:		
Cash	\$ 90,476,166	\$ 56,322,104
Bankers' acceptances, deposit notes, Municipal Finance Authority money market fund	28,842,333	38,720,067
	119,318,499	95,042,171
Short-term investments:		
Bankers' acceptances, guaranteed investment certificates, deposit notes	57,000,000	50,999,619
Long-term investments:		
Deposit notes and debentures	5,000,000	9,503,907
Municipal Finance Authority bond, intermediate bond fund	44,893,713	43,841,733
	49,893,713	53,345,640
Total investments	106,893,713	104,345,259
Total cash, cash equivalents and investments	\$ 226,212,212	\$ 199,387,430

The Cash balance consists of bank accounts and a high interest savings account opened the late fall of 2018 with an effective interest rate of 2.32% as of December 31, 2019. Bankers' acceptances, guaranteed investment certificates, money market fund and bonds had effective yields ranging from 1.83% to 3.14% (2018 – 1.25% to 2.77%) maturing from 2020 to 2026.

The Municipal Finance Authority Funds earn interest based on current market conditions and do not have set maturity dates. Funds can be withdrawn within three days' notice. The Corporation's investments have market values that approximates costs.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

3. Debt:

	2019	2018
Debt principal:		
Short term	\$ 6,333,697	\$ 3,948,010
Long term	37,854,832	30,066,818
	\$ 44,188,529	\$ 34,014,828

- a) While the gross debenture debt issued as at December 31, 2019 was \$60,561,330 (2018 - \$49,391,330), the debt principal reported is net of repayments and actuarial gains or losses (per above).

The loan agreements with the Capital Regional District and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect to such borrowings, the resulting deficiency becomes a liability of the Corporation.

Short term debt consists of MFA short term financing in the amount of \$5,670,400 and MFA 5-year equipment financing in the amount of \$663,297 both bearing interest at 2.55% (2018 - 2.80%).

- b) The City of Victoria and the Corporation established the Board of Cemetery Trustees of Greater Victoria in 1922 under the Municipal Cemeteries Act. The Board is a not-for-profit organization that operates the Royal Oak Burial Park. The terms of the agreement provides the Board a borrowing limit of \$3 million, with the City of Victoria and the Corporation providing equal guarantee. Under this agreement, in 2003 the Corporation borrowed \$1,500,000 of long term debt through the Municipal Finance Authority on behalf of the Board. The Corporation is reimbursed for all payments of principal and interest as they are paid. In 2019 the debt and the receivable balance recorded in the financial statements is \$756,476 (2018 - \$821,814). At December 31, 2019 the Board also had an outstanding demand loan of \$1,094,259 (2018 - \$1,196,655) with the Bank of Montreal. The Corporation's guarantee portion of both the long term debt and demand loan is \$925,368 (2018 - \$1,009,235).

- c) Principal payments on debt for the next five years and thereafter are as follows:

	General	Sewer	Total
2020	\$ 8,609,876	\$ 715,124	\$ 9,325,000
2021	2,847,346	565,124	3,412,470
2022	2,446,356	565,124	3,011,480
2023	2,380,990	535,160	2,896,150
2024	2,354,155	535,160	2,889,315
2025 and thereafter	17,044,662	5,609,452	22,654,114

Interest on debt ranges from 1.55% to 3.73% with maturity dates from April 6, 2020 to October 9, 2034. Interest expense on debt during the year was \$1,356,673 (2018 - \$1,241,359).

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

4. Municipal Finance Authority debt reserve fund:

The Corporation issues its debt instruments through the Municipal Finance Authority ("MFA"). As a condition of the borrowing, the Corporation is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The deposits are included in the Corporation's financial statements as MFA cash deposits. If the debt is repaid without default, the deposits are refunded to the Corporation. The notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon the maturity of a debt issue, the demand notes are released and deposits refunded to the Corporation. As at December 31, 2019, there were contingent demand notes of \$2,091,601 (2018 - \$1,755,622) which are not included in the financial statements of the Corporation.

5. Accrued employee benefit obligations and pension plan:

The Corporation provides sick leave and certain other benefits to its employees. These amounts and other employee related liabilities will require funding in future periods and are set out below:

	2019	2018	Increase (Decrease)
Vacation pay and banked overtime	\$ 3,330,900	\$ 2,994,700	\$ 336,200
Accumulated sick leave and retirement benefit payment	14,506,600	13,418,900	1,087,700
Accrued benefit obligation	17,837,500	16,413,600	1,423,900
Add unamortized net actuarial gain	1,407,239	1,631,839	(224,600)
Accrued employee benefit obligations, end of year	19,244,739	18,045,439	1,199,300
Less funded amount	(9,711,273)	(9,574,841)	(136,432)
Total unfunded employee benefit obligations	\$ 9,533,466	\$ 8,470,598	\$ 1,062,868

Accrued vacation pay, banked overtime, and accumulated sick leave represent the liability of banks accumulated for estimated drawdowns at future dates and/or for payout either on an approved retirement, or upon termination or death. Retirement benefit payments represent the Corporation's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments, and certain vacation entitlements in the year of retirement.

The unamortized net actuarial gain is amortized over the employees' average remaining service lifetime (13 years).

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

5. Accrued employee benefit obligations and pension plan (continued):

Information about liabilities for the Corporation's employee obligations is as follows:

	2019	2018
Accrued benefit obligations:		
Balance, beginning of year	\$ 18,045,439	\$ 16,703,539
Current service cost	1,249,200	1,210,500
Interest cost	547,500	549,000
Benefits paid	(821,100)	(970,600)
Actuarial gain on event-driven liabilities	349,200	553,000
Actuarial loss (gain)	(125,500)	-
Balance, end of year	\$ 19,244,739	\$ 18,045,439

The accrued benefit obligations and the benefit costs were estimated by actuarial valuation by an independent actuarial firm. For event-driven liabilities, actuarial gains or losses are immediately recognized.

Key estimates used in the valuation:

	2019	2018
Discount rates	2.60%	3.20%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.5% to 5.9%	2.5% to 5.9%

The Corporation and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed pension plan. The board of trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the 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, 2019, the Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

5. Accrued employee benefit obligations and pension plan (continued):

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 Corporation paid \$9,791,360 (2018 - \$10,214,606) for employer contributions while employees contributed \$7,881,685 (2018 - \$8,106,607) to the Plan in fiscal 2019.

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 the individual employers participating in the Plan.

GVLRA – CUPE Long-Term Disability Trust

The health and welfare 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, 2018. At December 31, 2018, the total plan provision for approved and unreported claims was \$18,160,100 with a plan surplus of \$3,016,917. The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation paid \$425,869 (2018 - \$483,395) for employer contributions and the Corporation's employees paid \$424,184 (2018 - \$489,722) for employee contributions to the plan in 2019.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

6. Deferred revenue:

Development Cost Charges and Sub-regional Parks Reserve represent funds received from developers restricted for capital expenditures.

	2019	2018
Development cost charges:		
Balance, beginning of year	\$ 15,370,957	\$ 14,817,577
Investment income	451,736	291,794
Fees and contributions	636,929	626,023
Amounts spent on projects and recorded as revenue	(52,129)	(364,438)
Balance, end of year	16,407,493	15,370,956
Sub-regional parks reserve:		
Balance, beginning of year	1,724,750	1,229,164
Investment income	25,597	26,600
Fees and contributions	252,000	681,600
Amounts spent on projects and recorded as revenue	(212,614)	(212,614)
Balance, end of year	1,789,733	1,724,750
General operating fund deferred revenue	4,518,672	4,184,755
Capital fund deferred revenue	137,500	-
Total deferred revenue	\$ 22,853,398	\$ 21,280,461

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

7. Taxation:

a) Taxes

	2019	2018
General Purpose:		
Property Tax	\$ 125,099,770	\$ 120,641,750
Utility 1% Tax	1,461,046	1,432,707
	126,560,816	122,074,457
Special Assessments:		
Cadboro Bay Village Business Improvement Area	20,000	20,000
	20,000	20,000
Hotel Room Tax:		
Tourism Victoria – Destination Marketing Commission	457,768	227,478
	\$ 127,038,584	\$ 122,321,935

An allowance for a reduction in property taxes levied has been applied to property tax revenue due to a potential adjustment in assessed value.

b) Taxes levied for other Authorities

In addition to taxes levied for municipal purposes, the Corporation is legally obligated to collect and remit taxes levied for the following authorities. These collections and remittances are not recorded as revenue and expenses.

	2019	2018
Provincial Government - school taxes	\$ 51,482,229	\$ 49,971,231
Capital Regional District	9,562,379	9,299,660
Capital Regional Hospital District	8,296,356	8,426,815
Municipal Finance Authority	7,885	7,396
B.C. Assessment Authority	1,588,949	1,568,011
B.C. Transit Authority	8,140,203	7,632,885
	\$ 79,078,001	\$ 76,905,998

B. Government transfers:

	2019	2018
Operating transfers:		
Federal	\$ 6,711	\$ 12,724
Provincial	1,770,533	1,605,222
	\$ 1,777,244	\$ 1,617,946

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

9. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals and transfers	Balance at December 31, 2019
Land	\$ 294,705,392	\$ 5,758,787	\$ -	\$ 300,464,179
Vehicles, machinery and equipment	63,569,856	8,504,001	3,041,869	69,031,988
Buildings and building improvements	134,820,366	2,904,395	141,901	137,582,860
Park infrastructure	45,124,896	1,061,872	459,784	45,726,984
Drainage infrastructure	204,503,317	3,355,741	-	207,859,058
Roads infrastructure	207,547,818	6,139,241	-	213,687,059
Water infrastructure	147,017,148	5,232,144	18,760	152,230,532
Sewer infrastructure	161,684,706	6,071,024	-	167,755,730
Assets under construction	13,819,251	11,740,303	13,819,251	11,740,303
Total	\$ 1,272,792,750	\$ 50,767,508	\$ 17,481,565	\$ 1,306,078,693

Accumulated amortization	Balance at December 31, 2018	Disposals	Amortization expense	Balance at December 31, 2019
Vehicles, machinery and equipment	\$ 33,981,362	\$ 2,706,364	\$ 4,853,246	\$ 36,128,244
Buildings and building improvements	45,050,963	141,901	2,737,434	47,646,496
Park infrastructure	29,230,757	434,795	1,397,241	30,193,203
Drainage infrastructure	85,505,508	-	2,667,451	88,172,959
Roads infrastructure	90,282,081	-	4,907,684	95,189,765
Water infrastructure	54,367,182	12,870	2,050,282	56,404,594
Sewer infrastructure	68,410,430	-	1,987,519	70,397,949
Assets under construction	-	-	-	-
Total	\$ 406,828,283	\$ 3,295,930	\$ 20,600,857	\$ 424,133,210

	Net book value December 31, 2018	Net book value December 31, 2019
Land	\$ 294,705,392	\$ 300,464,179
Vehicles, machinery and equipment	29,588,494	32,903,744
Buildings and building improvements	89,769,403	89,936,364
Park infrastructure	15,894,139	15,533,781
Drainage infrastructure	118,997,809	119,686,099
Roads infrastructure	117,265,737	118,497,294
Water infrastructure	92,649,966	95,825,938
Sewer infrastructure	93,274,276	97,357,781
Assets under construction	13,819,251	11,740,303
Total	\$ 865,964,467	\$ 881,945,483

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2017	Additions	Disposals and transfers	Balance at December 31, 2018
Land	\$ 293,910,445	\$ 794,947	\$ -	\$ 294,705,392
Vehicles, machinery and equipment	61,437,285	6,139,918	4,007,347	63,569,856
Buildings and building improvements	132,302,638	2,589,115	71,387	134,820,366
Park infrastructure	43,261,390	2,034,987	171,481	45,124,896
Drainage infrastructure	199,518,366	4,984,951	-	204,503,317
Roads infrastructure	201,310,368	6,255,148	17,698	207,547,818
Water infrastructure	142,345,118	4,689,676	17,646	147,017,148
Sewer infrastructure	156,812,000	4,872,706	-	161,684,706
Assets under construction	12,026,890	13,819,251	12,026,890	13,819,251
Total	\$ 1,242,924,500	\$ 46,180,699	\$ 16,312,449	\$ 1,272,792,750

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Vehicles, machinery and equipment	\$ 33,531,947	\$ 3,314,240	\$ 3,763,655	\$ 33,981,362
Buildings and building improvements	42,459,543	68,788	2,660,208	45,050,963
Park infrastructure	27,879,198	170,479	1,522,038	29,230,757
Drainage infrastructure	82,895,147	-	2,610,361	85,505,508
Roads infrastructure	85,543,681	5,687	4,744,087	90,282,081
Water infrastructure	52,397,483	16,098	1,985,797	54,367,182
Sewer infrastructure	66,479,926	-	1,930,504	68,410,430
Assets under construction	-	-	-	-
Total	\$ 391,186,925	\$ 3,575,292	\$ 19,216,650	\$ 406,828,283

	Net book value December 31, 2017	Net book value December 31, 2018
Land	\$ 293,910,445	\$ 294,705,392
Vehicles, machinery and equipment	27,905,338	29,588,494
Buildings and building improvements	89,843,095	89,769,403
Park infrastructure	15,382,192	15,894,139
Drainage infrastructure	116,623,219	118,997,809
Roads infrastructure	115,766,687	117,265,737
Water infrastructure	89,947,835	92,649,968
Sewer infrastructure	90,332,074	93,274,276
Assets under construction	12,026,890	13,819,251
Total	\$ 851,737,575	\$ 865,964,467

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

9. Tangible capital assets (continued):

a) Assets under construction

Assets under construction having a value of \$11,740,303 (2018 - \$13,819,251) have not been amortized. Amortization of these assets will commence the year after the asset is put into service.

b) Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$2,290,008 (2018 - \$5,163,197) comprised of land in the amount of \$242,467 (2018 - \$794,948), drainage, parks and transportation infrastructure \$1,398,960 (2018 - \$3,016,458), and water and sewer infrastructure in the amount of \$648,581 (2018 - \$1,351,791). Contributed assets capitalized in 2019 were \$2,009,925 (2018 - \$4,370,990) and the remaining \$280,083 (2018 - \$792,207) were expensed.

c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

d) Works of art and historical treasures

The Corporation manages and controls various works of art and non-operational historical cultural assets including buildings, artefacts, paintings and sculptures located at municipal sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

e) Write-down of tangible capital assets

No significant write-down of tangible capital assets occurred during 2019 or 2018.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO 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	\$ 838,513,429	\$ 832,771,452
Operating funds	23,935,174	26,422,798
Capital funds	52,051,096	40,157,788
Unfunded employee benefit obligations	(9,533,466)	(8,470,598)
Total surplus	904,966,233	890,881,440
Appropriated surplus set aside for:		
Insurance	2,315,300	2,315,300
Future expenses	7,203,950	4,748,546
Working capital	4,450,000	4,450,000
Total appropriated surplus	13,969,250	11,513,846
Reserve funds set aside for specific purpose by Council:		
Land sales fund	1,043,630	2,484,857
Public safety and security fund	2,940,436	2,507,604
Carbon neutral fund	758,060	671,619
Equipment depreciation fund	5,468,375	6,348,126
Capital works fund	45,826,849	37,183,881
Commonwealth pool operating fund	99,933	213,386
Commonwealth pool high performance repair and replacement fund	228,013	212,305
Facility replacement fund	15,267,382	12,014,502
Computer hardware and software fund	8,102,530	7,340,750
Sayward gravel pit fund	1,497,416	1,852,946
Specific area capital project fund	3,130,196	4,552,665
Water capital fund	4,330,725	4,064,270
Sewer capital fund	5,093,697	4,091,506
Total reserve funds	93,787,242	83,538,417
	\$ 1,012,722,725	\$ 985,933,703

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

11. Contingent liabilities:

- a) Capital Regional District debt, under the provisions of the Local Government Act, is a direct, joint and several liability of the Capital Regional District and each member municipality within the District, including The Corporation of the District of Saanich.
- b) The Corporation is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated, which provides centralized emergency communications and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.
- c) In the normal course of a year, claims for alleged damages are made against the Corporation and are recorded when a liability is likely and reasonably determinable. The Corporation maintains an insurance reserve in its accumulated surplus of \$2,315,300 (2018 - \$2,315,300) to provide for claims, and also maintains insurance coverage to provide for insured claims should they exceed \$2,000,000 in any year.
- d) The Corporation has provided a 50% loan guarantee in respect of a Bank of Montreal demand loan of the Board of Cemetery Trustees of Greater Victoria. The guarantee covers a demand loan balance of up to \$1,900,000 (the Corporation's share: \$950,000). The loan bears interest at the Bank's prime lending rate plus 0.5%, calculated monthly. The loan has fixed monthly payments of \$12,741 including both principal and interest. As of December 31, 2019 the balance of the demand loan was \$1,094,259 (2018 - \$1,196,655) with the Corporation's share of that balance being \$547,130 (2018 - \$598,328). In the Corporation's view, no provision for loss is required at this time.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

12. Contracts and commitments:

At December 31, 2019, the following major contracts were in progress:

	Total amount of contract	Paid or accrued
Purchase of vehicles and equipment	\$ 2,864,962	\$ 354,794
Consulting and Parks and Public Works projects	9,917,721	5,491,109
Facilities projects	3,591,821	841,049

Commitments:

- a) The Corporation has contracted with Ravine Equities Inc. for the lease of property at Uptown to be used as library (Emily Carr Library). The term of the lease is for 10 years ending December 2023. The lease payment is currently \$223,392 per annum and increasing slightly each due to Saanich's share of the operating costs.
- b) The Corporation has contracted with Itziar Management Ltd. for the lease of a portion of the building at 57 Cadillac Avenue for Police Services. The term of the lease is for eight years ending April, 2024. The lease payment is currently \$304,412 per annum and increasing slightly each due to Saanich's share of the operating costs.
- c) The Corporation entered into a five-year agreement for police related dispatch services with E-Comm Emergency Communications for British Columbia Incorporated effective January 1, 2019. Under the terms of the agreement, E-Comm will provide 9-1-1 call answer and dispatch services including emergency call-taking, telephone reports, and radio dispatch for the Corporation. The annual charge will be based on the Corporation's share of actual costs for the calendar year as determined in the agreement. The estimated cost for 2020 is \$1,488,630.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

13. Budget data:

The budget data presented in these financial statements is based upon the 2019-2023 Financial Plan adopted by Council May 13, 2019. The following chart reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenues:	
Total General revenues per Financial Plan	\$ 177,009,500
Total Water Utility revenues per Financial Plan	22,895,600
Total Sewer Utility revenues per Financial Plan	24,403,700
Add:	
Net Fleet revenues recorded as gross per PSAB	875,150
Reserve transfers recognized as revenues per PSAB	2,304,400
Less:	
Inter departmental revenues netted against expenses per PSAB	(2,188,462)
Total revenue	225,299,888
Expenses:	
Total General expenses per Financial Plan	163,397,600
Total Water Utility expenses per Financial Plan	17,561,100
Total Sewer Utility expenses per Financial Plan	19,648,300
Capital expenditure budget that is expensed per PSAB	17,107,056
Less:	
Reserve expenditure recognized as transfers per PSAB	270,853
Inter departmental revenues netted against expenses per PSAB	(2,188,462)
Total expenses	215,796,447
Annual surplus	\$ 9,503,441

14. Comparative figures:

Certain comparative information has been reclassified to conform with the financial statement presentation for the current year.

15. Subsequent events:

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

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

16. Segmented information:

The Corporation is a diversified municipal government organization providing a wide range of services to its citizens including General Government; Protective Services; Engineering and Public Works; Planning; Parks, Recreation and Culture, and Water and Sewer Services. For management reporting purposes, the Corporation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities reported within these funds. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

The General Government Operations provide the functions of Corporate Services and Administration; Finance; Building, Bylaw, Licensing & Legal Services; Human Resources; Tax Collection; Civic Centre Maintenance, and other functions categorized as non-departmental.

Protective Services

Protective services comprise three different functions, Police, Fire, and Emergency Preparedness. The mission of the Police Department is to provide quality police service and keep Saanich safe. The Fire Department's mandate is to protect citizens and property, provide all proper measures to prevent, control, and extinguish fires and provide assistance to medical emergencies, land and marine rescue operations, requests from other fire services, and hazardous materials incidents and requests for public service. The Emergency Program's mandate is to provide continuity in government and the preservation of life and property through a coordinated response by elected officials, municipal departments, volunteer services, and such outside agencies as may be able to assist during a major emergency or disaster.

Engineering and Public Works

The Engineering and Public Works Department is responsible for all municipal infrastructures, which includes roads, drains and street and traffic lights.

Planning

The Planning Department is comprised of four Divisions: Community Planning, Current Planning, Environmental Services, and Sustainability and Climate Change. These Divisions manage all activities and applications relating to long range and current planning, subdivision review, environmental protection, and sustainability projects.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2019

16. Segmented Information (continued):

Parks, Recreation and Culture

The Parks and Recreation Department promotes active, healthy living through the effective provision of a wide range of programs, services and facilities. It also promotes the engagement of community members in a variety of arts, special events, cultural and social activities to encourage strong community connections. The Department is comprised of three Divisions that plan and manage a number of municipal services. Their mission is to work in partnership with the community to create a quality of life that fosters and supports healthy citizens and community environments.

Water and Sewer

The Water and Sewer Utilities operate and distribute water and network sewer mains, storm sewers and pump stations.

