

Sidney
by the sea

2018

ANNUAL REPORT
TOWN OF SIDNEY
BRITISH COLUMBIA

Year ended December 31, 2018



Town of Sidney Annual Report for the
year ended December 31, 2018.

This report was prepared by the
Administration and Corporate Services
Departments, with contributions from
throughout the organization.

- Sidney, British Columbia, Canada



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COMMUNITY PROFILE & ANNUAL HIGHLIGHTS

PROVE

Gifts PAND



MESSAGE FROM THE MAYOR

On behalf of Sidney Council and the Town of Sidney, I am pleased to present the Annual Report for 2018.

The Annual Report is a requirement under the Provincial Community Charter, and it provides a summary of the accomplishments by Council and Town staff in providing local government services.

This report is based on the outcomes from the 2015-2018 Strategic Plan that was developed and updated annually by the previous Council. I want to thank the previous Mayor and Council for their work and service to the community during their four-year term. I also want to thank the entire Town staff team who provide a remarkably wide range of quality services in our community.

The new Council began its four-year term in early November. The continued growth in our region presents unique opportunities and responsibilities for Sidney Council. As we embark on a new term, I would like to look ahead to the priorities the new Council has set, with input from senior Town staff, in the 2019-2022 Strategic Plan – community wellbeing & livability, community infrastructure, economic vibrancy, environmental stewardship, community engagement and organizational excellence.

We have a tremendous energy, enthusiasm and community spirit in Sidney that has led to many achievements in the past and will bring many more in the future.

I am honored to serve as your Mayor and work with Council, Town staff, residents, businesses and non-profit organizations to foster a balanced and prosperous future for our community.

Cliff McNeil-Smith
Mayor
May 14, 2019

COUNCIL PORTFOLIO

Mayor Cliff McNeil-Smith

Ball Facility Liaison Committee

Capital Regional District (CRD) Board

Capital Region Housing Corporation Board

Capital Regional Hospital District Board

CRD Hospitals and Housing Committee

CRD Planning and Protective Services Committee

CRD Transportation Committee

CRD Traffic Safety Commission

First Nations Liaison

Greater Victoria Labour Relations Association

Municipal Insurance Association of BC

Peninsula Recreation Commission

Saanich Peninsula Water Commission and Wastewater Commission

South Island Prosperity Partnership Partners Committee

SIDNEY COUNCIL 2018-2022



(Left to right) Councillor Terri O’Keeffe, Councillor Barbara Fallot, Councillor Scott Garnett, Mayor Cliff McNeil-Smith, Councillor Chad Rintoul, Councillor Sara Duncan, and Councillor Peter Wainwright

COUNCIL PORTFOLIOS

Councillor Terri O’Keeffe

Peninsula Celebrations Society
Peninsula Chamber of Commerce
Memorial Park Society - Joint Finance Steering Committee
New Marine Centre Society (Shaw Centre for the Salish Sea)
Victoria Airport Authority - Noise Management Committee

Councillor Barbara Fallot

ArtSea Community Arts Council
CRD Regional Housing Trust Fund Commission
Sidney Community Association
Sister Cities Association
Vancouver Island Regional Library
Victoria Family Court & Youth Justice Committee

Councillor Scott Garnett

Ball Facility Liaison Committee
RCMP - Police Community Consultative Committee
School District No. 63
Society of Saanich Peninsula Museums

Councillor Chad Rintoul

Capital Region Emergency Services Telecommunications
Memorial Park Society
Memorial Park Society - Joint Finance Steering Committee
Peninsula Recreation Commission
Sidney Business Improvement Area Society
Victoria Airport Authority Consultative Committee

Councillor Sara Duncan

Beacon Community Services
CRD Regional Water Supply Commission
CRD Climate Action Inter-Municipal Task Force
Peninsula Emergency Measures Executive Committee (PEMO)
SHOAL Centre

Councillor Peter Wainwright

Advisory Planning Commission
Emergency Planning Committee
Economic Development Committee
Saanich Peninsula Water Commission and Wastewater Commission
Memorial Park Society - Joint Finance Steering Committee



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

As the Chief Administrative Officer of the Town, I am impressed and proud of the abundance of great work that is being presented in this 2018 Annual Report.

It is my job, and that of Town staff, to support and carry out the work associated with Council's Strategic Plan. 2018 was a busy and ambitious year for the Town, partly due to an ongoing strong housing and construction market, as well as the robust and focused priorities established by Council for our community.

Throughout this past year, I have continually been impressed by the diligence and passion that is regularly displayed by Town staff for their work. Each member of our team has contributed to achieve the positive results set out in this Annual Report.

Sidney has strived to be an employer of choice, to create a work environment that is positive, cooperative and offers opportunity to its employees. As a result, we are the beneficiaries of a well-run, efficient town and a workforce that can be proud of what they have accomplished.

We look forward to continuing to serve the citizens of Sidney and to support Sidney Council in their efforts to make the Town a leader in good governance and service delivery and