Statement of Segmented Information

The following statement provides additional financial information for the foregoing functions. Taxation and grants in lieu of taxes are apportioned to the functions based on their share of net departmental budgeted expenditures in the 2019 - 2023 Financial Plan. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2019

16. Segmented information (continued):

2019	General Government	Protective Services	Engineering and Public works	Planning	Parks, Recreation and Culture	Water and Sewer	Reserve Funds	Total
Revenue:								
Taxes	\$ 19,614,397	\$ 51,710,867	\$ 21,246,640	\$ 2,724,921	\$ 31,741,769	\$ -	\$ -	\$ 127,038,584
Grants in lieu of taxes	424,155	1,118,229	459,451	58,925	686,405	-	-	2,747,165
Sales of services	-	634,052	6,659,250	-	14,128,410	-	-	21,421,712
Other revenue from own sources	5,228,787	2,708,770	1,022,270	3,391,134	8,477	-	1,984,696	14,344,134
Transfers from other governments	-	1,442,614	-	327,919	6,711	-	-	1,777,244
Sale of water and charges	-	-	-	-	-	21,386,834	-	21,386,834
Sewer user charge	-	-	-	-	-	22,594,000	-	23,594,000
Grants and contributions	-	-	788,161	-	14,600	(193,244)	10,472,061	11,081,598
Development cost charges	52,129	-	-	-	-	-	-	52,129
Developer contribution	-	-	1,641,426	-	-	648,582	-	2,290,008
Sub-regional park fund	212,614	-	-	-	-	-	-	212,614
Other	33,749	-	472,412	-	-	476,352	-	982,513
	25,565,821	57,614,532	32,269,630	6,502,899	46,586,372	45,912,524	12,456,757	228,928,535
Expenses:								
Salaries, wages and benefits	13,554,692	49,408,469	13,589,470	3,273,611	23,300,956	4,744,589	-	107,871,787
Goods and services	3,861,591	7,778,324	6,299,837	303,293	6,841,307	27,108,330	-	54,192,682
Interest and financial charges	145,542	3,083	673,911	-	326,470	288,148	-	1,437,134
Other	1,673,573	-	-	-	6,613,987	-	-	8,287,560
Capital expenditures	778,687	540,899	3,531,436	67,669	1,675,619	1,155,163	-	7,749,493
Amortization	913,050	1,282,043	9,099,855	9,879	4,254,560	5,081,470	-	20,600,857
	20,927,135	68,992,798	33,194,509	3,654,472	45,012,899	38,357,700	-	200,139,513
Annual surplus (deficit)	-4,638,686	(1,378,266)	(904,679)	2,848,427	1,573,473	7,554,824	12,456,757	26,799,022
Accumulated surplus, beginning of year								985,933,703
Accumulated surplus, end of year								\$ 1,012,722,725

THE CORPORATION OF THE DISTRICT OF SAANICH

NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2019

16. Segmented information (continued):

2018	General Government	Protective Services	Engineering and Public works	Planning	Parks, Recreation and Culture	Water and Sewer	Reserve Funds	Total
Revenue:								
Taxes	\$ 17,945,245	\$ 50,847,313	\$ 20,985,769	\$ 2,536,369	\$ 30,007,219	\$ -	\$ -	\$ 122,321,935
Grants in lieu of taxes	377,342	1,069,188	441,277	53,334	830,975	-	-	2,572,116
Sales of services	-	952,080	6,364,757	-	13,295,973	-	-	20,613,810
Other revenue from own sources	4,775,857	2,773,199	1,104,002	3,340,903	36,291	-	1,141,082	13,171,324
Transfers from other governments	-	1,451,487	-	153,735	12,724	-	-	1,617,946
Sale of water and charges	-	-	-	-	-	21,550,117	-	21,550,117
Sewer user charge	-	-	-	-	-	21,191,214	-	21,191,214
Grants and contributions	-	-	455,542	-	54,600	1,246,440	5,016,535	7,573,117
Development cost charges	364,438	-	-	-	-	-	-	364,438
Developer contribution	-	-	3,811,406	-	-	1,351,791	-	5,163,197
Sub-regional park fund	212,614	-	-	-	-	-	-	212,614
Other	32,625	-	415,473	-	-	443,592	-	691,690
	23,708,121	57,093,267	33,578,226	6,084,361	44,038,772	45,783,154	6,957,617	217,243,518
Expenses:								
Salaries, wages and benefits	13,535,381	50,778,345	13,242,118	2,772,774	21,935,747	4,641,866	-	106,906,331
Goods and services	2,438,460	8,240,572	6,500,807	425,363	8,230,384	24,611,915	-	48,447,501
Interest and financial charges	62,603	3,062	631,330	-	311,913	276,993	-	1,285,901
Other	1,158,250	-	-	-	6,912,033	-	-	8,070,283
Capital expenditures	1,501,403	291,285	3,390,051	3,901	1,561,285	1,487,604	-	8,015,530
Amortization	610,469	1,463,116	6,654,838	10,218	3,369,922	4,917,960	-	19,216,650
	19,106,565	58,768,380	32,619,244	3,212,254	42,321,285	35,918,488	-	191,942,196
Annual surplus (deficit)	4,601,556	(1,673,113)	958,982	2,872,107	1,717,487	9,864,666	6,957,617	25,301,322
Accumulated surplus, beginning of year								980,632,381
Accumulated surplus, end of year								\$ 985,933,703

Statistical Section

THE CORPORATION OF THE DISTRICT OF SAANICH

STATISTICAL SECTION

Revenue by source – 5 year comparison (unaudited)

	2019	2018	2017	2016	2015
Revenue:					
Taxes	127,038,584	122,321,935	117,594,301	112,480,997	108,248,863
Grants in lieu of taxes	2,747,165	2,572,116	2,416,030	2,307,301	2,251,524
Sales of services	21,421,712	20,613,810	19,897,971	19,584,292	18,785,980
Revenue from own sources	14,344,134	13,171,324	12,472,690	11,462,753	11,206,385
Transfers from other governments	1,777,244	1,617,946	1,777,289	1,690,725	1,739,137
Sale of water	19,879,127	19,842,712	18,731,765	19,660,606	18,898,264
Water service charges	1,707,707	1,707,405	1,681,581	1,684,983	1,661,741
Sewer user charges	23,594,000	21,191,214	18,901,240	17,586,782	15,944,230
Grants and contributions	11,081,598	7,573,117	13,735,590	8,554,246	5,576,170
Development cost charges	52,129	364,438	-	2,045,324	439,689
Developer contributions	2,290,008	5,163,197	5,344,725	2,255,373	1,907,488
Sub-regional park reserve	212,614	212,614	212,613	212,613	212,613
Other	982,513	891,690	807,210	764,311	1,201,203
	226,928,535	217,243,518	213,573,005	200,290,306	188,073,287

Expenses by function and object – 5 year comparison (unaudited)

	2019	2018	2017	2016	2015
Expenses by function:					
General government services	20,812,923	19,029,400	16,770,535	16,951,813	14,589,225
Protective services	58,992,798	58,766,380	56,111,109	53,881,430	53,274,526
Engineering and public works	26,248,120	25,759,099	26,639,750	24,389,313	22,824,334
Refuse collection	6,946,389	6,860,145	6,502,197	6,421,907	6,193,436
Community planning	3,654,472	3,212,254	2,658,119	2,545,823	2,483,844
Recreation, parks and cultural	45,012,899	42,321,285	41,547,026	39,820,666	38,635,385
Water utility	18,970,727	17,738,210	16,790,012	16,706,350	15,089,974
Sewer utility	19,386,973	18,178,258	16,261,783	14,174,196	13,931,938
Other fiscal services	114,212	77,165	72,177	67,097	469,571
	200,139,513	191,942,196	183,352,708	174,958,595	167,492,233
Expenses by object:					
Salaries, wages and benefits	107,871,787	106,906,331	102,214,819	99,457,880	95,781,255
Goods and services	61,942,175	56,463,031	53,179,668	46,516,546	44,718,233
Interest and financial charges	1,437,134	1,285,901	1,201,526	1,157,809	1,232,362
Other	8,287,560	8,070,283	7,349,806	6,974,642	7,111,174
Amortization	20,600,857	19,216,650	19,406,889	20,851,718	18,649,209
	200,139,513	191,942,196	183,352,708	174,958,595	167,492,233

THE CORPORATION OF THE DISTRICT OF SAANICH

STATISTICAL SECTION

Taxable assessments for general and regional district - 5 year comparison (unaudited)

	2019	2018	2017	2016	2015
Residential	33,086,206,001	31,144,829,050	26,640,824,959	22,052,514,473	21,050,842,866
Utilities	15,511,900	14,152,100	13,121,000	12,176,200	12,005,000
Light industry	29,373,900	26,663,200	21,918,400	17,409,300	17,445,200
Business/other	2,427,418,801	2,223,267,101	2,063,980,601	1,910,211,201	1,829,143,451
Managed forest	16,400	15,000	13,300	11,700	10,800
Recreation/non-profit	16,959,300	16,726,500	14,198,600	14,590,000	14,429,100
Farm	3,461,093	3,487,625	3,564,581	3,594,700	3,634,235
	35,578,947,395	33,429,140,576	28,757,621,441	24,010,507,574	22,927,510,652

Property taxes collected - 5 year comparison (unaudited)

	2019	2018	2017	2016	2015
Taxes and charges due District of Saanich	130,083,117	125,686,877	121,055,604	116,381,798	112,353,357
Taxes and charges due Other authorities	79,078,001	76,905,998	74,720,783	74,321,567	74,741,172
Taxes and charges due	209,161,118	202,592,875	195,776,387	190,703,365	187,094,529
Taxes collected - District of Saanich	128,618,138	124,493,009	118,442,099	113,451,772	109,447,299
Taxes collected - Other Authorities	78,198,785	76,175,487	72,245,653	74,969,811	74,916,800
Taxes collected	206,805,573	200,668,796	193,687,752	188,421,583	184,364,099
Taxes outstanding	2,355,545	1,924,379	2,088,635	2,281,782	2,730,430
Percentage of taxes collected	98.87%	99.05%	98.90%	98.80%	98.54%

Taxes levied for other authorities (unaudited)

	2019	2018	2017	2016	2015
Provincial Government – school taxes	51,482,229	49,971,231	48,089,501	48,412,050	49,257,297
Capital Regional District	9,562,379	9,299,660	9,100,588	8,603,412	8,267,852
Capital Regional Hospital District	8,296,356	8,426,815	8,264,922	7,870,464	7,752,092
Municipal Finance Authority	7,885	7,396	6,409	5,423	5,175
B.C. Assessment Authority	1,588,949	1,568,011	1,474,427	1,536,285	1,596,751
B.C. Transit Authority	8,140,203	7,632,885	7,784,936	7,893,933	7,862,005
	79,078,001	76,905,998	74,720,783	74,321,567	74,741,172

THE CORPORATION OF THE DISTRICT OF SAANICH

STATISTICAL SECTION

Municipal tax rates (unaudited)

	2019	2018	2017	2016	2015
Residential	2.9034	2.9529	3.3249	3.8568	3.8911
Utilities	28.6143	30.2356	31.6409	31.8954	31.5087
Supportive Housing	2.9034	2.9529	3.3249	3.8568	3.8911
Light Industry	6.5235	7.8435	8.9685	9.4304	9.1914
Business/Other	12.0139	12.5655	12.9357	13.3157	13.2118
Managed Forest	17.6896	18.6502	20.4070	22.3876	23.2153
Rec/Non Profit	8.4916	8.3025	8.1242	7.9211	7.7024
Farm	0.50000	0.5000	0.5000	0.5000	0.5000

Principal taxpayers (unaudited)

Registered Owner	Primary Property	2019 Taxes Levied
Ravine Equities (Nominee) Inc.	Uptown Shopping Centre	\$ 6,874,371
Riokim Holdings	Tillicum Centre	2,553,500
Grosvenor Canada Ltd. & Admns Broadmead Investment Corp.	Broadmead Shopping Centre	1,378,906
4000 Seymour Place Building Ltd.	BC Systems Building	1,240,426
Individuals	University Heights Shopping Centre	1,220,366
Island Home Centre Holdings Ltd.	Island Home Centre	1,166,460
Foundation For The University of Victoria	Vancouver Island Technology Centre	957,797
Royal Oak Shopping Centre Ltd	Royal Oak Shopping Centre	912,318
High Quadra Holdings Ltd. /Hansbraun Investments Ltd.	Saanich Centre Shopping Centre	730,020
First Capital (Tuscany Village) Corporation	Tuscany Village Shopping Centre	646,334

THE CORPORATION OF THE DISTRICT OF SAANICH

STATISTICAL SECTION

Reserve fund balances and surpluses (unaudited)

	2019	2018	2017	2016	2015
Reserve funds balances:					
Land sales reserve fund	1,043,630	2,484,857	2,789,212	2,358,164	2,974,060
Public safety and security reserve fund	2,940,436	2,507,604	2,743,352	2,105,389	2,208,776
Carbon neutral reserve fund	758,080	671,619	782,033	721,067	739,503
Equipment depreciation reserve fund	5,468,375	6,348,126	6,451,013	5,870,002	5,972,046
Capital works reserve fund	45,826,849	37,183,881	30,749,934	26,573,054	24,086,088
Commonwealth pool operating reserve fund	99,933	213,386	479,175	734,510	973,018
Commonwealth pool high performance repair and replacement reserve fund	228,013	212,305	188,094	215,467	165,892
Facility replacement fund	15,267,382	12,014,502	8,277,122	5,709,076	3,377,522
Computer hardware and software fund	8,102,530	7,340,750	5,565,901	4,577,235	1,756,544
Sayward gravel pit reserve fund	1,497,416	1,852,946	1,812,411	1,859,307	1,838,259
Specific area capital project reserve fund	3,130,196	4,552,665	4,571,301	-	-
Water capital fund	4,330,725	4,064,270	901,003	-	-
Sewer capital fund	5,093,697	4,091,506	2,118,222	963,171	250,000
Investment income reserve	-	-	-	-	-
Receivable reserve	-	-	-	-	-
	93,787,242	83,538,417	67,428,773	51,686,442	44,335,708
Reserve surpluses:					
Insurance	2,315,300	2,315,300	2,315,300	2,315,300	2,315,300
Future expenses	7,203,950	4,748,546	9,485,478	4,837,883	3,664,758
Working capital	4,450,000	4,450,000	4,450,000	4,450,000	4,450,000
	13,969,250	11,513,846	16,250,778	11,603,183	10,430,058

Financial position (unaudited)

	2019	2018	2017	2016	2015
Financial assets	243,775,982	216,791,197	206,255,653	182,977,901	164,388,862
Financial liabilities	116,737,125	100,018,882	100,285,621	96,227,570	84,684,108
Net financial assets	127,038,857	116,772,315	105,970,032	86,750,331	79,704,754

Accumulated surplus (unaudited)

	2019	2018	2017	2016	2015
Annual surplus	26,789,022	25,301,322	30,220,297	25,331,711	20,581,054
Accumulated surplus, beginning of year	985,933,703	960,632,381	930,412,084	905,080,373	884,499,319
Accumulated surplus, end of year	1,012,722,725	985,933,703	960,632,381	930,412,084	905,080,373

THE CORPORATION OF THE DISTRICT OF SAANICH

STATISTICAL SECTION

Debt (unaudited)

	Amount of Issue			2018 Outstanding
	Authorized	Unissued and Unsold	2019 Outstanding	
General Government				
IT Equipment	1,133,283	-	1,133,283	650,533
Land	4,040,400	-	4,040,400	
	5,173,683		5,173,683	650,533
Engineering and Public Works:				
Roads	9,227,178	-	9,227,178	6,137,385
Drains	10,353,526	-	10,353,526	8,995,777
	19,580,704	-	19,580,704	15,133,142
Refuse collection	3,213,994	-	3,213,994	3,599,749
Recreation, Parks and Cultural Services:				
Equipment	304,210	-	304,210	314,083
Recreation facilities	1,414,872	-	1,414,872	1,919,164
Parks and trails	4,895,114	-	4,895,114	4,055,673
Library	364,935	-	364,935	528,792
	6,979,131	-	6,979,131	6,817,712
Protective services	29,686	-	29,686	43,679
Other (energy retrofit/school)	135,491	-	135,491	189,692
Accrued actuarial gain	(205,780)	-	(205,780)	(176,883)
General capital fund	34,906,909	-	34,906,909	26,257,824
General operating fund (ROBP)	756,476	-	756,476	821,814
Sewer construction	8,552,154	-	8,552,154	6,958,381
Accrued actuarial gain	(27,010)	-	(27,010)	(23,191)
Sewer capital fund	8,525,144	-	8,525,144	6,935,190
	44,188,529	-	44,188,529	34,014,828

THE CORPORATION OF THE DISTRICT OF SAANICH

STATISTICAL SECTION

Debt charges (unaudited)

	2019			2018
	Interest	Principal Instalments	Total	Total
General Government				
IT Equipment	18,696	172,035	190,731	187,480
Land	46,384	-	46,384	-
	65,080	172,035	237,115	187,480
Engineering and Public Works:				
Roads	221,362	320,713	542,075	494,312
Drains	302,549	834,293	1,136,842	1,118,566
Local improvements	-	-	-	-
Other	-	-	-	-
	523,911	1,155,006	1,678,917	1,612,878
Refuse collection	150,000	329,745	479,745	479,745
Recreation, Parks and Cultural Services:				
Equipment	7,112	69,873	76,985	40,156
Recreation facilities	132,963	349,013	481,976	439,704
Parks	136,190	247,451	383,641	372,903
Other	50,205	137,040	187,245	187,245
	326,470	803,377	1,129,847	1,040,008
Protective services:				
Royal Oak Burial Park	3,063	8,740	11,803	11,802
Debt charges recovery	33,750	31,428	65,178	64,053
	(33,750)	(31,428)	(65,178)	(64,053)
	1,068,524	2,468,903	3,537,427	3,331,913
Interest allowed on prepaid taxes	60,854	-	60,854	14,665
Other	19,608	-	19,608	29,877
	1,148,986	2,468,903	3,617,889	3,376,455

Long-term debt (unaudited)

	2019	2018	2017	2016	2015
General	35,663,385	27,079,638	28,330,385	25,410,292	18,748,441
Sewer utility	8,525,144	6,935,190	7,525,737	6,594,587	4,300,098
Total outstanding debt	44,188,529	34,014,828	35,856,122	32,004,879	23,048,539
Estimated debt limit	633,000,000	558,000,000	547,000,000	467,000,000	507,000,000
Legal debt servicing limit	53,519,092	50,681,873	48,242,706	46,556,781	44,752,096
Population (BC Stats)	122,173	122,245	115,864	110,889	110,803
Debt per capita	362	278	309	289	208
Debt charges as a percentage of expenses	2.2%	2.2%	2.0%	1.7%	1.9%

Note: Numbers on this page are updated from District of Saanich internal departments, except for the Estimated Population [source: BC Statistics] and Number of Properties [source: BC Assessment].

THE CORPORATION OF THE DISTRICT OF SAANICH

STATISTICAL SECTION

Miscellaneous Information and demographic statistics (unaudited)

	2019	2018	2017	2016	2015
Area of municipality - land and Water	11,178 Hec	11,178 Hec	11,178 Hec	11,178 Hec	11,178 Hec
Estimated population (BC Stats)	122,173	122,245	115,864	110,889	110,803
Voter's list electors	86,656	86,656	83,559	82,155	82,155
Number of properties	40,924	40,754	40,335	40,258	40,076
Number of public parks	171	172	172	171	170
Area of public parks and open spaces	1,761 Hec	1,751 Hec	1,751 Hec	1,751 Hec	1,750 Hec
Trail networks	110 km	110 km	109.2 km	107.9 km	100.0 km
Surfaced roads	574 km	574 km	574 km	574 km	574 km
Marked bicycle lanes	174.6 km	171.8 km	170.2 km	167.9 km	164 km
Storm sewers	575 km	575 km	573 km	571 km	567 km
Sanitary sewers	568 km	568 km	568 km	568 km	566 km
Water mains	547 km	548 km	547 km	547 km	551 km
Water services	30,084	30,407	30,361	30,013	30,235
Fire hydrants	2,298	2,290	2,282	2,274	2,265
Business licences	4,787	4,768	4,718	4,610	4,907
Number of District of Saanich employees	1,787	1,715	1,624	1,615	1,583
Building Permits issued					
Number of single family and duplex	73	84	119	123	91
Dollar value of single family and duplex	56,413,000	57,426,000	87,109,000	81,137,000	55,417,000
Number of other permits	622	663	750	722	631
Dollar value of other permits	119,724,000	180,832,000	223,560,000	147,615,000	124,012,000
Total permits issued	695	747	869	845	722
Total value of permits issued	176,137,000	238,258,000	310,669,000	228,752,000	179,429,000

Notes: Numbers on this page are updated from District of Saanich internal departments, except for the Estimated Population [source: BC Statistics] and Number of Properties [source: BC Assessment].

THE CORPORATION OF THE DISTRICT OF SAANICH

STATISTICAL SECTION

Capital expenses by source (unaudited)

	2019	2018	2017	2016	2015
Capital fund:					
Operating fund	5,232,922	9,529,791	11,593,234	11,211,000	11,609,540
Reserves	13,850,634	12,865,343	4,432,738	18,470,789	11,976,344
Developer/public	1,656,026	3,923,982	4,568,286	1,756,241	1,447,887
Grants & contributions	788,181	397,566	1,471,493	2,491,528	609,187
Debt	11,590,000	1,582,000	5,331,800	-	-
	33,117,763	28,298,682	27,397,551	33,929,558	25,642,858
Sewer capital fund:					
Operating fund	1,870,830	3,979,098	3,103,227	2,399,954	4,291,850
Reserves	-	1,743,872	-	-	1,264,612
Developer/public	240,067	349,534	277,001	63,987	215,675
Grants	-	1,226,439	758,340	-	-
Debt	2,200,000	-	1,500,000	2,764,600	-
	4,310,897	7,298,943	5,638,568	5,228,541	5,772,137
Water capital fund:					
Operating fund	6,474,305	4,839,186	6,008,635	5,073,638	5,740,436
Reserves	-	-	-	-	-
Developer/public	428,403	1,022,258	520,989	550,179	236,578
	6,902,708	5,861,444	6,529,624	5,623,817	5,977,014

THE CORPORATION OF THE DISTRICT OF SAANICH

PERMISSIVE TAX EXEMPTIONS GRANTED FOR 2019

Total tax levy for Saanich and other authorities

(unaudited)

Organization	2019 Taxes
Places Of Public Worship	
Elk Lake Baptist Church	\$ 16,258
Cordova Bay United Church	24,414
Lion Of Judah Ministries	25,634
Unitarian Church Of Victoria	33,318
St David By The Sea Anglican Church	8,901
Gateway Baptist Church	27,276
Victoria First Church Of The Nazarene	23,534
Seventh Day Adventist Church	28,727
Saanich Community Church Mennonite Brethren	16,196
St Michael's Anglican Church	14,527
United Church Of Canada	212
Our Lady Of Fatima Catholic Church	14,868
Victoria And Vancouver Island Greek Community Church	31,781
Iglesia Ni Cristo Church Of Christ	11,592
Christ Community Christian Reformed Church	17,646
Cornerstone Pentecostal Church	7,813
Westview Gospel Chapel	7,031
Sacred Heart Catholic Church	31,821
Christian Reformed Church	25,983
Salvation Army Victoria Citadel	119,878
New Life Community Fellowship	12,007
The Church Of Jesus Christ Of Latter-Day Saints	27,981
Saanich Baptist Church	29,417
Christadelphian Ecclesia	12,303
Croatian Catholic Church St Leopold Mandic	12,710
Holy Cross Catholic Church	27,061
Gordon Head United Church	14,961
Lambrick Park Church	17,646
St Dunstan's Anglican Church	24,702
St Aidan's United Church	15,153
St Peter's Anglican Church	15,482
St Luke's Anglican Church	25,504
St John The Evangelist Church	4,533
North Douglas Pentecostal Church	25,461
New Apostolic Church	1,255
Kingdom Hall Of Jehovah's Witnesses	7,412
Trinity Presbyterian Church	3,246
City Light Church of Victoria	11,920
Hope Lutheran Church	9,760
Victoria Pacific Rim Alliance Church	7,082
Knox Presbyterian Church	9,512
Shelbourne Street Church Of Christ	12,544
Lutheran Church Of The Cross	22,342
St George's Anglican Church	21,587
Cadboro Bay United Church	20,778
	879,769

THE CORPORATION OF THE DISTRICT OF SAANICH

PERMISSIVE TAX EXEMPTIONS GRANTED FOR 2018 (CONTINUED)

Total tax levy for Saanich and other authorities
(unaudited)

Schools	
St Joseph's School	12,207
	<u>12,207</u>
Sport	
Braefoot Community Association	23,616
Gorge Soccer Association	120,406
Power To Be	41,225
Saanich Health & Physical Endeavors Society	17,827
Southern Island Sailing Society	25,864
Victoria Rowing Society	24,437
Victoria Canoe & Kayak Club	5,622
	<u>258,997</u>
Community Activity Centres	
Cordova Bay Community Club	18,223
Nature Trust of BC	17,318
Royal Oak Women's Institute	7,954
Saanich Neighbourhood Place	4,799
Garth Homer Foundation	71,935
Greater Victoria Public Library Board	42,577
Shekinah Homes Society	9,415
Goward House Society	45,313
	<u>217,534</u>
Cultural Organizations	
Saanich Heritage Foundation	25,072
Crown Provincial (Hallmark Heritage Society)	2,728
Vancouver Island Netherlands Assn	15,361
Ukrainian Canadian Cultural Society	17,732
Jewish Community Centre Of Victoria	13,740
	<u>74,633</u>
Agricultural Organizations	
Hallburton Community Organic Farm Society	6,992
Horticulture Centre Of The Pacific	134,861
Capital City Allotment Association	28,330
	<u>170,183</u>
Community Service Organizations	
Canadian Centre Of Learning For Maitreya Missionary	3,712
Island Community Mental Health Association	15,680
Girl Guides Of Canada	24,225
Prospect Lake District Community Association	10,446
Society Of St. Vincent De Paul Of Vancouver Island	49,793
Cridge Centre	9,545
Gordon Head Mutual Improvement Society	8,142
Children's Health Foundation Of Vancouver Island	189,055
Scout Properties	32,403
Victoria Native Friendship Centre	125,033
Habitat for Humanity	98,379
Bishop of Victoria	999

THE CORPORATION OF THE DISTRICT OF SAANICH

PERMISSIVE TAX EXEMPTIONS GRANTED FOR 2019 (CONTINUED)

Total tax levy for Saanich and other authorities

(unaudited)

The Catholic Diocese of Victoria	12,136
The District of Saanich (Police)	80,271
	<u>659,819</u>
Community Housing Organizations	
Baptist Housing Mount View Heights Care Society	159,512
Baptist Housing Society Of BC	9,176
Broadmead Care Society	9,765
Dawson Heights Housing Ltd	23,802
Independent Living Housing Society	18,533
Island Community Mental Health Association	8,371
Luther Court Society	53,270
Victoria Senior Citizens Housing Society	22,677
Victoria Association For Community Living	77,437
	<u>382,543</u>
Natural Area Preservation	
Hunter, Frances	177
	<u>177</u>
Total Permissive Tax Exemptions For 2019	\$ 2,655,862



The Corporation of the District of Saanich

Audit Findings Report
for the year ended December 31, 2019

For the meeting on June 1, 2020

kpmg.ca/audit



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Executive summary

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as Council members, in your review of the results of our audit of the financial statements of the Corporation of the District of Saanich (the "District") as at and for the year ended December 31, 2019.

Audit and business risks

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting.

Audit materiality

Materiality has been determined based on revenue. We have determined materiality to be \$4,350,000.

Finalizing the Audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with Council,
- Obtaining the signed management representation letter; and
- Obtaining evidence of Council's approval of the financial statements.

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Uncorrected differences

We have identified two differences that remain uncorrected, see page 9 for details on the nature and impact of these misstatements.

Significant accounting policies and practices

PS 3430 *Restructuring Transactions* was effective for the District's 2019 fiscal year. There is no impact on the financial statements from the adoption of the new accounting standard.

Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal controls over financial reporting. We provide an update on other observations identified in previous years. See page 10 for further details.

Independence

We confirm that we are independent with respect to the District within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2019 up to the date of this report.

Current Developments

See pages 11 to 14 for the current developments update.

We have provided information with regards our audit response to COVID-19 and resources which may be of assistance to Council and management in responding to this pandemic. See page 6.

¹ This Audit Findings Report should not be used for any other purpose or by anyone other than Council. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Materiality

Materiality determination	Comments	Amount
Materiality	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$4,200,000.	\$4,350,000
Benchmark	Based on prior year total expenses. This benchmark is consistent with the prior year. The corresponding amount for the prior year's audit was \$183,352,708.	\$191,942,196
% of Benchmark	The corresponding percentage for the prior year's audit was 2.29%. Audit standards permit establishing materiality within a range between 0.5%-3.0% of the benchmark.	2.27%
Audit Misstatement Posting Threshold (AMPT)	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$210,000.	\$217,500

Materiality is used to scope the audit, identify risks of material misstatements and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate.

We will report to Council:



Corrected audit misstatements



Uncorrected audit misstatements

Audit risks and results

We highlight our significant findings in respect of significant financial reporting risks.

1 Significant Risk	Risk of management override
---------------------------	------------------------------------

Why is it significant?

This is a presumed fraud risk. Although the level of risk of management override of controls will vary from entity to entity, professional standards presume the risk of management override of controls is nevertheless present in all entities and requires the performance of specific procedures to address this presumed risk.

Our response and significant findings

We performed the required procedures under professional standards:

- We reviewed the general ledger for unusual or unexpected journal entries impacting reserve accounts, including unusual journal entry pairings.
- We tested material journal entries made in the preparation of the year-end financial statements, entries potentially related to fraud or management override of controls, and inspected the relevant documentation for authorization and appropriateness.
- We performed a retrospective review of estimates, including the assumptions used by management.
- We evaluated the business rationale of significant unusual transactions.

We are satisfied that our audit work has appropriately addressed the risk of management override.

Audit risks and results (continued)

2 Significant Risk Completeness of tangible capital assets

Why is it significant?

Significant land acquisitions or disposals may be approved at Council meetings and executed by staff but not communicated to Finance nor recorded in the financial statements.

Our response and significant findings

During 2019, land additions were \$5.8 million, and there were no disposals. We reviewed Council meeting minutes and reconciled all approved land acquisitions or disposals to the capital asset continuity schedules to verify completeness of such transactions within the financial statements. No errors were identified from our testing. Other capital asset additions totaled \$45.0 million, primarily investments in road, water and sewer infrastructure. We selected a sample of additions during the year and compared the amounts recorded as additions to supporting third party evidence. No errors were identified from our testing.

3 Significant Risk Completeness of provision for contingencies

Why is it significant?

In the normal course of a year, claims for alleged damages are made against the District. The District maintains an insurance reserve of \$2,315,300 to provide for claims, and also maintains insurance coverage to provide for insured claims should they exceed \$2,000,000 in any year. For accounting purposes, a liability and expense is recognized when the outcome of a claim is likely to result in a loss to the District and is measurable. Judgment and assumptions are necessary to evaluate the amount of liability required. Due to the breadth of services offered and exposure of the District to legal claims in the regular course of operations, there is a risk that provisions recognized in the financial statements are understated.

Our response and significant findings

We performed inquiries with management and reviewed meeting minutes and other documentation for existence of liability exposure. We confirmed with external legal counsel the completeness and status of known and potential claims that could result in loss to the District. We assessed the conclusion against provisions established by management. We concur with management's accruals and disclosure in the financial statements.

Audit risks and results (continued)

4 Area of focus Salaries and benefits

Why is it significant?

Salaries and benefits are the most significant cost of the District and there are a number of collective agreements and related employment benefits noted within these contracts. The effective date of the collective agreements vary and can be expired for more than one fiscal year prior to reaching an agreement on a new agreement. When a collective agreement has expired and employees are working under the terms of the previous agreement, management estimates the cost of service provided in the year that may be adjusted in future years (retro pay), once a new collective agreement is ratified. As at December 31, 2019, the police agreement expired at the end of 2018 and had not been ratified in 2019. CUPE and the Fire Fighters' collective agreement covered the period up to December 31, 2019.

Our response and significant findings

We assessed management's estimates of payroll expense and accruals. We evaluated the reasonability against historic and expected adjustments while also evaluating the accuracy of the amount with no issues noted.

5 Audit response to COVID-19 Pandemic

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market and social dislocating impact. As such enhanced subsequent events procedures are warranted.

There are two types of subsequent events, with the accounting treatment dependent on the categorization as follows:

1. Events that provide future evidence of conditions that existed at the financial statement date. For these conditions, the financial statements should be adjusted for measurable impact to the assets, liabilities, revenues and expenditures.
2. Events that are indicative of conditions that rose subsequent to the financial statement date. For these conditions, disclosures, at a minimum, should include a description of the event and an estimate of the financial impact, when practicable or a statement that an estimate cannot be made.

Our response and significant findings

KPMG discussed the impact of the pandemic with management. At this time management considers it not practicable to calculate the impact on the District of future cash flows, any significant changes to assets or liabilities and the magnitude of impact on future operations. Management has included a subsequent events note in the financial statements; KPMG concurs this is not an adjusting event and disclosure provided is appropriate.

Critical accounting estimates

Critical accounting estimates are those significant accounts or significant disclosures that contain estimates which have a high degree of estimation uncertainty.

We have summarized our assessment of the subjective areas:

Asset / liability	Balance	KPMG comments
Useful lives of tangible capital assets	\$882 million (useful lives of the District's assets range from 4 to 100 years)	<ul style="list-style-type: none"> We verified the mathematical accuracy of and agreed the tangible capital asset continuity schedules to supporting detail; we performed substantive analytical procedures on amortization expense. We assessed the reasonability and consistency of management's estimate of useful lives for the various categories of assets. We noted no significant changes in estimates from the prior period, nor were there indications of management bias.
Employee benefit obligations	\$19 million	<ul style="list-style-type: none"> We performed substantive analytical procedures over the provision for payroll and vacation accruals prepared by management. In 2018, the District started to use an external actuary to value its employee benefit obligations. We received a reliance letter from the actuary that it was engaged by the District to perform the calculation of the estimate of the employee future benefit obligation and that it had the expertise to perform this valuation. We inspected the report prepared by the actuary and assessed the reasonableness of the discount rates and assumptions used to determine the estimate. We verified the accuracy of the employee benefit obligation as at December 31, 2019 compared to the actuary's report and assessed the liability as reasonable.
Provisions for contingent liabilities, including contaminated sites		<ul style="list-style-type: none"> We performed inquiries with management and reviewed meeting minutes and other documentation. We confirmed with external legal counsel the existence and status of known and potential claims that could result in loss to the District. We inspected management's evaluation of contaminated sites and concur there are none that require recognition of a liability at December 31, 2019. There were no errors or adjustments recommended to the estimates related to contingencies.

Significant accounting policies and practices



Significant Accounting Policies

- There were no changes to the critical accounting policies and practices.
- There were no changes in significant accounting policies.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the District's transactions in relation to the period in which they are recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transitions.



Significant Accounting Estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the District's asset and liability carrying values.



Form, arrangement, and content of the financial statements

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures and uncertainties.

Uncorrected differences and Corrected Adjustments

Adjustments and differences identified during the audit have been categorized as "Corrected adjustments" or "Uncorrected differences". Differences and adjustments include disclosure differences and adjustments. Professional standards require that we request of management and the Board that all identified differences be corrected. We have already made this request of management.

Uncorrected differences

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which disclose the impact of all uncorrected differences considered to be other than clearly trivial. We identified two misstatements which remain uncorrected, both of which are transactions that do not involve cash, and are recurring annual errors. We concur with management's representation that the differences are not material to the financial statements. Accordingly, the differences have no effect on our auditors' report.

- Overstatement of investment income of \$453,572 and accumulated surplus of \$521,135 and an understatement of long-term investments of \$67,563 related to cost vs. market value of MFA quoted investments.
- Overstatement of revenue from own sources and goods and services expenses of \$51,869.

Corrected adjustments

The management representation letter includes all adjustments identified as a result of the audit, communicated to management and subsequently corrected in the financial statements. We identified one adjustment that was corrected to accrue an estimated liability provision of \$2.7 million.

We identified and recommended minor changes to the presentation and formatting of the financial statements which were accepted and corrected by Management.

Control deficiencies and other observations

In accordance with professional standards, we are required to communicate to Council significant deficiencies in internal control over financial reporting (ICFR) that we identified during our audit.

The purpose of our audit is to express an opinion on the financial statements. Our audit included consideration of ICFR 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 ICFR. The matters being reported are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to the audit committee.

We provide an update on other observations identified in previous years.

Other observations

Item	Observation
Capital asset tracking	<p>During our testing of tangible capital assets, we noted the District's tangible capital asset tracking process is manual in nature, tracked only through spreadsheets and updated once per year during the year-end closing process.</p> <p>With a manual tracking process, there is greater risk of human error in the value of tangible capital assets and transactions. We recommend management considers automating the manual system of compiling capital asset additions, disposals and developer contributed assets. The use of an automated system to perform this function would greatly reduce the risk of completeness and the possibility of manual overrides, input errors and mathematical errors.</p>
Review of periodic financial information	<p>Formal regular review of the financial position and operating results of the District assists Council to stay informed of key activities and their impact on the District's financial reporting. We noted in 2018 that only annual financial results were presented to Council. Better practice is to have quarterly financial information presented, and reviewed, by a committee of Council or Council.</p> <p>Finance had this item noted in its workplan, and during 2019, trimester reporting was implemented and reviewed with the Council Governance Committee and Council.</p>

Current developments

Resources related to COVID-19 Pandemic

Resources	
Resources for Management, Council and Committee members	<p>COVID-19 Alerts (Live Link)</p> <p>Please visit our COVID-19 website for resources regarding the topics below. This site is being <u>updated daily</u> based on information being released by Federal, Provincial and Municipal news releases.</p> <ul style="list-style-type: none">— Return to workplace guide— Tax relief for local governments (deferral of employer health tax, GST/PST, EI sickness benefit)— Business continuity guide— Immediate actions to take— Medium to long-term actions— Tax considerations and a summary of Federal and Provincial programs— Legal considerations— Financial reporting and audit considerations— Global perspectives

Current developments (continued)

Public Sector Accounting Standards

Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none"> - A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2021. - The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. - The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life. - As a result of the new standard, the public sector entity will have to: <ul style="list-style-type: none"> • consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	<ul style="list-style-type: none"> - A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022. - The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. - The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. - The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Current developments (continued)

Standard	Summary and implications
Employee Future Benefit Obligations	<ul style="list-style-type: none"> <li data-bbox="359 391 1953 516">– PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits. <li data-bbox="359 516 1953 662">– Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans. PSAB is currently deliberating on the comments received from the three Invitations to Comment. <li data-bbox="359 662 1953 695">– The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.
Public Private Partnerships ("P3")	<ul style="list-style-type: none"> <li data-bbox="359 699 1953 764">– PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. An exposure draft has been approved by PSAB and will be issued in November 2019, with comments due by February 29, 2020. <li data-bbox="359 764 1953 862">– The exposure draft proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends. <li data-bbox="359 862 1953 927">– The exposure draft proposes that the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. <li data-bbox="359 927 1953 1003">– The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
Purchased Intangibles	<ul style="list-style-type: none"> <li data-bbox="359 1008 1953 1115">– In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. The proposal does not include guidance on how to account for intangibles. Instead, the definition of an asset, the general recognition criteria and the GAAP hierarchy is expected to provide guidance on how to account for intangibles. The accounting for intangibles may be addressed through future PSAB projects.

Current developments (continued)

Standard	Summary and implications
<p>Concepts Underlying Financial Performance</p>	<ul style="list-style-type: none"> – PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. – A Statement of Concepts ("SOC") and Statement of Principles ("SOP") were issued for comment in May 2018 and has closed. PSAB is in the process of developing two exposure drafts for comment. – The SOC proposes a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. – The SOP includes principles intended to replace PS 1201 <i>Financial Statement Presentation</i>. The SOP proposes: <ul style="list-style-type: none"> • Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Restructuring the statement of financial position to present non-financial assets before liabilities. • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities). • A new provision whereby an entity can use an amended budget in certain circumstances. • Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.
<p>International Strategy</p>	<ul style="list-style-type: none"> – PSAB is in the process of reviewing its current approach towards International Public Sector Accounting Standards. This project may result in changes to the role PSAB plays in setting standards in Canada. – Consultation papers were released for comment in May 2018 and March 2019, and have closed. The consultation papers described the decision-making criteria PSAB expects to consider in evaluating the international strategy that best serves the public sector. It also introduced four proposed international strategies. – In accordance with its due process, PSAB voted to approve "Option 2 – Adapt IPSAS principles when developing future standards," as described in Consultation Paper 2. The Board also directed that the decision will apply to all projects beginning on or after April 1, 2021.

Appendices

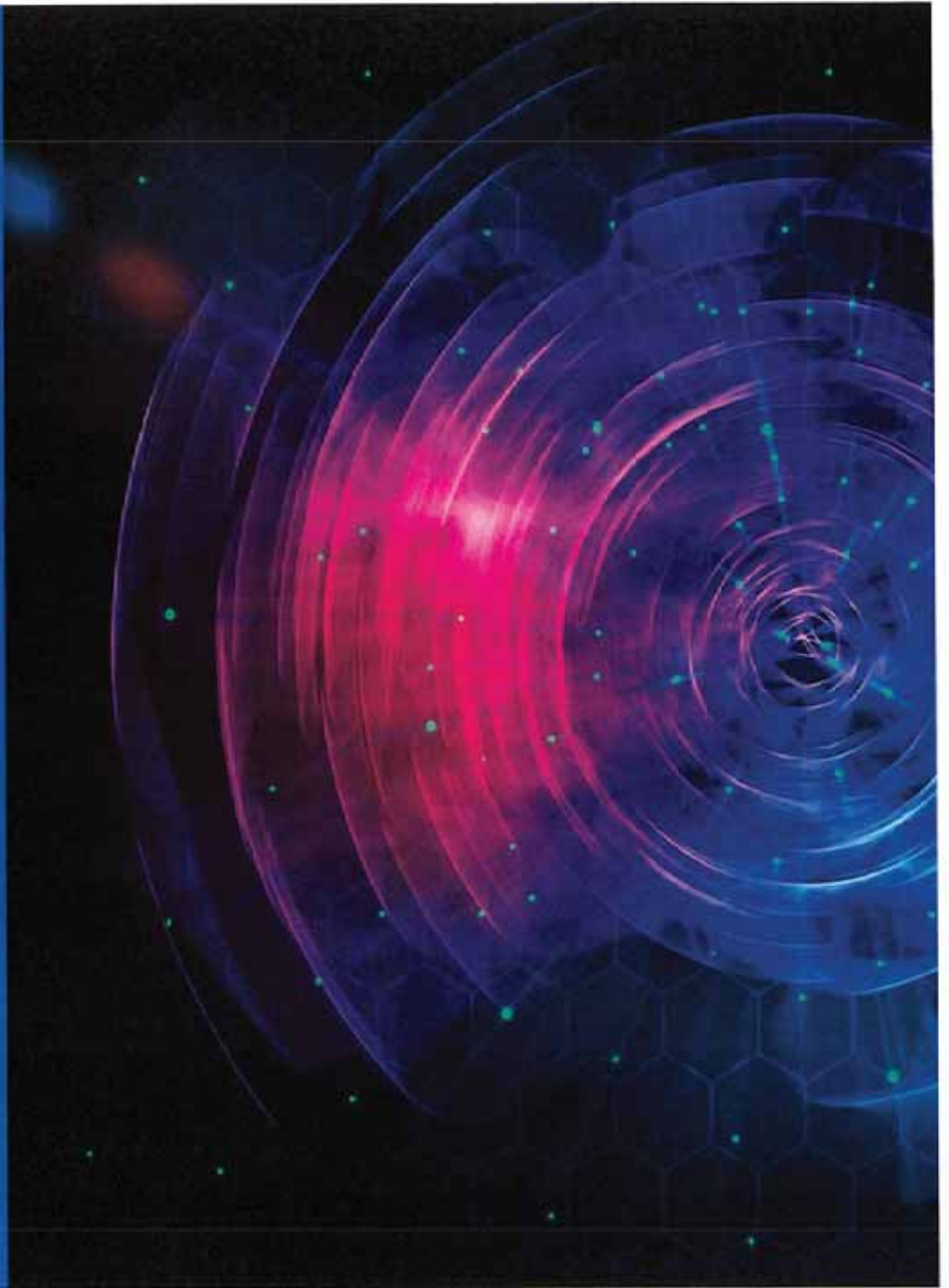
Content

Appendix 1: Selected financial information

Appendix 2: Required communications

Appendix 3: Audit quality and risk management

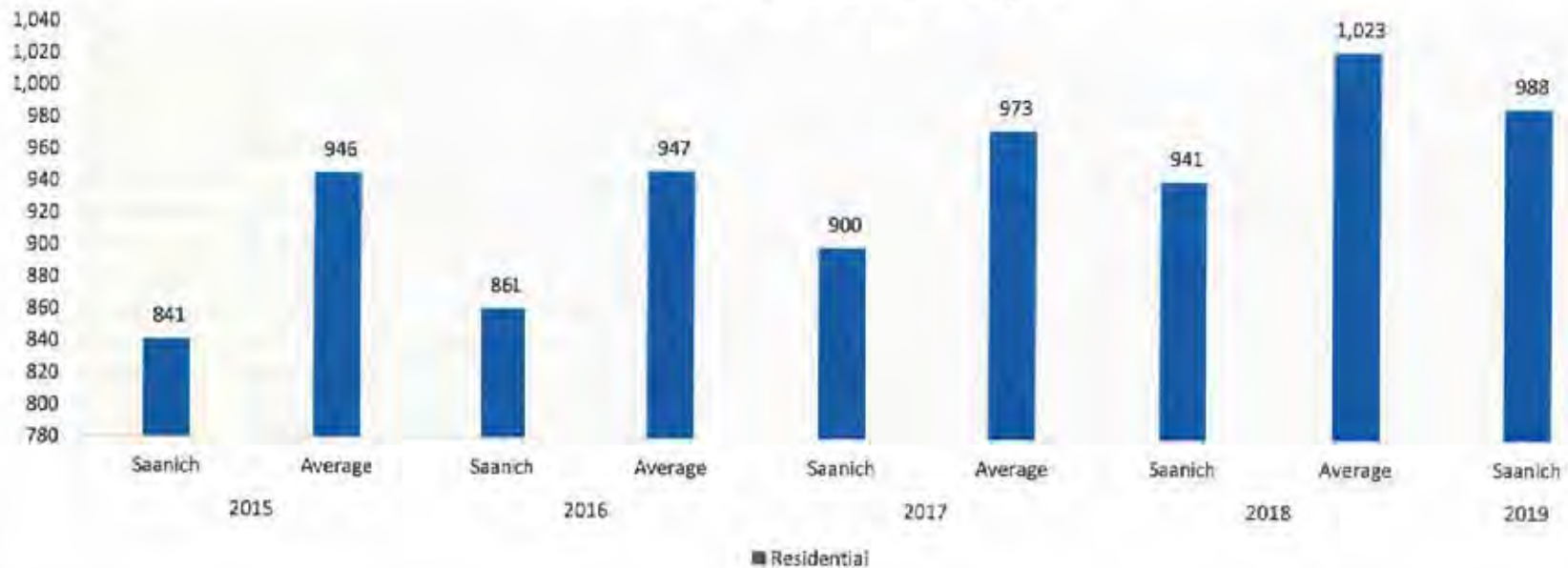
Appendix 4: Management representation letter



Appendix 1: Selected financial information

As part of the audit, there are certain key ratios and trends that we review. We share these ratios with Council and Management and welcome any questions related to our interpretation of trends.

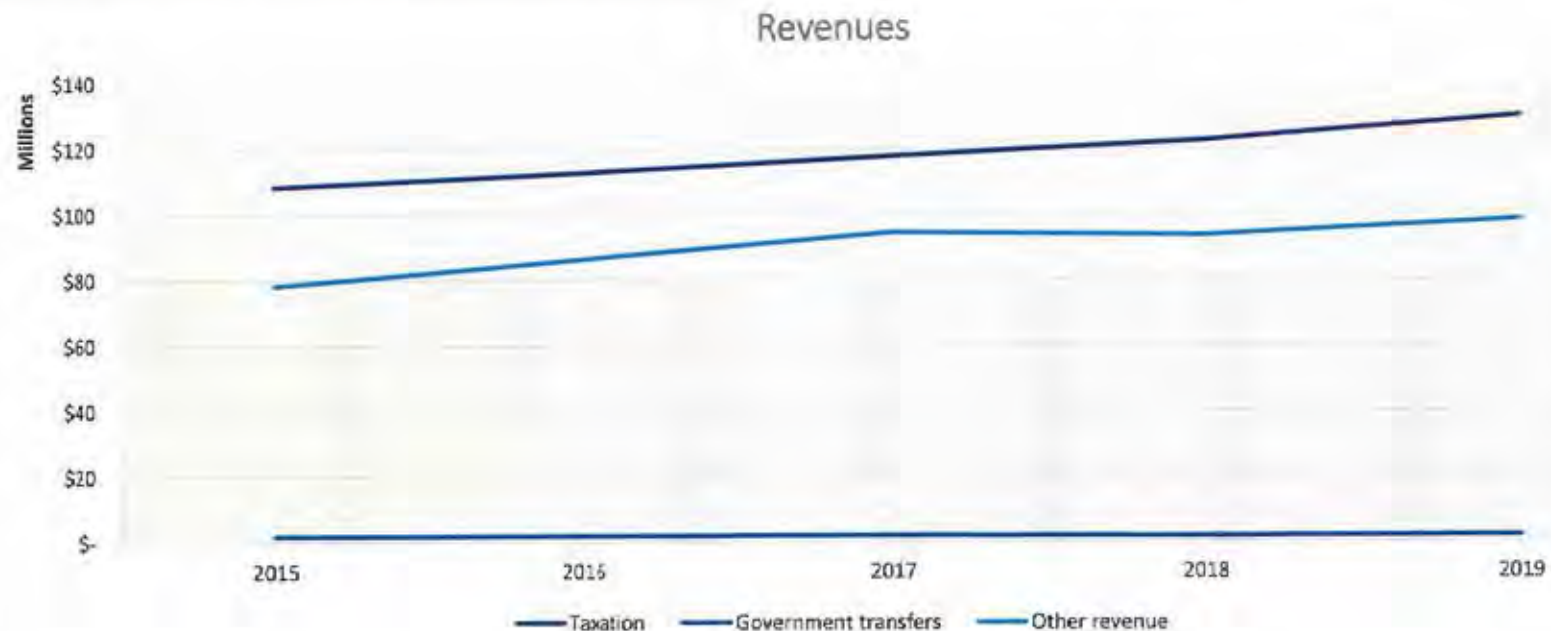
Residential Tax Burden per Capita



The District's tax burden per capita has historically been lower than the tax burden per capita of other CRD municipalities for both residential and total tax burden. The differences to the average of the relative group may be the result of a number of factors such as lean overhead, efficient operations and variety in how services are charged between peers, i.e. through user charge or tax levy. Tax burden by capita is calculated as the proportionate share of taxation revenue attributable to residential properties divided by BC Statistics population information.

The average total tax burden for local governments in the CRD has increased from approximately \$946 in 2015 to approximately \$1,023 in 2018, at an average rate of 2.67% per year. The District's tax burden has increased from approximately \$841 in 2015 to approximately \$988 in 2019, at an average rate of 4.10% per year in order to build its capital reserves to target levels. Tax burden by capita is one of many potential measures of relative tax burden across diverse communities.

Appendix 1: Selected financial information (continued)

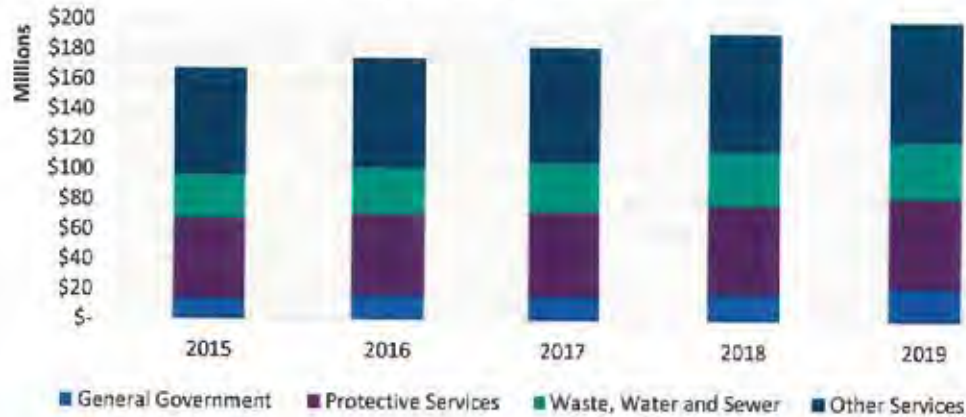


Total revenues have increased at an average rate of 5.14% in the past five years. Taxation revenues have also increased consistently at an average of 4.63% since 2015 due to steady increases in property taxes as a function of the increase in property tax rates and assessed value. Government transfers have remained consistent with no significant variances since 2015.

Other revenue includes sales of services, water and sewer charges, grants, developer contributions and development cost charges. The total of these amounts has steadily increased since 2015. Grants and contributions experienced a significant increase in 2017 due to \$5.1M of development cost charges transferred from deferred revenue to the newly established Specific Area Capital Reserve Fund, and have normalized since that year as expected.

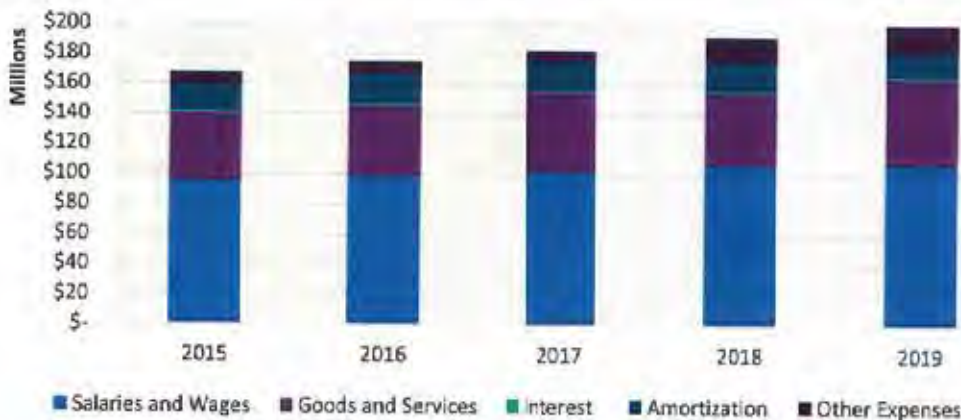
Appendix 1: Selected financial information (continued)

Expense by Function



From 2015, total expenses by function (department) have remained proportionately consistent, and has increased at an average rate of 4.91% in the last 5 years. "Other" expenses include engineering and public works, refuse collection, community planning and recreation, parks and culture expenses.

Expense by Object



Total expenses by object (type) have remained proportionately consistent from 2015. The majority of the District's expenses in 2019 relate to salaries and wages, which represents 53.18% of total expenses and have increased at an average rate of 3.03% per year. This is consistent with negotiated increases within collective agreements throughout the period and related increases in benefit costs.

Appendix 1: Selected financial information (continued)



This illustration compares annual acquisitions of tangible capital assets to amortization expense. In each of the years presented, the District has invested more into replenishing capital assets than it has written-off as amortization, representing the continuous investment in long-term capital infrastructure and the escalating cost of replacing existing tangible capital assets at the end of their useful life.

The capital acquisitions for 2019 included \$25.2M in the general fund, \$3.8M in the water fund, and \$5.6M in the sewer fund.

Appendix 2: Required Communications

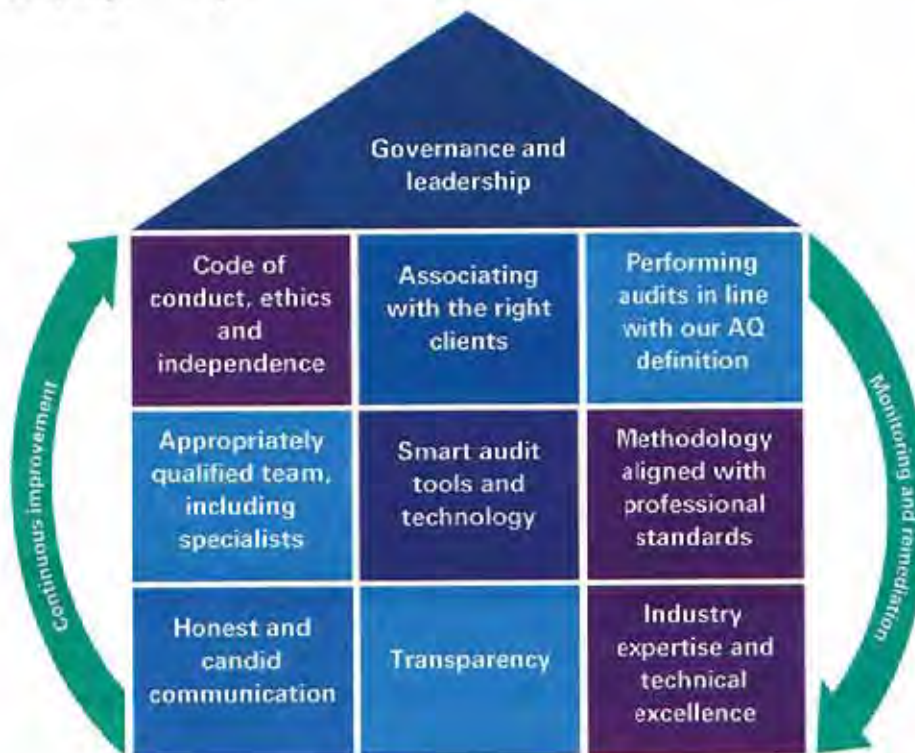
In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

Auditor's report	Management representation letter
The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.	In accordance with professional standards, a copy of the management representation letter is provided in Appendix 3.

Appendix 3: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity.**

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).

Appendix 4: Management Representation Letter

Ladies and Gentlemen,

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of the Corporation of the District of Saanich ("the Entity") as at and for the period ended December 31, 2019.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in Attachment I to this letter. We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves.

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including:
 - (i) the names of all related parties and information regarding all relationships and transactions with related parties, and
 - (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council, and committees of Council that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
 - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Appendix 4: Management Representation Letter (continued)

Fraud & non-compliance with laws and regulations

- 3) We have disclosed to you:
- a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

- 11) We approve the corrected misstatements identified by you during the review described in **Attachment II**



Appendix 4: Management Representation Letter (continued)

- 12) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Non-SEC registrants or non-reporting issuers:

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Employee future benefits:

- 14) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 15) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits have been disclosed to you and included in the determination of pension costs and obligations.
- 16) The discount rate used to determine the accrued benefit obligation for each plan was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments, or inherent in the amount at which the accrued benefit obligation could be settled.
- 17) The assumptions included in the actuarial valuation are those that management instructed George and Bell to use in computing amounts to be used by us in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.
- 18) In arriving at these assumptions, management has obtained the advice of George and Bell, but has retained the final responsibility for them.
- 19) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 20) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.
- 21) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.
- 22) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

Other:

- 23) All transfers of our statutory reserves have been approved by bylaw except for those transferred allowed by Council resolution.
- 24) Expenditures have been appropriately authorized and actual expenditures have not exceeded budgeted expenditures detailed in the amended budget bylaw.
- 25) We have disclosed to you all the inter-entity transactions, major categories of assets that are not recognized and contingent assets of which we are aware. Such transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Other information:

We confirm that the final version of the Annual Report will be provided to you when available, and prior to issuance by the District, to enable you to complete your audit procedures in accordance with professional standards.

Yours very truly,

THE CORPORATION OF THE DISTRICT OF SAANICH

By: Valla Tinney, Director of Finance

By: Paul Arslan, Senior Manager of Financial Services

By: Karen Coates, Manager of Accounting

By: Joanne Ko, Manager of Executive Services Saanich Police Department

Appendix 4: Management Representation Letter (continued)

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatement Schedule

Year ended December 31, 2019

Summary of Corrected Audit Misstatements

Description	Statement of operations effect	Statement of financial position effect		
	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated Deficit (Decrease) Increase
To record estimated provision for liabilities at year end	(2,700,000)	-	2,700,000	-

Summary of Uncorrected Audit Misstatements

Description	Statement of operations effect	Statement of financial position effect		
	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated Deficit (Decrease) Increase
To correct the differences in investment income and the investment balance resulting from MFA holding the investments at market value	(453,572)	67,563	-	(521,135)
To eliminate revenue from own sources which causes a gross-up of revenue and expenses	(51,869)	-	-	51,869



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District of Saanich 2019 Financial Results at a Glance

Summary

The purpose of this document is to provide a high level overview of our financial statements and make understanding them a bit easier. The financial results for 2019 were largely as planned. We built up our reserve funds so we can pay for the large facility projects coming up in the next few years. We also continued to pay down our existing debt which is already quite low. We invested in new capital assets by replacing end of life infrastructure and doing major repairs on our roadways and underground infrastructure (water, sewer, drainage). Our operations were consistent with plans established in the budget except we had more interest, permit and recreation revenue than we expected and some departments spent less than their budgets largely due to staff vacancies. Where departments went over budget it was due to emergency related work such as waterline repairs or snow related road maintenance.

Statement of Financial Position (000s)	2019	2018	Change
This chart describes the 2019 year end balances and changes to Saanich's assets and liabilities from last year.			
Total cash and investments			
Saanich's cash and investments increase as we set money aside in reserves to manage large expenditures that are coming up. Also remember that we collect property taxes in June and July, so we need funds to hold us over until then.	\$ 226,212	\$ 199,387	\$ 26,825
Receivables			
There was a small change in receivables from last year. Receivables are a combination of interest earned on investments that hasn't been received yet and utility bills that have been sent out to customers but haven't been paid at the end of the year. It can also include grants payments that we are waiting for senior governments to send us.	\$ 16,813	\$ 16,778	\$ 35
Accounts payable and accrued liabilities			
The increase in amounts owing at the end of the year compared to last year is due to future retroactive wages for Police Department personnel and an accrual for the risk to roll assessment due to appeals of 2018 and 2019 assessments.	\$ 15,495	\$ 11,908	\$ 3,586
Accrued employee benefits obligations			
These amounts represent an estimation of the benefits that the District is obligated to pay employees upon retirement. Accounting rules require that we base the calculation on current value of expected payout upon retirement for all employees. The increase is due to the continuation of benefits to disabled employees, an increase in the number of disabled employees, and a decrease in the discount rate which has the impact of increasing the liability calculation.	\$ 19,245	\$ 18,045	\$ 1,199
Debt			
The increase in debt is attributed to debt authorized for the Kings Road land purchase and engineering and parks projects. While this new debt was incurred, we also paid down \$2.8M of the debt principal.	\$ 44,189	\$ 34,015	\$ 10,174
Deferred Revenue			
Deferred revenues are monies received for a specific service that will be provided in the future. Common deferred revenues are recreation registration fees, passes and rentals as well as permit revenue received in 2019 for 2020. In addition, accounting rules require that Development Cost Charges (DCC) and Sub-regional Park Reserves (SPR) be reported as deferred revenue. The balance of DCCs increased by \$1M and SPR increased by \$65,000 over last year. Additional information is available in note 6 of the Financial Statements.	\$ 22,853	\$ 21,280	\$ 1,573

District of Saanich 2019 Financial Results at at Glance

Deposits and prepayments	2019	2018	Change
Deposits are funds paid to the District as a promise to get specific work done, such as promise to plant trees in a development; The deposit is returned to the depositor once that work is performed. Deposits decreased by \$260K over last year for subdivision related work and we also collected \$432K in 2020 property tax prepayments between August and December of 2019.	\$ 14,956	\$ 14,770	\$ 186

Tangible Capital Assets	2019	2018	Change
The total addition to capital infrastructure, buildings and equipment is around \$33M which was offset by \$17M in depreciation. The largest additions were for roads, water and sewer infrastructure and vehicles, machinery and equipment. Additional information is available in note 9 of the Financial Statements.	\$ 881,945	\$ 865,964	\$ 15,981

Accumulated Surplus	2019	2018	Change
The accumulated surplus reported in the financial statements is often thought to be money on hand. However, this is not the case. The majority of the balance is the value of assets that have been acquired or built. There is a portion that is money that is invested in reserve funds, but these funds are set aside for very specific uses and cannot be accessed to pay for operations. The breakdown is shown below.	\$ 1,012,723	\$ 985,934	\$ 26,789

Accumulated surplus detail	(\$000s)
Tangible Capital Assets	838,514
Reserve Funds	93,787
Capital Funds	52,051
Net Operating Funds	14,402
Restricted Funds	13,969
	<u>1,012,723</u>



Statement of Operations and Accumulated Surplus

This table describes the difference between the annual surplus shown in the financial statements and the operating surplus which reflects the results of actual revenue and expenditures that relate to the annual budget.

2019 Annual Surplus as per Financial Statements (page 8)		26,789,023
Remove transfers recorded as revenue		
Reserve fund revenues (Gas Tax, transfer from DCC)	(11,911,721)	
Transfers to reserves funds established in the budget	(11,910,495)	(23,822,216)
Remove net capital transactions included in annual surplus		
Revenue for capital purposes - grants, developer contributions	(4,138,268)	
Capital expenses (not capitalized as assets)	7,749,494	
Amortization (non cash)	20,600,856	
Funding provided for capital	(28,273,976)	(4,061,894)
Add back		
Funds set aside for commitments and one time resource requests	1,610,619	
Change in accrued employee benefits	1,062,868	2,673,487
2019 Operating Surplus (see page 3 - Revenues minus Expenditures)		1,578,400

District of Saanich
2019 Financial Results at at Glance



Operating Budget Results

Revenues:	2018 Actual	2019 Actual	Annual Budget 2019	2019 Budget Remaining	% Revenue Collected
Property Taxation	(120,641,800)	(125,099,800)	(127,814,700)	(2,714,900)	98%
Utility Tax and Other	(1,680,200)	(1,938,800)	(1,641,000)	297,800	118% 1
Water Utility Revenue	(21,736,900)	(21,814,800)	(22,438,900)	(624,100)	97%
Sewer Utility Revenue	(21,392,900)	(24,058,500)	(23,641,700)	416,800	102%
Solid Waste Revenue	(6,376,300)	(6,673,300)	(6,658,200)	15,100	100%
Business License & Inspection Revenues	(3,309,500)	(3,447,300)	(2,997,600)	449,700	115% 2
Recreation Revenues	(13,526,500)	(14,390,800)	(13,179,600)	1,211,200	109% 3
Grants In Lieu	(2,572,100)	(2,747,200)	(2,655,900)	91,300	103%
Provincial Grants	(1,500,000)	(1,500,000)	(1,500,000)	0	100%
Interest and Penalties	(2,449,900)	(3,076,600)	(2,057,900)	1,018,700	150% 4
Surplus Appropriations	(350,000)	(250,000)	(400,000)	(150,000)	63% 5
Other Revenues	(480,600)	(470,900)	(299,400)	171,500	157% 6
Total Revenue	(196,016,700)	(205,468,000)	(205,284,900)	183,100	100%

Expenditures:	2018 Actual	2019 Actual	Annual Budget 2019	2019 Budget Remaining	% Expenditure Spent
Administration	2,285,400	2,459,000	2,465,300	6,300	100%
Finance - Departmental	3,380,100	3,475,800	3,841,100	365,300	90% 1
Finance - Corporate	23,200	799,700	932,600	132,900	86% 2
Fiscal Services	7,295,900	7,734,500	7,734,800	300	100%
Corporate Services	5,631,600	6,104,900	7,736,300	1,631,400	79% 3
Building, Bylaw, Licensing & Legal	4,354,600	4,465,300	4,181,800	(283,500)	107% 4
Police Protection	35,074,800	35,618,100	36,265,200	647,100	98%
Fire Protection	18,315,000	18,898,200	19,026,700	128,500	99%
Emergency Program	417,500	408,400	438,900	30,500	93% 5
Planning	2,468,800	2,824,900	2,884,300	59,400	98%
Engineering and Public Works	18,918,800	19,674,400	19,512,300	(162,100)	101%
Parks	6,807,100	7,482,800	7,422,900	(59,900)	101%
Recreation	22,822,700	24,191,600	23,676,300	(515,300)	102%
Cultural	7,344,200	7,808,700	7,459,200	(349,500)	105% 6
Water Utility Expenditure	14,309,200	15,523,600	14,769,300	(754,300)	105% 7
Sewer Utility Expenditure	16,436,300	17,761,100	18,281,700	520,600	97%
Capital Program (tax and fee funded only)	27,050,300	28,658,600	28,656,200	(2,400)	100%
Total Expenditures	192,935,500	203,889,600	205,284,900	1,395,300	99%
Revenues minus Expenditures	(3,081,200)	(1,578,400)	-	1,578,400	

Explanatory notes for variances over 5%

REVENUES:

- 1 *Utility Tax and Other (118% collected)* - Hotel tax (MRD tax) is much higher due to addition of online accommodations collecting this tax.
- 2 *Business Licensing & Inspection Revenues (115% collected)* - Higher than estimated development, permit revenue estimates are conservative.
- 3 *Recreation Revenues (109% collected)* - Revenues exceeded budget due to higher program registrations and higher green fees at the golf course.
- 4 *Interest and Penalties (150% collected)* - Investments higher than budgeted due to higher rates and implementation of the investment policy.
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- 6 *Other Revenues (157% collected)* - Miscellaneous revenues that cannot be closely estimated.

EXPENSES:

- 1 *Finance - Departmental (90% spent)* - Vacancies in Purchasing, Accounting and ERP sections.
- 2 *Finance - Corporate (86% spent)* - Includes general contingency for emergent issues of \$700,000 which is used as needed.
- 3 *Corporate Services (79% spent)* - Under spending in IT license/maintenance costs due to timing of projects; vacancies in all divisions.
- 4 *Building, Bylaw, Licensing & Legal (107% spent)* - Higher claims and related legal costs.
- 5 *Emergency Program (93% spent)* - Training program subsidized through one time grant funding in 2019.
- 6 *Cultural (105% spent)* - Higher payments to Destination Victoria due to higher revenues from hotel tax.
- 7 *Water Utility Expenditure (105% spent)* - Waterline repairs and water purchases higher than budgeted.

7320-20
COVID-19

FINANCIAL IMPACTS OF THE COVID-19 PANDEMIC

Report of the Director of Finance dated May 22, 2020 recommending that Council receive the report for information.

The Director of Finance presented the Financial Impacts of COVID-19 (PowerPoint on file) and answered questions from Council:

- Updates will be provided to the Mayor's Standing Committee on Finance and Governance and to Council.
- Deferment revenues are a guaranteed source of cash flow.
- Assessment of physical spaces is currently being undertaken to see what is needed to allow employees to safely return to work; there is no financial estimate of these costs.
- Short term borrowing is allowed for capital purposes.

In response to questions from Council, the CAO stated:

- Saanich is being financially prudent in its hiring practices.

In response to questions from Council, the Director of Planning stated:

- Climate Action work is continuing.

MOVED by Councillor Mersereau and Seconded by Councillor Taylor: "That Council receive the report of the Director of Finance dated May 22, 2020 for information."

CARRIED

MOVED by Councillor Plant and Seconded by Councillor Mersereau: "That staff be directed to provide an update on Financial Impacts of the COVID-19 Pandemic to the Mayor's Standing Committee on Finance and Governance or to Council within the next four months."

Council discussion ensued with the following comments:

- It is appropriate to request an update within four months.
- If the Standing Committee is meeting they would receive an update; if not, the update would be brought to Council.

The Motion was then Put and CARRIED

1310-40
CRD Bylaw

MUNICIPAL CONSENT FOR BYLAW NO. 4304 – "LIQUID WASTE MANAGEMENT CORE AREA AND WESTERN COMMUNITIES ESTABLISHMENT BYLAW NO. 1, 1995, AMENDMENT BYLAW NO. 3, 2020"

Memo of the Manager, Legislative Services dated May 20, 2020 recommending that Council consider the following resolution or provide an alternative direction to the Capital Regional District: "That Saanich Council consent to the Capital Regional District adopting Bylaw No. 4304, "Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995, Amendment Bylaw No. 3, 2020".

In response to questions from Council, the Director of Engineering stated:

- Staff have reviewed the amendments to the bylaw and it will be equitable to Saanich residents; the bylaw amendments establish a one-system model for the entire region.



The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: July 9, 2020
Subject: Financial Update of Impacts of COVID-19

RECOMMENDATION

That the Committee receive the report for information.

PURPOSE

To present an update on the financial impacts of the COVID-19 pandemic.

BACKGROUND

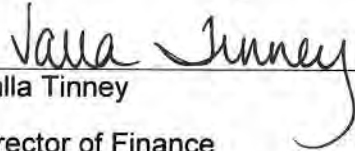
Staff presented a report to Council on June 1, 2020 outlining the financial impacts of the COVID-19 pandemic. Regular reporting was indicated in the next steps.

DISCUSSION

The attached report provides an update on the following:

1. Operating results for the 5 months ending May 31st
2. Detailed results for recreation revenue and expenditures
3. Property tax and utility billing cash flow

Prepared by



Valla Tinney
Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.



Paul Thorckelsson, Administrator



District of Saanich

Financial Impacts of COVID-19

As at July 9, 2020



District of Saanich
Operating Budget Results - January 1 to May 31
(Represents 5/12 or 42% of the year)

Overall results for the period are in line with expectations: most revenues are holding with the exception of recreation and investment income and expenditures are close to normal with anticipated underspend in recreation.

Revenues:	2019	2020	Annual Budget	2020 Budget	% Revenue	
	Actual YTD	Actual YTD	2020	Remaining	Collected	
Property Taxation	(127,814,779)	(131,927,806)	(131,929,200)	(1,394)	100%	1
Utility Tax and Other	(1,578,861)	(1,471,760)	(1,889,400)	(417,640)	78%	1
Water Utility Revenue	(7,159,810)	(7,176,513)	(23,525,500)	(16,348,987)	31%	2
Sewer Utility Revenue	(9,561,281)	(10,233,131)	(25,575,500)	(15,342,369)	40%	
Solid Waste Revenue	(2,858,779)	(3,008,969)	(6,949,300)	(3,940,331)	43%	
Business License & Inspection Revenues	(1,670,355)	(1,397,546)	(3,197,600)	(1,800,054)	44%	
Recreation Revenues	(5,993,814)	(3,608,416)	(13,212,100)	(9,603,684)	27%	3
Grants In Lieu	0	0	(2,693,300)	(2,693,300)	0%	1
Provincial Grants	0	(1,133,558)	(1,500,000)	(366,442)	76%	4
Interest and Penalties	(1,003,200)	(502,682)	(2,230,000)	(1,727,318)	23%	
Surplus Appropriations	0	0	(2,539,100)	(2,539,100)	0%	5
Other Revenues	(9,951)	(5,256)	(316,100)	(310,844)	2%	6
Total Revenue	(157,650,830)	(160,465,636)	(215,557,100)	(55,091,464)	74%	

Expenditures:	2019	2020	Annual Budget	2020 Budget	%	
	Actual YTD	Actual YTD	2020	Remaining	Expenditure Spent	
Administration	1,060,143	1,012,638	2,552,600	1,539,962	40%	
Finance - Departmental	1,635,983	1,580,642	4,118,100	2,537,458	38%	
Finance - Corporate	442,547	(178,886)	3,026,900	3,205,786	-6%	1
Fiscal Services	6,284,747	5,866,301	7,734,800	1,868,499	76%	2
Corporate Services	3,563,000	3,841,374	8,750,600	4,909,226	44%	
Building, Bylaw, Licensing & Legal	2,173,625	1,602,915	4,530,800	2,927,885	35%	3
Police Protection	14,644,967	15,441,065	37,510,200	22,069,135	41%	
Fire Protection	8,156,182	7,902,610	19,761,700	11,859,090	40%	
Emergency Program	170,776	174,430	447,100	272,670	39%	
Planning	1,231,613	1,256,711	3,105,600	1,848,889	40%	
Engineering and Public Works	7,139,672	7,104,291	20,336,200	13,231,909	35%	4
Parks	3,074,340	2,961,397	7,793,600	4,832,203	38%	
Recreation	8,922,665	8,085,540	24,455,100	16,369,560	33%	5
Cultural	3,880,806	3,832,562	7,874,100	4,041,538	49%	
Water Utility Expenditure	5,300,119	5,001,641	15,607,200	10,605,559	32%	6
Sewer Utility Expenditure	2,171,985	2,427,203	19,945,300	17,518,097	12%	7
Capital Program (tax and fee funded only)	26,482,502	27,583,811	28,007,200	423,389	98%	7
Total Expenditures	96,335,672	95,496,245	215,557,100	120,060,855	44%	
Revenues minus Expenditures	(61,315,158)	(64,969,391)	-	64,969,391		

Explanatory notes for variances over 5%

REVENUES:

- 1 *Property Taxation / Utility Tax and Grants In Lieu (0% collected)* - All taxation and grants from various government entities are recorded in the second trimester; This year the collection of some of the property taxes will occur in the third trimester.
- 2 *Water Utility Revenue (31% collected)* - Revenue percentage in line with last year's actual. Revenues increases during the summer months.
- 3 *Recreation Revenues (27% collected)* - Closure of Recreation Centres in mid March due to COVID-19.
- 4 *Provincial Grants (76% collected)* - Receipt of payment is Province dependent.
- 5 *Surplus Appropriations (0% applied)* - As and when needed to offset revenue reductions or over expenditure.
- 6 *Other Revenues (2% collected)* - Ad hoc revenue that can occur anytime in the year.

EXPENSES:

- 1 *Finance - Corporate (-6% spent)* - COVID related costs incurred, however, recoveries from water, sewer and SWS utilities higher than COVID or corporate expenditures such as severance pay and membership dues.
- 2 *Fiscal Services (76% spent)* - Debt payments in line with last year. Transfer excess debt servicing budget to IT Replacement Reserve.
- 3 *Building, Bylaw, Licensing & Legal (35% spent)* - Lower claim costs compared to last year.
- 4 *Engineering & Public Works (35% spent)* - Seasonal work with higher costs occurring in later in the year.
- 5 *Recreation (33% spent)* - No program cost due to closure of Recreation Centres.
- 6 *Water Utility Expenditure (32% spent)* - Operating costs in line with last year. Lower emergency repairs.
- 7 *Sewer Utility Expenditure (12% spent)* - Operating costs in line with last year. Payment to CRD constitutes 71% of budget and occurs in August
- 8 *Capital Program (98% spent)* - Majority of the budget is transfer of funds for capital infrastructure funding which occurs after budget approval.

Recreation Revenue and Expenditure

Year to Date Comparison - May

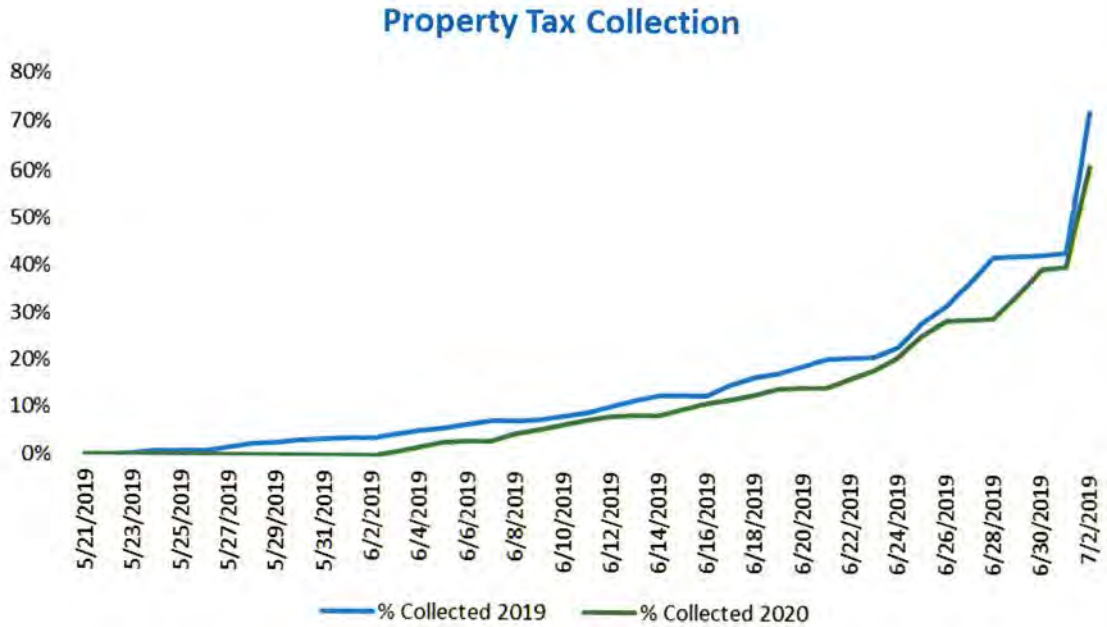
Total revenues are down by \$2.368 million over the period. The offsetting reduction in expenditures of \$1.145 million results in an impact of \$1.223 million

	2020 May YTD (000s)	2019 May YTD (000s)	Variance (000s)
Revenues:			
Program Revenue	(1,159)	(2,040)	(881)
Pass Sales	(1,407)	(2,354)	(947)
Rentals	(620)	(898)	(278)
Miscellaneous	(410)	(672)	(262)
Total Revenues:	(3,596)	(5,964)	(2,368)
Expenses:			
Salaries/Benefits	4,184	4,164	(21)
Wages/Benefits:	1,837	2,660	823
Other Compensation	(139)	(203)	(64)
Total Wages and benefits	5,882	6,621	738
Contracting Services	476	530	54
Utilities	515	605	90
Operations	316	620	304
Equipment and Supplies	259	284	25
Building Maintenance/Repairs	521	399	(122) Note 1
COGS	84	202	117
Transfers	(69)	(132)	(62)
Total Other Expenses:	2,102	2,509	407
2020 YTD Net Expenditure:	4,388	3,165	(1,223)

Note 1 - Repairs normally completed during fall shutdown were completed during the COVID-19 closures which has front ended some of the expenditures

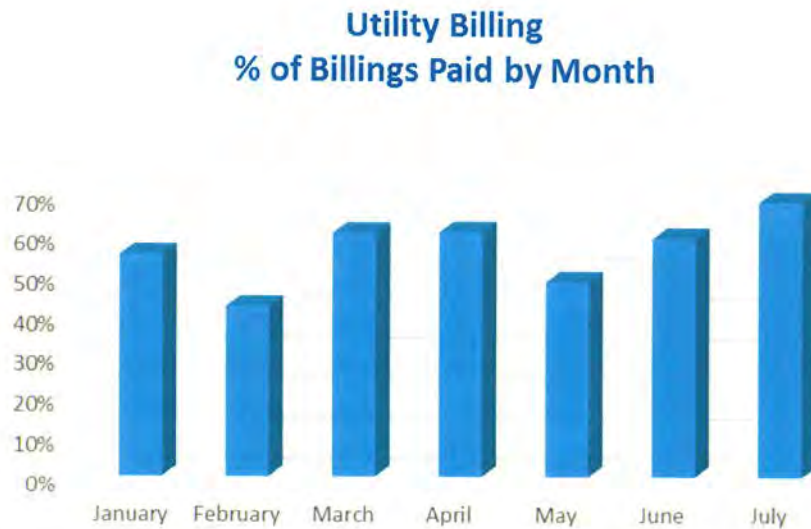
Property Tax Collection

2020 property tax collection continues to trend very close to 2019. At July 9th, total collection is at 63%. With the deferred penalty date for residential properties of July 31st another wave of payments is anticipated for the end of the month.

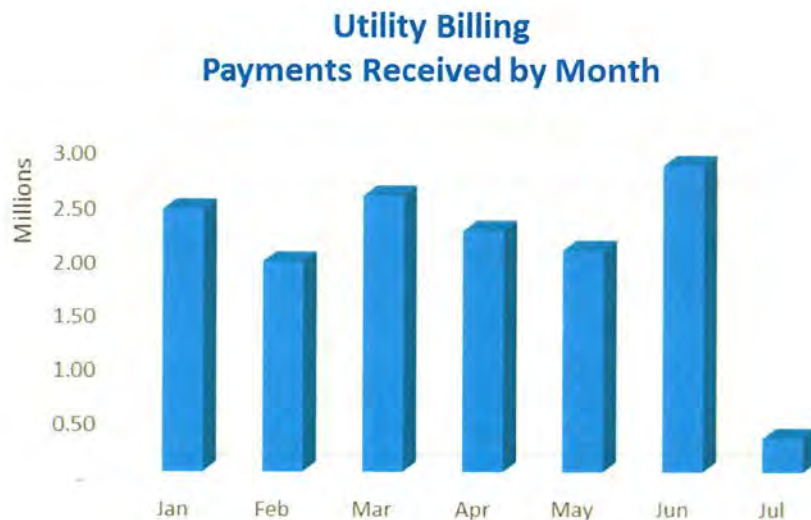


Utility Bill Payments

While percentage of billings paid by month dropped slightly in May, the trend is for continued strengthening. No concerning drop in payments has been experienced.



Total receipt of payments has remained consistent with a slight drop through April and May, but strengthening in June and the first week of July taking into account the statutory holiday mid-week.





District of Saanich

3rd Trimester Results Report

January 1, 2019 to December 31, 2019

Results reporting is prepared on a trimester basis by the District of Saanich as a means of providing the community, council and the organization with regular information on the strategic and financial performance of the municipality.

The Trimester Results Report provides information on:

1. Operational Results
2. Capital Program Results
3. Investment Analysis
 - Diversity
 - Liquidity
 - Return
4. Procurement Results
 - % of procurement processes with more than one bidder
 - Procurement
5. Building Permit Statistics



Operational Results

District of Saanich

2019 Financial Results at a Glance



Operating Budget Results

Revenues:	2018 Actual	2019 Actual	Annual Budget 2019	2019 Budget Remaining	% Revenue Collected
Property Taxation	(120,641,800)	(125,099,800)	(127,814,700)	(2,714,900)	98%
Utility Tax and Other	(1,680,200)	(1,938,800)	(1,641,000)	297,800	118% 1
Water Utility Revenue	(21,736,900)	(21,814,800)	(22,438,900)	(624,100)	97%
Sewer Utility Revenue	(21,392,900)	(24,058,500)	(23,641,700)	416,800	102%
Solid Waste Revenue	(6,376,300)	(6,873,300)	(6,658,200)	15,100	100%
Business License & Inspection Revenues	(3,309,500)	(3,447,300)	(2,997,800)	449,700	115% 2
Recreation Revenues	(13,526,500)	(14,390,800)	(13,179,600)	1,211,200	109% 3
Grants in Lieu	(2,572,100)	(2,747,200)	(2,655,900)	91,300	103%
Provincial Grants	(1,500,000)	(1,500,000)	(1,500,000)	0	100%
Interest and Penalties	(2,449,900)	(3,076,600)	(2,057,900)	1,018,700	150% 4
Surplus Appropriations	(350,000)	(250,000)	(400,000)	(150,000)	63% 5
Other Revenues	(480,600)	(470,900)	(299,400)	171,500	157% 6
Total Revenue	(196,016,700)	(205,468,000)	(205,284,900)	183,100	100%

Expenditures:	2018 Actual	2019 Actual	Annual Budget 2019	2019 Budget Remaining	% Expenditure Spent
Administration	2,285,400	2,459,000	2,465,300	6,300	100%
Finance - Departmental	3,380,100	3,475,800	3,841,100	365,300	90% 1
Finance - Corporate	23,200	799,700	932,600	132,900	86% 2
Fiscal Services	7,295,900	7,734,500	7,734,800	300	100%
Corporate Services	5,831,600	6,104,900	7,736,300	1,831,400	79% 3
Building, Bylaw, Licensing & Legal	4,354,600	4,465,300	4,181,800	(283,500)	107% 4
Police Protection	35,074,800	35,618,100	36,265,200	647,100	98%
Fire Protection	18,315,000	18,898,200	19,026,700	128,500	99%
Emergency Program	417,500	408,400	438,900	30,500	93% 5
Planning	2,468,800	2,824,900	2,884,300	59,400	98%
Engineering and Public Works	18,918,800	19,674,400	19,512,300	(162,100)	101%
Parks	6,807,100	7,482,800	7,422,900	(59,900)	101%
Recreation	22,822,700	24,191,600	23,676,300	(515,300)	102%
Cultural	7,344,200	7,808,700	7,459,200	(349,500)	105% 6
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- 7 *Water Utility Expenditure (105% spent)* - Waterline repairs and water purchases higher than budgeted.

Capital Program Results

District of Saanich - 2019 3rd Trimester Performance Report Capital Program Results - January 1 to December 31

Projects budgeted over \$1,000,000

Capital Project	Fund	Duration	Original 2019 Budget	Budget Transfers	Revised 2019 Budget	Actual	Percent Spent	Schedule Status	Budget Status
Sims (Battleford - Seaton & SRW)	Drainage	Multyear	1,100,000	153,000	1,253,000	1,000	0%		
IT Infrastructure Upgrades	IT	Annual	1,163,560	0	1,163,560	194,408	17%		
IT Network replacement	Facilities	One time	1,232,500	93,521	1,326,021	1,433,580	108%		1
Fire Hall #3 - Building Renovation	Facilities	Multyear	1,239,120	95,000	1,334,120	830,512	62%		
North Dairy (Shelbourne Trunk)	Sewer	One time	1,305,000	0	1,305,000	1,204,094	92%		
Wilkinson Rd (SIDES)	Transportation	One time	1,305,000	21,500	1,326,500	1,281,134	97%		
Telephone System Upgrade	IT	One time	1,525,000	0	1,525,000	1,503,723	99%		
Finnerty Rd (McKenzie-Arbutus)	Transportation	One time	1,590,490	0	1,590,490	1,543,920	97%		
SCP - Mechanical Upgrades	Facilities	Multyear	1,600,000	50,000	1,650,000	602,931	37%		
Jamaica, Parkside, Winchester	Water	One time	1,664,600	0	1,664,600	1,436,276	86%		
Network Upgrade	IT	Annual	1,802,300	0	1,802,300	1,598,256	89%		
West Saanich Rd Streetscape	Transportation	Multyear	1,920,000	0	1,920,000	897,086	47%		
Asphalt Overlay Program	Transportation	Annual	2,000,000	0	2,000,000	1,604,217	80%		
3500 Blanshard St. Renovation	Facilities	One time	2,100,000	0	2,100,000	231,385	11%		
Sidewalk Installation Program	Transportation	Annual	2,757,460	0	2,757,460	128,587	5%		2
West Saanich/Prospect Lk/Sparton Rd	Transportation	One time	2,800,000	0	2,800,000	83,874	3%		
Sanitary Sewer CIPP Lining	Sewer	Annual	3,402,183	(179,302)	3,222,881	1,313,276	41%		
Shelbourne Street Improvement Project	Various	Multyear	9,958,000	0	9,958,000	587,613	6%		

1. Additional work was determined to be needed to remediate aged wiring once the walls were exposed

2. Program start date was delayed due to resources

	On target
	Caution
	Delayed

Investment Analysis

The District of Saanich invests public funds in a prudent manner in accordance with the Council Investment Policy. The investment portfolio is currently valued at \$222.10 million. Most of these funds are either held for specific capital programs or are invested until needed to pay current operating expenses.

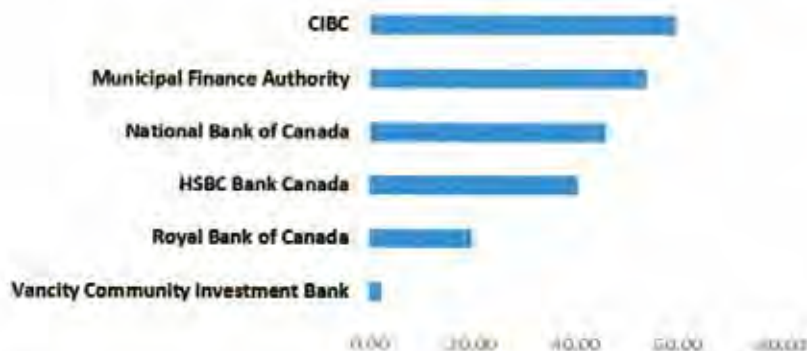
**Investment by Issuer Type
at December 31, 2019
(millions)**



Diversification

In order to reduce overall portfolio risk, Saanich diversifies its investment holdings across a range of security types and financial institutions which are in compliance with section 183 of the Community Charter. The National Bank high-interest savings account continued to yield a 2.52% annual return while other institutions had yields ranging from 1.70% to above 2.00%.

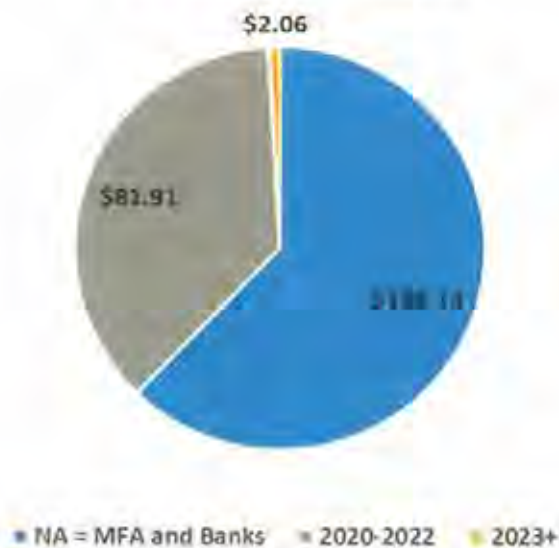
**Investment by Issuer
at December 31, 2019
(millions)**



Liquidity

Saanich ensures that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements. Property tax revenue received during trimester 2 continue to remain held in investments to be drawn upon for subsequent operational needs leading into 2020.

Investment by Maturity Year at December 31, 2019 (millions) Portfolio ROI = 2.23%



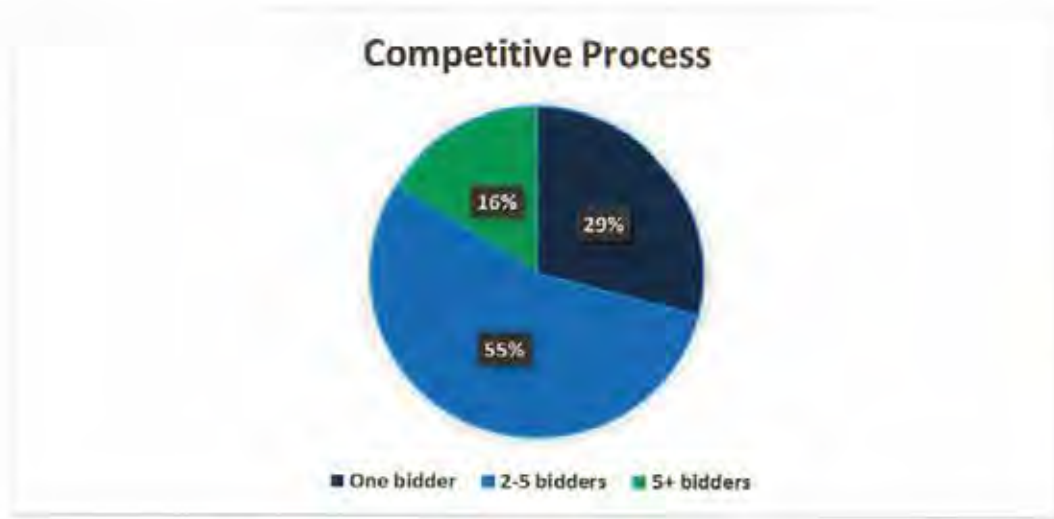
Return on Investment

Saanich's investment portfolio is currently earning a combined rate of approximately 2.23% while maintaining the investment security established in the Investment Policy. Interest revenue exceeded budgeted levels at the end of the fiscal year.

Procurement Results

Competitive Process

71% of procurement processes in the trimester had more than one bidder.



Procurement

Value \$200,000+			
Procurement Description	Value	Years	Supplier
As Requested Underground Infrastructure Modelling & Network Analysis Services	Up to \$2,000,000	5	Urban Systems Ltd.
Ductile Iron Pipe & Plastic Pipe	\$ 1,228,000	4	Emco Corporation
Prime Consultant for SCP Mechanical System Upgrade Project	\$ 633,859		Stantec Consulting Ltd.
Sign Shop Materials	\$ 275,000	5	3M Canada Company / ND Graphics Limited
Police Network	\$ 206,000	5	Shaw Business

Value \$75,000 to \$200,000			
Procurement Description	Value	Years	Supplier
Denali Tactical Carrier Equipment and Accessories	\$ 175,000	5	Pre Lab Inc.
Ice Resurfacers	\$ 143,890		Kendrick Equipment Ltd.
Community Child Care Planning Consultant	\$ 130,850		Queenswood Consulting Group
Elkay Outdoor Bottle Filter	\$ 104,000	5	Bartle & Gibson
Sign Blanks	\$ 100,000	4	Valley Traffic Systems / ATS Traffic British Columbia
Additional Timber Mats required for Albina Street Sinkhole (originally Q 42/19)	\$ 93,166		Continental Sales and Rentals
Corcord Climbing Combination w Extensions	\$ 83,788		RecTec
Two Ford F150 XLT SuperCrew 4x4	\$ 83,716		Suburban Motors Ltd
Supply of 12" Drum Chipper	\$ 80,103		Radius Industrial Works Inc

Building Permit Statistics

Year to Date	No. of Permits		Dwelling Units		Construction Value (millions)	
	2018	2019	2018	2019	2018	2019
SFD/Duplex	84	73	122	98	57.4	56.4
Apartments	7	0	389	0	84.1	0.0
Townhouses	13	7	42	30	14.1	10.1
Commercial	125	144	0	0	19.5	26.8
Gov't/Inst.	47	32	0	0	32.4	51.8
Miscellaneous	379	356	46	55	30.8	30.9
Totals	655	612	599	183	\$ 238.3	\$ 176.1





District of Saanich

1st Trimester Results Report

January 1, 2020 to April 30, 2020

Results reporting is prepared on a trimester basis by the District of Saanich as a means of providing the community, council and the organization with regular information on the strategic and financial performance of the municipality.

The Trimester Results Report provides information on:

1. Operational Results
2. Capital Program Results
3. Investment Analysis
 - Diversity
 - Liquidity
 - Return
4. Procurement Results
 - % of procurement processes with more than one bidder
 - Procurement
5. Building Permit Statistics



Operational Results

District of Saanich - 2020 1st Trimester Performance Report Operating Budget Results - January 1 to April 30 (Represents 1/3 or 33% of the year)

Overall results for the period are encouraging, with most revenues reaching budgeted targets with the exception of recreation centres due to closures. Expenditures are in line with expectations, however most impacts of COVID-19 were not realized until into the second trimester.

Revenues:	2019 Actual	2020 Actual	Annual Budget 2020	2020 Budget Remaining	% Revenue Collected	
Property Taxation	0	0	(131,929,200)	(131,929,200)	0%	1
Utility Tax and Other	(16,900)	(12,372)	(1,889,400)	(1,877,028)	1%	1
Water Utility Revenue	(5,642,900)	(5,759,274)	(23,525,500)	(17,766,226)	24%	2
Sewer Utility Revenue	(7,579,100)	(8,290,478)	(25,575,500)	(17,285,022)	32%	
Solid Waste Revenue	(2,201,474)	(2,304,336)	(6,949,300)	(4,644,964)	33%	
Business License & Inspection Revenues	(1,434,262)	(1,204,434)	(3,197,600)	(1,993,166)	38%	
Recreation Revenues	(4,935,457)	(3,100,458)	(13,212,100)	(10,111,642)	23%	3
Grants In Lieu	0	0	(2,693,300)	(2,693,300)	0%	1
Provincial Grants	0	(1,133,558)	(1,500,000)	(366,442)	76%	4
Interest and Penalties	(691,500)	(698,448)	(2,230,000)	(1,531,554)	31%	
Surplus Appropriations	0	0	(2,539,100)	(2,539,100)	0%	5
Other Revenues	(25,500)	(10,581)	(316,100)	(305,519)	3%	6
Total Revenue	(22,527,093)	(22,513,937)	(215,557,100)	(193,043,163)	10%	

Expenditures:	2019 Actual	2020 Actual	Annual Budget 2020	2020 Budget Remaining	% Expenditure Spent	
Administration	756,677	780,862	2,652,600	1,791,738	30%	
Finance - Departmental	1,204,442	1,226,714	4,118,100	2,891,386	30%	
Finance - Corporate	542,372	(139,814)	3,026,900	3,166,714	-5%	1
Fiscal Services	1,634,714	2,007,755	7,734,800	5,727,045	26%	2
Corporate Services	2,904,762	3,179,388	8,750,600	5,571,212	36%	
Building, Bylaw, Licensing & Legal	1,333,056	1,208,076	4,530,800	3,322,724	27%	3
Police Protection	10,617,245	11,422,954	37,510,200	26,087,246	30%	
Fire Protection	5,997,350	5,811,589	19,781,700	13,950,111	29%	
Emergency Program	136,941	133,169	447,100	313,931	30%	
Planning	858,919	908,162	3,105,600	2,197,438	29%	
Engineering and Public Works	5,249,240	4,943,834	20,336,200	15,392,366	24%	4
Parks	2,262,375	2,180,568	7,793,600	5,633,034	28%	
Recreation	6,710,848	6,550,037	24,455,100	17,905,063	27%	5
Cultural	3,776,166	2,804,479	7,874,100	5,069,621	36%	
Water Utility Expenditure	4,122,821	4,582,772	15,607,200	11,024,428	29%	
Sewer Utility Expenditure	1,779,776	2,068,258	19,945,300	17,877,042	10%	6
Capital Program (tax and fee funded only)	213,465	260,298	28,007,200	27,746,902	1%	7
Total Expenditures	49,100,169	49,889,069	215,557,100	165,668,001	23%	
Revenues minus Expenditures	26,573,076	27,375,162	-	(27,375,162)		

Explanatory notes for variances over 5%

REVENUES:

- 1 *Property Taxation / Utility Tax and Grants In Lieu (0% collected)* - All taxation and grants from various government entities are recorded in the second trimester. This year the collection of some of the property taxes will occur in the third trimester.
- 2 *Water Utility Revenue (24% collected)* - Revenue percentage in line with last year's actual. Revenues increase during the summer months.
- 3 *Recreation Revenues (23% collected)* - Closure of Recreation Centres and Golf Course due to COVID-19.
- 4 *Provincial Grants (76% collected)* - Receipt of payment is Province dependent.
- 5 *Surplus Appropriations (0% applied)* - As and when needed to offset revenue reductions or over expenditure.
- 6 *Other Revenues (3% collected)* - Ad hoc revenue that can occur anytime in the year and is challenging to predict.

EXPENSES:

- 1 *Finance - Corporate (-5% spent)* - COVID related costs incurred, however, offsetting recoveries from water, sewer and solid waste utilities higher than COVID or other corporate expenditures such as severance pay and membership dues.
- 2 *Fiscal Services (26% spent)* - Debt payments in line with last year. Transfer of funds to IT Replacement Reserve occurs in second trimester.
- 3 *Building, Bylaw, Licensing & Legal (27% spent)* - Lower claim costs compared to last year
- 4 *Engineering & Public Works (24% spent)* - Seasonal work with higher costs occurring in the second trimester
- 5 *Recreation (27% spent)* - Closure of Recreation Centres and Golf Course due to COVID-19
- 6 *Sewer Utility Expenditure (10% spent)* - Operating costs in line with last year. Payment to CRD constitutes 71% of budget and occurs in August
- 7 *Capital Program (1% spent)* - Transfer of funds for capital infrastructure funding occurs in second trimester after budget approval.

Capital Program Results

District of Saanich - 2020 1st Trimester Performance Report Capital Program Results

Projects budgeted over \$1,000,000

Capital Project	Fund	Duration	Original 2020 Budget	Budget Transfers	Revised 2020 Budget	Actual	Percent Spent	Schedule Status	Budget Status
Mann Ave. Vanalman Ave. & Parkridge	Water	One time	1,039,500	0	1,039,500	0	0%		
Water - Detailed Design	Water	Annual	1,070,226	0	1,070,226	80,093	7%		
Desktop Environment Refresh	IT	One time	1,196,800	0	1,196,800	174,795	15%		
Sanitary Sewer - Detailed Design	Sewer	Annual	1,266,302	0	1,266,302	260,210	20%		
Fire Hall #3 - Building Renovation	Facilities	Multiyear	1,334,120	0	1,334,120	705,053	53%		
Tempest Conversion to SQL	IT	One time	1,372,400	0	1,372,400	32,832	2%		
Storm Drain - Detailed Design	Drainage	Annual	1,372,932	0	1,372,932	359,499	26%		
Pump Station Design	Sewer	One time	1,400,000	0	1,400,000	19,477	1%		
Gorge-Albina Sewer Sinkhole	Sewer	Multiyear	1,574,470	0	1,574,470	851,959	54%		
Finnerty Rd (McKenzie-Arbutus)	Transportation	One time	1,590,490	0	1,590,490	1,567,908	99%		
Fire Hall #2 - Project Planning	Facilities	Multiyear	1,660,000	0	1,660,000	473,120	29%		
Jamaica, Parkside, Winchester	Water	One time	1,664,600	0	1,664,800	1,590,029	96%		
Sanitary Sewer CIPP Lining	Sewer	Annual	1,797,000	0	1,797,000	76,440	4%		
West Saanich Rd Streetscape	Transportation	One time	1,920,000	0	1,920,000	1,013,652	53%		
Pavement Renewal Program	Transportation	Annual	2,000,000	0	2,000,000	0	0%		
3500 Blanshard St. Renovation	Facilities	One time	2,100,000	0	2,100,000	264,858	13%		1
Gorge Drainage Improvements	Drainage	Multiyear	2,125,000	0	2,125,000	0	0%		
Parkes - Ice Slab Remediation	Facilities	Multiyear	2,140,000	0	2,140,000	59	0%		
SCP - Mechanical Upgrades	Facilities	Multiyear	2,347,069	0	2,347,069	62,844	3%		
Sims Avenue	Various	Multiyear	2,470,573	0	2,470,573	311,330	13%		
West Saanich/Prospect Lk/Sparton Rd	Transportation	One time	2,824,550	0	2,824,550	106,453	4%		
Regina Avenue	Various	One time	4,120,000	0	4,120,000	12,458	0%		
Sidewalk Installation Program	Transportation	Annual	5,154,469	0	5,154,469	285,031	6%		2
Shelbourne Street Improvement Project	Various	Multiyear	20,678,000	0	20,678,000	717,809	3%		

1 Procurement start date was delayed due to resources

2 Program start date was delayed due to resources; further delay expected due to procurement resources

	On target
	Caution
	Delayed

Investment Analysis

The District of Saanich invests public funds in a prudent manner in accordance with the Council Investment Policy. The investment portfolio is currently valued at \$183.65 million. Most of these funds are either held for specific capital programs or are invested until needed to pay current operating expenses.

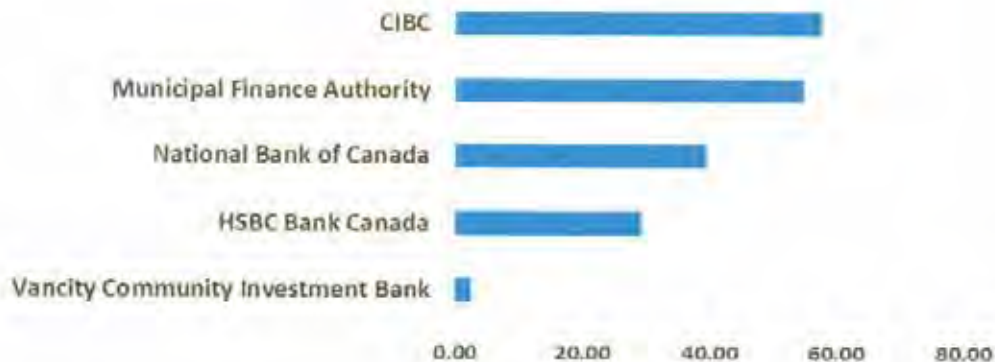
**Investment by Issuer Type
at April 30, 2020
(millions)**



Diversification

In order to reduce overall portfolio risk, Saanich diversifies its investment holdings across a range of security types and financial institutions.

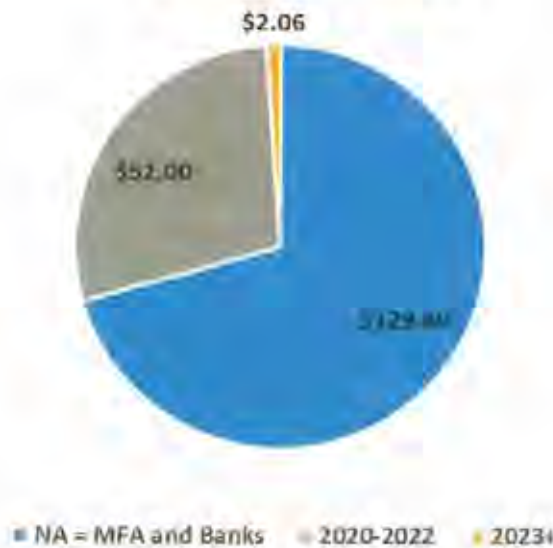
**Investment by Issuer
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Liquidity

Saanich ensures that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements. In 2020, financial concerns related to the COVID-19 pandemic will result in high levels of liquid assets to ensure the District can manage any cash flow challenges.

**Investment by Maturity Year
at April 30, 2020
(millions)
Portfolio ROI = 1.36%**



Return on Investment

Saanich's investment portfolio is currently earning a combined rate of approximately 1.36% while maintaining the investment security established in the Investment Policy. The return on investment has decreased from the December 31, 2019 return of 2.23% due to the effects of the COVID-19 virus and the resulting downturn in the markets. The markets have rebounded in June of 2020 and though not quite to the pre-COVID levels, there is still uncertainty about how the rest of the year will materialize. Interest revenue is anticipated to come in below budgeted levels at the end of the fiscal year.

Procurement Results

Competitive Process

83% of procurement processes in the trimester had more than one bidder.



Procurement

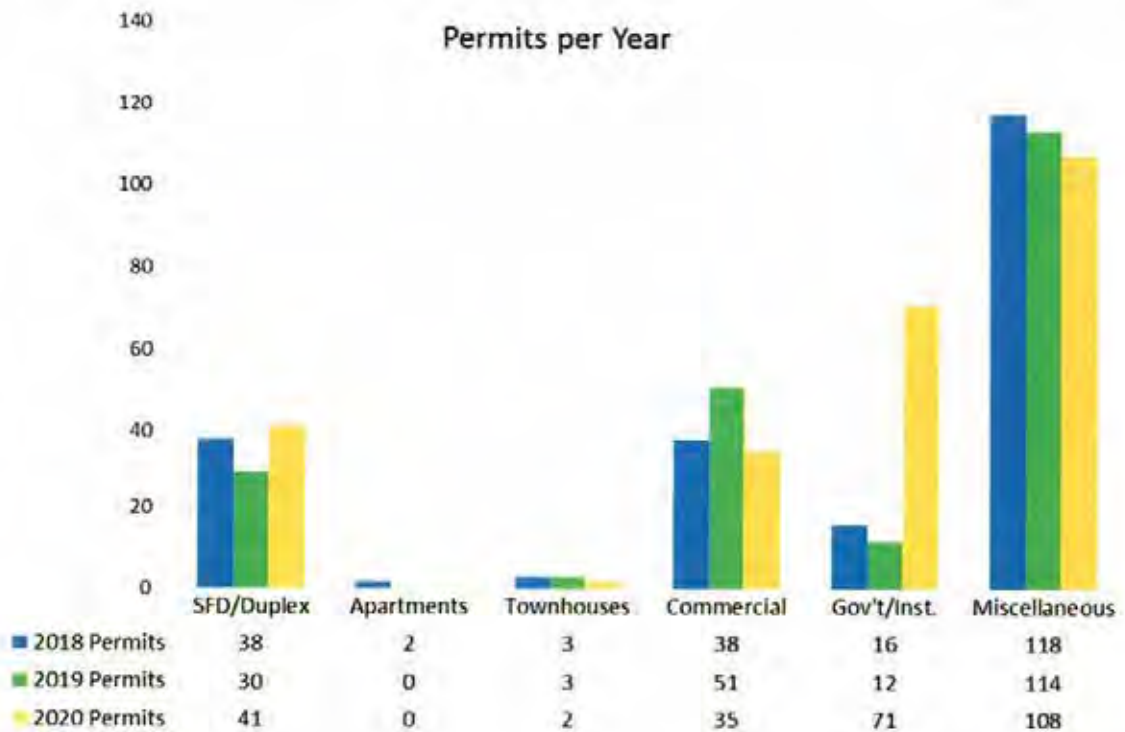
Procurement Description	Value	Years	Supplier
Shelbourne Street Improvements Project - Phase 1	\$ 8,087,513		Ralmax Contracting Ltd.
Aggregates and Granular Materials	\$ 5,910,000	5	Capital City Paving Ltd/ / Lehigh Materials
Sims Avenue and Regina Avenue - Sewer, Water and Drain Upgrades	\$ 4,620,682		Windley Contracting Ltd.
Saanich Operations Centre Design Consultant	\$ 4,450,000	5	TKA+D Architecture + Design Inc.
Asphalt Paving	\$ 2,450,380	2	Island Asphalt Company
Supply of Hot & Cold Asphalt	\$ 2,342,500	2	Island Asphalt Company
Construction of Concrete Works	\$ 1,762,660	2	Island Asphalt Company
Cold Asphalt Milling	\$ 1,452,000	2	Capital City Paving
CCTV and Manhole Inspections	\$ 952,000	5	C3 Mainline Inspections Inc
CHGC - Clubhouse HVAC Upgrade	\$ 293,311		Universal Sheet Metal Ltd.
Irrigation Parts	\$ 235,000	5	Wes-Tech Irrigation Systems / Iconix Waterworks LP / Site One Landscape Supply / Andrew Sheret Limited Splashes
Saanich Fire Hall No. 1 Apparatus Bay Roof Replacement	\$ 224,497		Universal Sheet Metal Ltd
Park Benches and Tables	\$ 200,000	5	Wishbone Industries Ltd

Procurement

Value \$75,000 to \$200,000			
Procurement Description	Value	Years	Supplier
E-Comm 911 Hardware and Software	\$ 195,000	5	Smith Brownlee & Associates Inc.
Emergency Vehicle Preemption Equipment	\$ 190,000		ATS Traffic
Ready Mix Portland Concrete	\$ 180,000	3	Trio Ready Mix Ltd/ Independent Concrete Ltd
Traffic Detector Loops	\$ 175,000	5	Raylec Power Ltd
Bowker Creek Box Culvert Repairs	\$ 171,080		Island Applicators (2012) Ltd.
Detector Backflow Preventer	\$ 125,000	5	Iconix Waterworks LP
Four (4) BMW Motorcycles	\$ 121,592		Island BMW
Automated Licence Plate Reader	\$ 100,000	5	Sigma Safety Corp
Industrial Road and Field Paint	\$ 90,000	3	Cloverdale Paint
Supply and Install Flooring for Weight Room	\$ 88,551		Titan Sport Systems
Upgrade, Repair and Maintain Website (Intranet)	\$ 75,000		ITI International Technology Integration
Portable Toilet Rentals	\$ 75,000	3	Super Save Toilet Rentals

Building Permit Statistics

Permit Type	Year to Date		No. of Permits		Dwelling Units		Construction Value (millions)	
	2019	2020	2019	2020	2019	2020	2019	2020
SFD/Duplex	30	41	43	41	26.0	23.2		
Apartments	0	0	0	0	0.0	0.0		
Townhouses	3	2	16	5	4.8	3.0		
Commercial	51	35	0	0	14.5	12.8		
Gov't/Inst.	12	71	0	0	20.2	8.3		
Miscellaneous	114	108	13	13	10.1	8.3		
Totals	210	257	72	59	\$ 75.6	\$ 55.6		





District of Saanich

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Operational Results

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Fiscal Services	1,634,714	2,007,755	7,734,800	5,727,045	26%	2
Corporate Services	2,904,762	3,179,388	8,750,600	5,571,212	36%	
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Planning	858,919	908,162	3,105,600	2,197,438	29%	
Engineering and Public Works	5,249,240	4,943,834	20,336,200	15,392,366	24%	4
Parks	2,262,375	2,180,568	7,793,600	5,633,034	28%	
Recreation	6,710,848	6,550,037	24,455,100	17,905,063	27%	5
Cultural	2,776,166	2,804,479	7,874,100	5,069,621	36%	
Water Utility Expenditure	4,122,821	4,582,772	15,607,200	11,024,428	29%	
Sewer Utility Expenditure	1,779,776	2,068,258	19,945,300	17,877,042	10%	6
Capital Program (tax and fee funded only)	213,465	260,298	28,007,200	27,746,902	1%	7
Total Expenditures	49,100,169	49,889,069	215,557,100	165,668,001	23%	
Revenues minus Expenditures	26,573,076	27,375,162	-	(27,375,162)		

Explanatory notes for variances over 5%

REVENUES:

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EXPENSES:

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- 2 Fiscal Services (26% spent) - Debt payments in line with last year. Transfer of funds to IT Replacement Reserve occurs in second trimester.
- 3 Building, Bylaw, Licensing & Legal (27% spent) - Lower claim costs compared to last year
- 4 Engineering & Public Works (24% spent) - Seasonal work with higher costs occurring in the second trimester
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- 6 Sewer Utility Expenditure (10% spent) - Operating costs in line with last year. Payment to CRD constitutes 71% of budget and occurs in August
- 7 Capital Program (1% spent) - Transfer of funds for capital infrastructure funding occurs in second trimester after budget approval.

Capital Program Results

District of Saanich - 2020 1st Trimester Performance Report Capital Program Results

Projects budgeted over \$1,000,000

Capital Project	Fund	Duration	Original 2020 Budget	Budget Transfers	Revised 2020 Budget	Actual	Percent Spent	Schedule Status	Budget Status
Mann Ave. Vanalman Ave. & Parkridge	Water	One time	1,039,500	0	1,039,500	0	0%		
Water - Detailed Design	Water	Annual	1,070,226	0	1,070,226	80,093	7%		
Desktop Environment Refresh	IT	One time	1,196,800	0	1,196,800	174,795	15%		
Sanitary Sewer - Detailed Design	Sewer	Annual	1,266,302	0	1,266,302	260,210	20%		
Fire Hall #3 - Building Renovation	Facilities	Multiyear	1,334,120	0	1,334,120	705,053	53%		
Tempest Conversion to SQL	IT	One time	1,372,400	0	1,372,400	32,832	2%		
Storm Drain - Detailed Design	Drainage	Annual	1,372,932	0	1,372,932	359,499	26%		
Pump Station Design	Sewer	One time	1,400,000	0	1,400,000	19,477	1%		
Gorge-Albina Sewer Sinkhole	Sewer	Multiyear	1,574,470	0	1,574,470	851,959	54%		
Finnerty Rd (McKenzie-Arbutus)	Transportation	One time	1,590,490	0	1,590,490	1,567,908	99%		
Fire Hall #2 - Project Planning	Facilities	Multiyear	1,660,000	0	1,660,000	473,120	29%		
Jamaica, Parkside, Winchester	Water	One time	1,664,600	0	1,664,600	1,590,029	96%		
Sanitary Sewer CIPP Lining	Sewer	Annual	1,797,000	0	1,797,000	76,440	4%		
West Saanich Rd Streetscape	Transportation	One time	1,920,000	0	1,920,000	1,013,652	53%		
Pavement Renewal Program	Transportation	Annual	2,000,000	0	2,000,000	0	0%		
3500 Blanshard St. Renovation	Facilities	One time	2,100,000	0	2,100,000	264,858	13%		1
Gorge Drainage Improvements	Drainage	Multiyear	2,125,000	0	2,125,000	0	0%		
Parkes - Ice Slab Remediation	Facilities	Multiyear	2,140,000	0	2,140,000	59	0%		
SCP - Mechanical Upgrades	Facilities	Multiyear	2,347,069	0	2,347,069	62,844	3%		
Sims Avenue	Various	Multiyear	2,470,573	0	2,470,573	311,330	13%		
West Saanich/Prospect Lk/Sparton Rd	Transportation	One time	2,824,550	0	2,824,550	106,453	4%		
Regina Avenue	Various	One time	4,120,000	0	4,120,000	12,458	0%		
Sidewalk Installation Program	Transportation	Annual	5,154,469	0	5,154,469	285,031	6%		2
Shelbourne Street Improvement Project	Various	Multiyear	20,678,000	0	20,678,000	717,809	3%		

1 Procurement start date was delayed due to resources

2 Program start date was delayed due to resources; further delay expected due to procurement resources

	On target
	Caution
	Delayed

Investment Analysis

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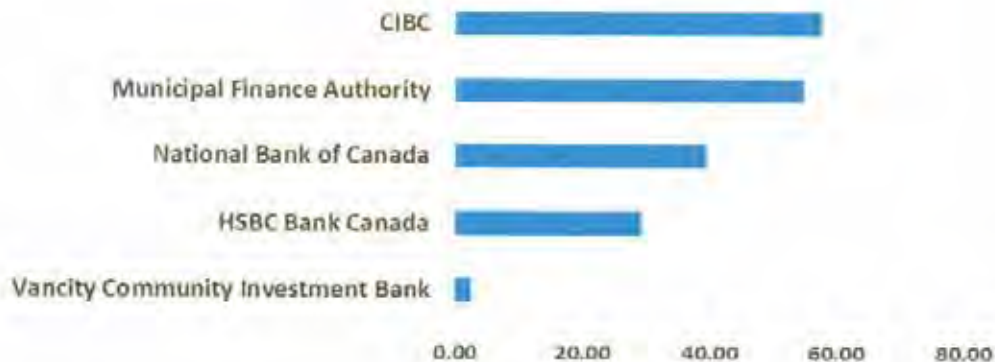
**Investment by Issuer Type
at April 30, 2020
(millions)**



Diversification

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**Investment by Issuer
at April 30, 2020
(millions)**



Liquidity

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Procurement Results

Competitive Process

83% of procurement processes in the trimester had more than one bidder.



Procurement

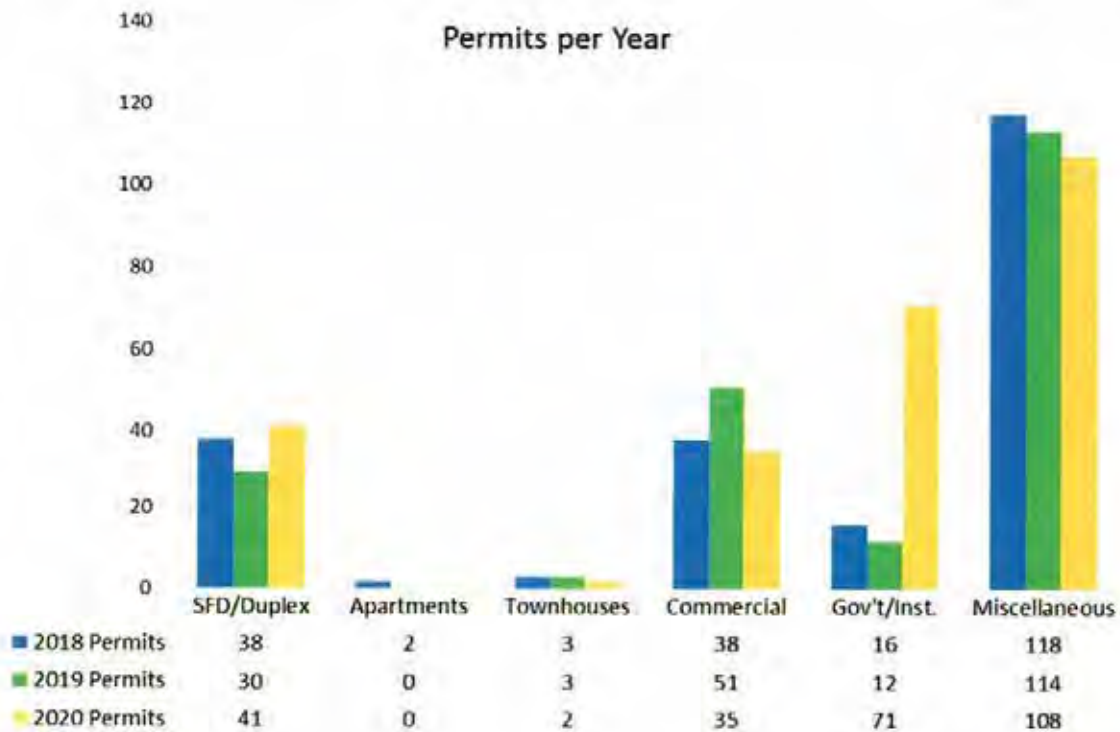
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Asphalt Paving	\$ 2,450,380	2	Island Asphalt Company
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Construction of Concrete Works	\$ 1,762,660	2	Island Asphalt Company
Cold Asphalt Milling	\$ 1,452,000	2	Capital City Paving
CCTV and Manhole Inspections	\$ 952,000	5	C3 Mainline Inspections Inc
CHGC - Clubhouse HVAC Upgrade	\$ 293,311		Universal Sheet Metal Ltd.
Irrigation Parts	\$ 235,000	5	Wes-Tech Irrigation Systems / Iconix Waterworks LP / Site One Landscape Supply / Andrew Sheret Limited Splashes
Saanich Fire Hall No. 1 Apparatus Bay Roof Replacement	\$ 224,497		Universal Sheet Metal Ltd
Park Benches and Tables	\$ 200,000	5	Wishbone Industries Ltd

Procurement

Value \$75,000 to \$200,000			
Procurement Description	Value	Years	Supplier
E-Comm 911 Hardware and Software	\$ 195,000	5	Smith Brownlee & Associates Inc.
Emergency Vehicle Preemption Equipment	\$ 190,000		ATS Traffic
Ready Mix Portland Concrete	\$ 180,000	3	Trio Ready Mix Ltd/ Independent Concrete Ltd
Traffic Detector Loops	\$ 175,000	5	Raylec Power Ltd
Bowker Creek Box Culvert Repairs	\$ 171,080		Island Applicators (2012) Ltd.
Detector Backflow Preventer	\$ 125,000	5	Iconix Waterworks LP
Four (4) BMW Motorcycles	\$ 121,592		Island BMW
Automated Licence Plate Reader	\$ 100,000	5	Sigma Safety Corp
Industrial Road and Field Paint	\$ 90,000	3	Cloverdale Paint
Supply and Install Flooring for Weight Room	\$ 88,551		Titan Sport Systems
Upgrade, Repair and Maintain Website (Intranet)	\$ 75,000		ITI International Technology Integration
Portable Toilet Rentals	\$ 75,000	3	Super Save Toilet Rentals

Building Permit Statistics

Permit Type	Year to Date		No. of Permits		Dwelling Units		Construction Value (millions)	
	2019	2020	2019	2020	2019	2020	2019	2020
SFD/Duplex	30	41	43	41	26.0	23.2		
Apartments	0	0	0	0	0.0	0.0		
Townhouses	3	2	16	5	4.8	3.0		
Commercial	51	35	0	0	14.5	12.8		
Gov't/Inst.	12	71	0	0	20.2	8.3		
Miscellaneous	114	108	13	13	10.1	8.3		
Totals	210	257	72	59	\$ 75.6	\$ 55.6		





The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: July 10, 2020
Subject: 2020 Tax Sale

RECOMMENDATION

That the Committee recommend that staff:

1. Bring forward a bylaw for Council consideration that defers the annual tax sale for 2020 to September 27, 2021
2. Bring forward a bylaw for Council consideration that extends the expiration of the redemption period for all properties that have a redemption period ending in 2020 to September 27, 2021 if any properties sold at the 2019 tax sale are unredeemed at the time of consideration of the bylaw.

PURPOSE

To present the option for deferral of the 2020 tax sale and extension of the 2020 redemption period.

BACKGROUND

As part of Ministerial Order No M159 (MO#159) under the Emergency Program Act and in light of the impact of the COVID-19 pandemic, the Province of BC implemented provisions "in the public interest to ensure that certain financial measures be authorized so that local governments have operating funds during the emergency and the impacts of the emergency are lessened by varying, extending or deferring requirements".

Tax sale legislation is established under the Local Government Act and requires all BC municipalities to conduct a tax sale for all properties that have delinquent taxes at 10:00 am on the last Monday of September. These provisions provide certainty to local government for the eventual collection of property taxes.

Saanich's approach to the annual tax sale is to make every attempt to ensure that no properties go up for auction at the annual tax sale. Generally, when taxes are delinquent there are stories of significant hardship attached, so Saanich staff put considerable effort into ensuring that the taxes are received by the deadline. In rare circumstances a property does go to tax sale. 2019 was one such year, with one property sold. The tax sale legislation does provide one last

opportunity for the property owner, which is referred to as the redemption period. A property owner whose property has been sold at tax sale has one year to "redeem" the property by paying defined amounts. The property sold at the 2019 tax sale is currently in its redemption period and staff are working with the owner and their representatives to resolve the matter prior to the end of the redemption period. Should the property be redeemed, an extension provision would not be needed.

DISCUSSION

Under MO#159, a municipality may, by bylaw adopted on or before August 31, 2020 defer the annual tax sale for 2020 until September 27, 2021. Additionally, the redemption period ending in 2020 may be extended to September 27, 2021.

Given the financial hardship that is being experienced due to COVID-19, it is possible that property owners who intended to clear their delinquent taxes in 2020 may not be able to do so. Pursuing a tax sale process during the pandemic would seem to be an overly harsh approach and this has been recognized by the province and resulted in the provisions of MO#159. Deferral of the tax sale aligns with the suspension of utility penalties and the alternative tax scheme already approved by Council to provide relief.

Arrears and delinquent taxes would continue to accrue interest for the additional year. Given the small number of properties with delinquent taxes that could potentially be included in the tax sale, any financial implications are negligible to Saanich.

OPTIONS

1. Support the staff recommendation to defer the 2020 tax sale and extend the redemption period for 2020.
2. Reject the staff recommendation and retain the 2020 tax sale and redemption period.
3. Provide alternate direction.

Prepared by


 Valla Tinney
 Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.


 Paul Thorkelsson, Administrator

PROVINCE OF BRITISH COLUMBIA

ORDER OF THE MINISTER OF PUBLIC SAFETY AND
SOLICITOR GENERAL

Emergency Program Act

Ministerial Order No. M159

WHEREAS a declaration of a state of emergency throughout the whole of the Province of British Columbia was declared on March 18, 2020 because of the COVID-19 pandemic;


AND WHEREAS it is in the public interest to ensure that certain financial measures be authorized so that local governments have operating funds during the emergency and the impacts of the emergency are lessened by varying, extending or deferring requirements;

AND WHEREAS section 10 (1) of the *Emergency Program Act* provides that I may do all acts and implement all procedures that I consider necessary to prevent, respond to or alleviate the effects of any emergency or disaster;

I, Mike Farnworth, Minister of Public Safety and Solicitor General, order that the attached Local Government Finance (COVID-19) Order is made.

May 15, 2020

Date


Minister of Public Safety and Solicitor General

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Emergency Program Act*, R.S.B.C. 1996, c. 111, s. 10

Other: MO 73/2020; OIC 241/2020

LOCAL GOVERNMENT FINANCE (COVID-19) ORDER

Division 1 – General

Definitions

- 1 In this order:
 - “board” has the same meaning as in the Schedule of the *Local Government Act*;
 - “City of Vancouver” has the same meaning as “city” in section 2 of the *Vancouver Charter*;
 - “council” has the same meaning as in the Schedule of the *Community Charter*;
 - “Greater Vancouver Sewerage and Drainage District” has the same meaning as “Corporation” in section 2 of the *Greater Vancouver Sewerage and Drainage District Act*;
 - “Greater Vancouver Sewerage and Drainage District Administration Board” has the same meaning as “Board” in section 2 of the *Greater Vancouver Sewerage and Drainage District Act*;
 - “Greater Vancouver Water District” has the same meaning as “Corporation” in section 2 of the *Greater Vancouver Water District Act*;
 - “Greater Vancouver Water District Administration Board” has the same meaning as “Board” in section 2 of the *Greater Vancouver Water District Act*;
 - “improvement district” has the same meaning as in the Schedule of the *Local Government Act*;
 - “Municipal Finance Authority” means the Municipal Finance Authority of British Columbia continued under section 2 [authority continued] of the *Municipal Finance Authority Act*;
 - “municipality” has the same meaning as in the Schedule of the *Community Charter*;
 - “regional district” has the same meaning as in the Schedule of the *Local Government Act*;
 - “Vancouver council” has the same meaning as “Council” in section 2 of the *Vancouver Charter*.

Application

- 2 This order applies during the period that starts on the date this order is made and ends on the date on which the last extension of the declaration of a state of emergency made March 18, 2020 under section 9 (1) [declaration of state of emergency] of the *Emergency Program Act* expires or is cancelled.

Division 2 – Reserve Fund Borrowing

Reserve fund borrowing – municipalities

- 3 (1) A municipality may, during the 2020 calendar year, borrow from a reserve fund established under section 188 [establishment of reserve funds] of the *Community Charter*.

- (2) The money borrowed under subsection (1) of this section
 - (a) may be used for any operational shortfall in the 2020 calendar year, at the discretion of the council of the municipality,
 - (b) must be repaid to the fund from which it was borrowed on or before December 31, 2025, and
 - (c) need not be repaid with interest.
- (3) Any outstanding money that remains unpaid on December 31, 2025 must be added to the 2026 financial plan, budget or estimates, as applicable, of the municipality as a cash transfer to reserves, plus a penalty equal to 5% of the debt outstanding as at December 31, 2025.
- (4) This section applies despite section 189 [*use of money in reserve funds*] of the *Community Charter*.

Reserve fund borrowing – regional districts

- 4 (1) A regional district may, during the 2020 calendar year, borrow from a reserve fund established under section 377 [*financial management: application of Community Charter*] of the *Local Government Act*.
- (2) The money borrowed under subsection (1) of this section
 - (a) may be used for any operational shortfall in the 2020 calendar year, at the discretion of the board of the regional district,
 - (b) must be repaid to the fund from which it was borrowed on or before December 31, 2025, and
 - (c) need not be repaid with interest.
- (3) Any outstanding money that remains unpaid on December 31, 2025 must be added to the 2026 financial plan, budget or estimates, as applicable, of the regional district as a cash transfer to reserves, plus a penalty equal to 5% of the debt outstanding as at December 31, 2025.
- (4) This section applies despite section 377 of the *Local Government Act*.

Reserve fund borrowing – improvement districts

- 5 (1) An improvement district may, during the 2020 calendar year, borrow from a reserve fund established under section 706 [*renewal of works and related reserve funds*] of the *Local Government Act*.
- (2) The money borrowed under subsection (1) of this section
 - (a) may be used for any operational shortfall in the 2020 calendar year, at the discretion of the improvement district board,
 - (b) must be repaid to the fund from which it was borrowed on or before December 31, 2025, and
 - (c) need not be repaid with interest.
- (3) Any outstanding money that remains unpaid on December 31, 2025 must be added to the 2026 financial plan, budget or estimates, as applicable, of the improvement district as a cash transfer to reserves, plus a penalty equal to 5% of the debt outstanding as at December 31, 2025.
- (4) This section applies despite section 706 of the *Local Government Act*.

Reserve fund borrowing – City of Vancouver

- 6 (1) The City of Vancouver may, during the 2020 calendar year, borrow from a reserve fund established under the following sections of the *Vancouver Charter*:
 - (a) section 193D (5) (d) and (8) [*single room accommodation permits*];
 - (b) section 201A [*property acquisition fund*];
 - (c) section 306 (7) to (9) [*reserve fund for off-street parking and other transportation infrastructure*];
 - (d) section 523D (16) to (17.1) [*development cost levies*].
- (2) The money borrowed under subsection (1) of this section
 - (a) may be used for any operational shortfall in the 2020 calendar year, at the discretion of the Vancouver council,
 - (b) must be repaid to the fund from which it was borrowed on or before December 31, 2025, and
 - (c) need not be repaid with interest.
- (3) Any outstanding money that remains unpaid on December 31, 2025 must be added to the 2026 financial plan, budget or estimates, as applicable, of the City of Vancouver as a cash transfer to reserves, plus a penalty equal to 5% of the debt outstanding as at December 31, 2025.
- (4) This section applies despite the following provisions of the *Vancouver Charter*:
 - (a) section 193D (5) (d) and (8);
 - (b) section 201A;
 - (c) section 306 (7) to (9);
 - (d) section 523D (16) to (17.1).

Reserve fund borrowing – Greater Vancouver Sewerage and Drainage District

- 7 (1) The Greater Vancouver Sewerage and Drainage District may, during the 2020 calendar year, borrow from a reserve fund established under section 34.1 [*reserve and special reserve funds*] of the *Greater Vancouver Sewerage and Drainage District Act*.
- (2) The money borrowed under subsection (1) of this section
 - (a) may be used for any operational shortfall in the 2020 calendar year, at the discretion of the Greater Vancouver Sewerage and Drainage District board,
 - (b) must be repaid to the fund from which it was borrowed on or before December 31, 2025, and
 - (c) need not be repaid with interest.
- (3) Any outstanding money that remains unpaid on December 31, 2025 must be added to the 2026 financial plan, budget or estimates, as applicable, of the Greater Vancouver Sewerage and Drainage District as a cash transfer to reserves, plus a penalty equal to 5% of the debt outstanding as at December 31, 2025.
- (4) This section applies despite section 34.1 of the *Greater Vancouver Sewerage and Drainage District Act*.

**Reserve fund borrowing –
Greater Vancouver Water District**

- 8 (1) The Greater Vancouver Water District may, during the 2020 calendar year, borrow from a reserve fund established under section 57.1 [*reserve funds*] of the *Greater Vancouver Water District Act*.
- (2) The money borrowed under subsection (1) of this section
- (a) may be used for any operational shortfall in the 2020 calendar year, at the discretion of the Greater Vancouver Water District board,
 - (b) must be repaid to the fund from which it was borrowed on or before December 31, 2025, and
 - (c) need not be repaid with interest.
- (3) Any outstanding money that remains unpaid on December 31, 2025 must be added to the 2026 financial plan, budget or estimates, as applicable, of the Greater Vancouver Water District as a cash transfer to reserves, plus a penalty equal to 5% of the debt outstanding as at December 31, 2025.
- (4) This section applies despite section 57.1 of the *Greater Vancouver Water District Act*.

Division 3 – Revenue Anticipation Borrowing

Municipal Finance Authority

- 9 The Municipal Finance Authority may enter into agreements with the following institutions to provide financing for the following purposes, as applicable to the institution, in accordance with section 11 [*interim financing*] of the *Municipal Finance Authority Act* and in the same manner as if each of the following institutions was a public institution under that Act:
- (a) in respect of the City of Vancouver, borrowing under section 263 [*borrowing pending collection of real-property taxes*] of the *Vancouver Charter*;
 - (b) in respect of the Greater Vancouver Sewerage and Drainage District, borrowing under section 35 [*borrowing in anticipation of revenue*] of the *Greater Vancouver Sewerage and Drainage District Act*;
 - (c) in respect of the Greater Vancouver Water District, borrowing under section 58 [*borrowing in anticipation of revenue*] of the *Greater Vancouver Water District Act*.

Extension of borrowing – municipalities

- 10 (1) For debt incurred as borrowing in anticipation of revenue in 2020 in accordance with section 177 [*revenue anticipation borrowing*] of the *Community Charter* in respect of a municipality, the money must be repaid on or before the earlier of the following dates:
- (a) the date when the anticipated revenue with respect to which the borrowing was authorized is received;
 - (b) December 31, 2021.
- (2) The amount of any outstanding debt from 2020 that remains unpaid in 2021 under subsection (1) does not limit, and need not be included in the calculation of, the

maximum allowable amount of borrowing in anticipation of revenue in 2021 in respect of the municipality.

- (3) This section applies despite section 177 of the *Community Charter*.

Extension of borrowing – regional districts

11. (1) For debt incurred as borrowing in anticipation of revenue in 2020 in accordance with section 404 [*revenue anticipation borrowing*] of the *Local Government Act* in respect of a regional district, the money must be repaid on or before the earlier of the following dates:
- (a) the date when the anticipated revenue with respect to which the borrowing was authorized is received;
 - (b) December 31, 2021.
- (2) The amount of any outstanding debt from 2020 that remains unpaid in 2021 under subsection (1) does not limit the maximum allowable amount of borrowing in anticipation of revenue in 2021 in respect of the regional district.
- (3) This section applies despite section 404 of the *Local Government Act*.

Extension of borrowing – City of Vancouver

12. (1) For debt incurred as borrowing in anticipation of revenue in 2020 in accordance with section 263 [*borrowing pending collection of real-property taxes*] of the *Vancouver Charter*, the money must be repaid on or before the earlier of the following dates:
- (a) the date when the anticipated revenue with respect to which the borrowing was authorized is received;
 - (b) December 31, 2021.
- (2) The amount of any outstanding debt from 2020 that remains unpaid in 2021 under subsection (1) does not limit, and need not be included in the calculation of, the maximum allowable amount of borrowing in anticipation of revenue in 2021.
- (3) This section applies despite section 263 of the *Vancouver Charter*.

**Extension of borrowing –
Greater Vancouver Sewerage and Drainage District**

13. (1) For debt incurred as borrowing in anticipation of revenue in 2020 in accordance with section 35 [*borrowing in anticipation of revenue*] of the *Greater Vancouver Sewerage and Drainage District Act*, the money must be repaid on or before the earlier of the following dates:
- (a) the date when the anticipated revenue with respect to which the borrowing was authorized is received;
 - (b) December 31, 2021.
- (2) The amount of any outstanding debt from 2020 that remains unpaid in 2021 under subsection (1) does not limit the maximum allowable amount of borrowing in anticipation of revenue in 2021.
- (3) This section applies despite section 35 of the *Greater Vancouver Sewerage and Drainage District Act*.

**Extension of borrowing –
Greater Vancouver Water District**

- 14 (1) For debt incurred as borrowing in anticipation of revenue in 2020 in accordance with section 58 [*borrowing in anticipation of revenue*] of the *Greater Vancouver Water District Act*, the money must be repaid on or before the earlier of the following dates:
- (a) the date when the anticipated revenue with respect to which the borrowing was authorized is received;
 - (b) December 31, 2021.
- (2) The amount of any outstanding debt from 2020 that remains unpaid in 2021 under subsection (1) does not limit the maximum allowable amount of borrowing in anticipation of revenue in 2021.
- (3) This section applies despite section 58 of the *Greater Vancouver Water District Act*.

Division 4 – Annual Tax Sales

Deferral of tax sale – municipalities

- 15 (1) A council of a municipality may, by bylaw adopted on or before August 31, 2020, defer the annual tax sale for 2020, provided for under Division 7 [*Annual Municipal Tax Sale*] of Part 16 [*Municipal Provisions*] of the *Local Government Act*, until September 27, 2021, with the effect that the annual tax sale would be on that date in respect of the upset price described in section 649 [*upset price for tax sale*] of that Act.
- (2) If a bylaw is adopted deferring the annual tax sale,
- (a) written notice must be sent within 2 weeks of the bylaw's adoption to the property owner of a property that is subject to the deferred annual tax sale advising the owner that
 - (i) the annual tax sale for 2020 has been deferred to September 27, 2021,
 - (ii) any taxes that are delinquent will remain delinquent for 2021, with applicable interest charges, and
 - (iii) unless the delinquent taxes are paid before the start of the tax sale on September 27, 2021, the property will be subject to tax sale on September 27, 2021,
 - (b) it is not required to provide public notice of the deferral of the annual tax sale, and
 - (c) for certainty, any taxes that are delinquent, as described in section 246 (1) [*delinquent taxes*] of the *Community Charter*, remain delinquent for 2021, with interest charges that are carried under that Act.
- (3) For certainty, this section does not limit the application of the *Local Government Act* to an annual tax sale in respect of a municipality that does not defer its annual tax sale.
- (4) This section applies despite Division 7 of Part 16 of the *Local Government Act*.

Deferral of tax sale – City of Vancouver

- 16 (1) The Vancouver council may, by bylaw adopted on or before August 31, 2020, defer the annual tax sale for 2020, provided for under section 422 [tax sale each year] of the *Vancouver Charter*, until November 10, 2021, with the effect that the annual tax sale would be on that date in respect of the upset price described in section 427 [price to be paid] of that Act.
- (2) If a bylaw is adopted deferring the annual tax sale,
- (a) written notice must be sent within 2 weeks of the bylaw's adoption to the property owner of a property that is subject to the deferred annual tax sale advising the owner that
 - (i) the annual tax sale for 2020 has been deferred to November 10, 2021,
 - (ii) any taxes that are delinquent will remain delinquent for 2021, with applicable interest charges, and
 - (iii) unless the delinquent taxes are paid before the start of the tax sale on November 10, 2021, the property will be subject to tax sale on November 10, 2021.
 - (b) it is not required to provide public notice of the deferral of the annual tax sale, and
 - (c) for certainty, any taxes that are delinquent, as described in section 407 [further warning of tax sale] of the *Vancouver Charter*, remain delinquent for 2021, with interest charges that are carried under that Act.
- (3) This section applies despite Part XX [Real-Property Taxation] of the *Vancouver Charter*.

Deferral of tax sale – improvement districts

- 17 (1) In this section, “deferral date” means, as applicable,
- (a) a date specified for the annual tax sale deferred by a bylaw in accordance with subsection (2), or
 - (b) September 27, 2021, if no date is specified in the bylaw.
- (2) An improvement district board may, by bylaw adopted on or before August 31, 2020, defer the annual tax sale for 2020, provided for under Division 6 [Tax Sales] of Part 17 [Improvement Districts] of the *Local Government Act*, until the deferral date, with the effect that the annual tax sale would be on the deferral date in respect of the upset price described in section 720 (2) (e) [tax sale notice to affected owners and charge holders] of that Act.
- (3) If a bylaw is adopted deferring the annual tax sale,
- (a) written notice must be sent within 2 weeks of the bylaw's adoption to the registered owner of land that is subject to the deferred annual tax sale advising the owner
 - (i) that the annual tax sale for 2020 has been deferred to the deferral date,
 - (ii) of the applicable deferral date of the deferred annual tax sale,
 - (iii) any taxes that remain owing will remain owing for 2021, with applicable interest charges, and

- (iv) that, unless the upset price, as set under section 720 (2) (e) of the *Local Government Act*, is paid before the start of the tax sale on the deferral date, the land will be subject to tax sale on the deferral date,
 - (b) it is not required to provide public notice of the deferral of the annual tax sale, and
 - (c) for certainty, any taxes that remain owing, as described in section 718 (1) (a) [*tax sale for recovery of taxes*] of the *Local Government Act*, remain owing for 2021, with interest charges that are carried under that Act.
- (4) For certainty, this section does not limit the application of the *Local Government Act* to tax sales in respect of an improvement district that does not defer its annual tax sale.
- (5) This section applies despite Division 6 of Part 17 of the *Local Government Act*.

Division 5 – Tax Sale Redemption Periods

Extension of redemption period – municipalities

- 18 (1) A council of a municipality may, by bylaw adopted on or before August 31, 2020, extend the expiration of the redemption period for all properties that have a redemption period ending in 2020, provided for under Division 7 [*Annual Municipal Tax Sale*] of Part 16 [*Municipal Provisions*] of the *Local Government Act*, to September 27, 2021.
- (2) If a bylaw is adopted extending the expiration of the redemption period,
- (a) written notice, advising that the redemption period has been extended to September 27, 2021, must be sent within 2 weeks of the bylaw's adoption
 - (i) to the property owner of a property that is subject to a redemption period that has been extended in accordance with subsection (1) of this section, and
 - (ii) to the tax sale purchaser, and
 - (b) it is not required to provide public notice of the extension of the redemption period.
- (3) For certainty, this section does not limit the application of the *Local Government Act* in respect of a municipality that does not extend the expiration of the redemption period.
- (4) This section applies despite Division 7 of Part 16 of the *Local Government Act*.

Extension of redemption period – City of Vancouver

- 19 (1) The Vancouver council may, by bylaw adopted on or before August 31, 2020, extend the expiration of the redemption period for all properties that have a redemption period ending in 2020, provided for under sections 422 [*tax sale each year*] to 454 [*period of limitation*] of the *Vancouver Charter*, to November 10, 2021.
- (2) If a bylaw is adopted extending the expiration of the redemption period,
- (a) written notice, advising that the redemption period has been extended to November 10, 2021, must be sent within 2 weeks of the bylaw's adoption

- (i) to the property owner of a property that is subject to a redemption period that has been extended in accordance with subsection (1) of this section, and
 - (ii) to the tax sale purchaser, and
 - (b) it is not required to provide public notice of the extension of the redemption period.
- (3) This section applies despite Part XX [*Real-Property Taxation*] of the *Vancouver Charter*.

Division 6 – Annual Reporting and Other Annual Requirements

Annual reporting requirements – annual municipal report

- 20 Despite the date referred to in section 98 (1) [*annual municipal report*] of the *Community Charter*, the applicable date for the requirements described in that section is August 31.

Annual reporting requirements – regional district finances reporting

- 21 Despite the date referred to in section 376 (1) [*annual reporting on regional district finances*] of the *Local Government Act*, the applicable date for the requirements described in that section is August 31.

Annual requirements – *Financial Information Act*

- 22 (1) In this section, “**corporation**” has the same meaning as in section 1 of the *Financial Information Act*.
- (2) This section only applies to a corporation to which a grant or advance may be made, or the borrowings of which may be guaranteed by the government, under the authority of the following enactments:
- (a) the *Islands Trust Act*;
 - (b) the *Local Government Grants Act*;
 - (c) the *Municipal Aid Act*.
- (3) Despite the time period set out in section 2 (2) [*statement of financial information*] of the *Financial Information Act*, a corporation is to comply with the requirements of that subsection on or before August 31, 2020.
- (4) Despite the time period set out in section 2 (3) of the *Financial Information Act*, a corporation is to comply with the requirements of that subsection on or before August 31, 2020.



The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: July 10, 2020
Subject: Finance 2020 Work Plan

RECOMMENDATION

That the Committee direct staff with respect to work underway for the Committee.

PURPOSE

To provide information on the timing of Finance Department initiatives and seek Committee direction on priorities and timing.

BACKGROUND

Finance Department staff are working on several initiatives for the Committee that have been impacted by the COVID-19 pandemic both directly and with respect to allocation of department resources. These initiatives are:

1. Open House for Public Engagement on the Financial Plan
2. Community Grants – Agreements for Schedule A recipients
3. Permissive Tax Exemptions
 - a. That staff be directed to develop for Committee review a Council Policy for Permissive Tax Exemption that provides clarity for applicants and Council, and review the current administrative procedures relating to property tax exemption applications with the purpose of implementing the amended policy statement and increasing the availability of information on permissive exemptions while minimizing the need for additional staff resources.
 - b. That staff be directed to provide a report to the Finance and Governance Committee on the financial impact of exempting current affordable housing properties and potential future affordable housing projects.

DISCUSSION

Several Committee directed Finance Department initiatives have been impacted by the critical allocation of staff time to supporting the Emergency Operations Centre starting in March, monitoring and developing strategies to manage the financial impacts of COVID-19 and adapting revenue collection processes due to closure of the Municipal Hall to the public.

1. Open House for Public Engagement on the Financial Plan

Given the restriction on public gatherings due to the COVID-19 pandemic, it is recommended that any work on developing an open house for public engagement on the financial plan be deferred until such time as business resumption for in person public engagement has been developed by Saanich. It is unlikely that a plan will be in place in time to develop an open house for 2021, but circumstances will be monitored.

2. Community Grants – Agreements for Schedule A recipients

Development of agreements for the grant recipients identified in Schedule A of the new Community Grants Policy requires dedicated time for Finance and Legal Services staff to work directly with representatives of the organizations. Due to current work load this is at high risk for not being completed by the end of 2020. As the policy states that “where a Contribution Agreement is not yet finalized, Council will confirm funding levels during the annual budget process” no policy amendments are required. It is anticipated that Council approval of grant funding will be required for the 2021 grants to these organizations.

3. Permissive Tax Exemptions

Work on the Council Policy for permissive tax exemptions was scheduled to be completed during March and April. Due to deployment to the EOC and related COVID-19 work, this project work has been delayed. As the 2021 tax exemptions need to be adopted by bylaw by this coming October 31st work needs to commence corresponding with all the current recipients in July. This does not leave sufficient time to develop and approve the policy and associated forms and information, notify recipients of any additional information requirements and review the larger volume of submitted materials.

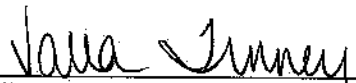
Options:

- a. Staff continue to work on this initiative in 2020 with sufficient time to roll it out for a 2022 – 2023 exemption. Another one year bylaw would be prepared for 2021.
- b. A three year bylaw (2021-2023) is prepared to align with the remaining term of Council. The policy and application work would be available for a return to a four year bylaw in 2024. This option is presented as it is less costly due to a reduced requirement for newspaper ads and utilizes less staff resources.

Staff have commenced work on a report to the Finance and Governance Committee on the financial impact of exempting current affordable housing properties and potential future affordable housing projects. Again, due to the delay resulting from deployment to deal with COVID-19 financial issues it is not feasible to complete this work to implement any potential changes for the 2021 exemption process. It is recommended that the financial impact be brought forward in the coming months and then assessed by the Committee in relation to associated strategies for affordable housing.

Two other major projects remain on hold. Budget software implementation has been deferred to 2021 and the Long Term Financial Plan approved by Council is on hold until such time as the financial impacts of the COVID-19 pandemic are better understood.


Prepared by



Valla Tinney
Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.



Paul Thorke, Administrator

DISTRICT OF SAANICH
MINUTES OF THE SPECIAL COUNCIL MEETING
HELD IN THE COUNCIL CHAMBERS
SAANICH MUNICIPAL HALL, 770 VERNON AVENUE
TUESDAY JANUARY 28, 2020 AT 7:04 P.M.

Present: **Chair:** Mayor Haynes
Council: Councillors Brice, Brownoff, Chambers, de Vries, Harper, Mersereau, Plant and Taylor
Staff: Paul Thorkelsson, Chief Administrative Officer (CAO); Sharon Hvozdzanski, Director of Planning; Harley Machielse, Director of Engineering; Valla Tinney, Director of Finance; Brent Reems, Director of Building, Bylaw, Licensing and Legal Services; Ting Pan, Manager of Sustainability; Sharon Froud, Deputy Legislative Manager; and Lynn Merry, Senior Committee Clerk

**** Continuation of the January 20, 2020 Council meeting. Public input has already been received and is concluded on the items. Council deliberations continue.**

Mayor Haynes acknowledged the recent passing of Mr. Fred “Whitey” Severson.

MOVED by Councillor Plant and Seconded by Councillor Chambers: “That the rules of procedure contained in the Council Procedure Bylaw be temporarily suspended to allow agenda item C1 – Climate Plan: 100% Renewable and Resilient Saanich be considered before agenda item B2 – Recommendation to Include a New Investment in Road Safety in the Draft 2020 Budget.”

Council discussion ensued with the following comments:

- The report on Road Safety was prepared and in the queue before the Climate Plan.
- It is appropriate to consider the Climate Plan before the Road Safety Investment as some of the content is similar.
- There is merit in discussing the Climate Plan first as it is ongoing work directed by Council.
- There is a need to hear if funding is requested for the work outlined in the Climate Plan.

**The Motion was then Put and CARRIED
with Councillors de Vries, Harper, Mersereau and Taylor OPPOSED**

RECOMMENDATIONS FROM COMMITTEES

1420-30
PTED

PLANNING, TRANSPORTATION AND ECONOMIC DEVELOPMENT ADVISORY COMMITTEE – CHAIR’S REMARKS – DISCUSSION ITEMS

Memo of the November 14, 2019 Planning, Transportation and Economic Development Advisory Committee meeting including the Chair’s November 7, 2019 memo, and resolved that Council give consideration to:

1. A request to staff to investigate and present options for the creation of a new economic development position as part of the 2020 Financial Plan process.
2. A request to staff to investigate and report on potential options for the development of a Strategic Real Estate function for Saanich.

3. A request to staff to investigate and develop Development Cost Charge waiver and reduction policy options based on, but not limited to, the information presented in the Chair's November 7, 2019 memo, and in accordance with *Bill 27-2008 The Local Government (Green Communities) Statutes Amendment Act, 2008*, to encourage and support the development of affordable rental housing in Saanich.
4. A request to staff to investigate and report back on options for regulating house sizes and home plates on agriculturally zone properties.
5. A request to staff to investigate and report back on potential options for creating a cash-in-lieu policy, including a fee schedule that takes into consideration the new minimum parking requirements and other factors as appropriate.

It was the consensus of Council to consider each item listed in the recommendation in seriatim.

MOVED by Councillor de Vries and Seconded by Councillor Mersereau: "That Council direct staff to investigate and present options for the creation of a new economic development position as part of the 2020 Financial Plan process."

Council discussion ensued with the following comments:

- An economic development staff position could assist with drafting an economic development strategy.
- Economic development would generate revenue and a stronger tax base in the long term.
- It may be appropriate to discuss the recommendation at Strategic Plan check-ins.

In response to questions from Council, the CAO stated:

- Economic development is a priority in the Strategic Plan but is not funded.
- Potential costs are needed to move forward.
- Utilizing the South Island Prosperity Partnership (SIPP) for its expertise may be considered.

MOVED by Councillor Harper and Seconded by Councillor Mersereau: "That the item - creation of a new economic development position, be referred for discussion at Strategic Planning check-ins."

Council discussion ensued with the following comments:

- Economic development will generate revenue.
- There is a need for a trained professional to develop a strategy.

The Motion to Refer was CARRIED

MOVED by Councillor de Vries and Seconded by Councillor Mersereau: "That Council direct staff to investigate and report on potential options for the development of a Strategic Real Estate function for Saanich."

Council discussion ensued with the following comments:

- A Strategic Real Estate function could look at strategic acquisitions and dispositions and the development of strategic partnerships that support the development of affordable housing.
- It could also look at proactive management of existing properties to generate additional revenue.
- There is a need to have a better understanding of the existing Land Agent role.

In response to questions from Council, the Director of Building, Bylaw, Licensing and Legal Services stated:

- The existing Land Agent position, which is overseen by the Municipal Solicitor, takes care of the day-to-day and transactional duties.
- Every land transaction is reviewed to maximize the return on investment.

In response to questions from Council, the CAO stated:

- Strategic acquisitions are undertaken as part of Master Plans and park acquisitions.
- Staff are looking at strategic leveraging of existing Saanich lands in partnership with other municipalities to develop affordable housing.
- The Real Estate function currently exists.

MOVED by Councillor Harper and Seconded by Councillor Mersereau: “That the item – development of a Strategic Real Estate function for Saanich, be referred to the Mayor’s Standing Committee on Finance and Governance.”

Council discussion ensued with the following comments:

- It would be helpful to have a report that outlines the duties of the current position.

**The Motion to Refer was CARRIED
with Councillor Chambers OPPOSED**

MOVED by Councillor de Vries and Seconded by Councillor Mersereau: “That Council direct staff to investigate and develop Development Cost Charge waiver and reduction policy options based on, but not limited to, the information presented in the Chair’s November 7, 2019 memo, and in accordance with *Bill 27-2008 The Local Government (Green Communities) Statutes Amendment Act, 2008*, to encourage and support the development of affordable rental housing in Saanich.”

Council discussion ensued with the following comments:

- A Development Cost Charge (DCC) waiver aligns with Saanich’s priorities to create affordable housing.

In response to questions from Council, the CAO stated:

- Staff are currently working on a waivers and reductions policy framework as part of phase two of the DCC process which will come to Council in the near future.

**** The Mover and Seconder agreed to withdraw the motion. ****

MOVED by Councillor de Vries and Seconded by Councillor Mersereau: “That Council direct staff to investigate and report back on options for regulating house sizes and home plates on agriculturally zoned properties.”

Council discussion ensued with the following comments:

- Regulation would meet the residential needs of farmers while protecting land in perpetuity.
- Staff are already undertaking this work.

In response to questions from Council, the Director of Planning stated :

- Housekeeping amendments to the Zoning Bylaw were recently approved by Council for lands within the Agricultural Land Reserve to make it consistent with changes by the British Columbia Agricultural Land Commission.
- Staff will be bringing forward a report in Q1 2020 on land which is rural zoned; the report would consider home plates and locating homes on the right area on the property.

MOVED by Councillor Plant and Seconded by Councillor Brice: “That the motion directing staff to investigate and report back on options for regulating house sizes and home plates on agriculturally zoned properties be postponed.”

The Motion to Postpone was CARRIED

MOVED by Councillor de Vries and Seconded by Councillor Mersereau: “That Council request staff to investigate and report back on potential options for creating a cash-in-lieu policy, including a fee schedule that takes into consideration the new minimum parking requirements and other factors as appropriate.”

Council discussion ensued with the following comments:

- New revenue sources would be beneficial in funding the Active Transportation Plan.
- Staff are currently working on off-street parking requirements.

In response to questions from Council, the Director of Planning stated:

- There are policy documents that request that off-street parking requirements be reviewed.
- The Climate Action program will look at the reduction of required parking standards.

MOVED by Councillor Mersereau and Seconded by Councillor Brice: “That the motion be amended to read: “That Council direct staff, when reviewing off-street parking requirements, to consider a cash-in-lieu policy, including a fee schedule that takes into consideration the new minimum parking requirements and other factors as appropriate.”

The Amendment was CARRIED

The Main Motion, as Amended, was CARRIED

Main Motion, as Amended:

“That Council direct staff, when reviewing off street parking requirements, to consider a cash-in-lieu policy, including a fee schedule that takes into consideration the new minimum parking requirements and other factors as appropriate.”

1420-30
ACH (Poet
Laureate)

ARTS, CULTURE AND HERITAGE ADVISORY COMMITTEE – POET LAUREATE

Memo of the November 21, 2019 Arts, Culture and Heritage Advisory Committee meeting where members discussed the opportunity for Saanich to have both a youth and an adult Poet Laureate. The following recommendation was adopted at the December 12, 2019 meeting: “That it be recommended that Council create the concurring positions of Poet Laureate and Youth Poet Laureate.”

MOVED by Councillor Harper and Seconded by Councillor Taylor: “That Council create the concurring positions of Poet Laureate and Youth Poet Laureate.”

Council discussion ensued with the following comments:

- Creating these positions will have limited impact on the budget.
- It is appropriate to proactively provide opportunities for youths to grow and develop.
- Poetry transcends all cultures.
- The Greater Victoria Public Library may provide funding for the position.

MOVED by Councillor Plant and Seconded by Councillor Chambers: “That the motion be amended to add: “direct staff to look at partnerships and include up to \$5,000 in the 2020 budget to fund the positions”.”

The Amendment was CARRIED

The Main Motion, as Amended was then Put and CARRIED

The Main Motion, as Amended

“That Council create the concurring positions of Poet Laureate and Youth Poet Laureate, direct staff to look at partnerships and include up to \$5,000 in the 2020 budget to fund the positions.”

1420-30
ACH (Policies)

ARTS, CULTURE AND HERITAGE ADVISORY COMMITTEE – SAANICH ARTS AND CULTURE POLICIES

Memo of the November 21, 2019 Arts, Culture and Heritage (ACH) Advisory Committee meeting regarding recommendations from the ACH Policy Work Group pertaining to arts in the municipality. The following recommendation was adopted at the December 12, 2019 meeting: “That it be recommended that:

1. The Arts, Culture and Heritage Advisory Committee asks for clarification or reaffirmation from Council that the statements regarding the arts as an essential element in the Municipality of Saanich are still relevant and a municipal initiative worth investing in.

MOVED by Councillor Brice and Seconded by Councillor Plant: “That Council approve and issue Temporary Use Permit TUP00007 on Parcel B (DD 33373I) of Section 92, Lake District, except amended Parcel 2 (DD 171872I) of said Parcel B, and except part in Plan 10212 (226 Stevens Road) for three additional years.”

Council discussion ensued with the following comments:

- The organization Power To Be that operates on the site gives youths the opportunity to get outside and connect with nature.
- The applicant should consider the next steps for when the Temporary Use Permit expires in three years.

The Motion was then Put and CARRIED

2860-40
Major Road

4850 MAJOR ROAD – DEVELOPMENT VARIANCE PERMIT APPLICATION
Report of the Director of Planning dated April 6, 2020 recommending that Council approve Development Variance Permit DVP00431 to vary the height of a Single Family Dwelling.

MOVED by Councillor Brice and Seconded by Councillor Plant: “That Council approve and issue Development Variance Permit DVP00431 on Lot 1, Section 121, Lake District, Plan EPP46231 (4850 Major Road).”

In response to questions from Council, the Director of Planning stated:

- The variance requested is for the height of the single family dwelling.
- Height surveys are required as part of the building process; a survey on this development determined that the height was inconsistent with the approved Building Permit
- It is not a common occurrence for a building to be significantly over the permitted height.
- If the requested variance was not approved, it may mean the applicant would need to adjust the plans with significant costs to reframe the building and the possibility of additional design work.

In response to questions from Council, the CAO stated:

- A Stop Work Order was issued as a result of the height survey and construction must cease until the issue has been dealt with.
- Further research could take place to determine if charging an increased fee for post built variances would be legal.
- Fees and charges are based on the cost of providing the service.

Council discussion ensued with the following comments:

- It would not be appropriate to have the applicant deconstruct or rebuild the house.
- The variance is not supportable as it may be precedence setting for other development.

**The Motion was then Put and CARRIED
with Councillor Chambers OPPOSED**

MOVED by Councillor Plant and Seconded by Councillor Brice: “That Council refer the matter of post built variances to the Mayor’s Standing Committee on Finance and Governance.”

Council discussion ensued with the following comments:

- The various issues and implications of post built variances are worthy of discussion at the committee level.
- Staff and Council time for these types of variances could be considered for fees and charges.

The Motion to Refer was CARRIED

2860-30
Saanich Road

3684 SAANICH ROAD – DEVELOPMENT PERMIT APPLICATION

Report of the Director of Planning dated April 7, 2020 recommending that Council approve Development Permit DPR00749 which is for a Form and Character Development Permit to construct a duplex under the existing RD-1 (Two Family Dwelling) Zone. No variances are requested as part of this proposal.

MOVED by Councillor Brice and Seconded by Councillor Plant: “That Council approve and issue Development Permit DPR00749 on Lot 27, Block 1, Section 9, Victoria District, Plan 1397 (3684 Saanich Road).”

CARRIED

The Directors of Engineering and Planning exited the meeting at 8:26 p.m.

5280-20
2019 Annual
Surplus

2019 ANNUAL SURPLUS

Report of the Director of Finance dated April 22, 2020 recommending that Council receive the report for information.

MOVED by Councillor Brice and Seconded by Councillor Plant: “That Council receive the report of the Director of Finance dated April 22, 2020 for information.”

CARRIED

5280-20
2020 Alternate Tax
Scheme

2020 ALTERNATIVE TAX SCHEME

Report of the Director of Finance dated April 22, 2020 recommending that Council direct staff to prepare a bylaw to implement an alternative tax scheme for the following provisions:

- Retain July 2, 2020 as the property tax due date for all classes.
- Provide a one month grace period for residential and farm properties (Classes 1 & 9) with a 3% penalty applied to unpaid taxes on August 1, 2020 and a further 7% penalty applied to unpaid taxes on October 1, 2020.
- 7% penalty applied to business classes (4, 5, 6, 7 & 8) and mixed rate properties including these classes on October 1, 2020 and a further 3% applied on unpaid taxes on December 1, 2020.
- Terms that establish that a penalty will not be applied until October 1, 2020 to those outstanding taxes that represent an eligible home owner grant that was not claimed by the due date or was claimed but with errors that required it to be disallowed.

MOVED by Councillor Brice and Seconded by Councillor Plant: “That Council direct staff to prepare a bylaw to implement an alternative tax scheme for the following provisions:

- **Retain July 2, 2020 as the property tax due date for all classes.**
- **Provide a one month grace period for residential and farm properties (Classes 1 & 9) with a 3% penalty applied to unpaid taxes on August**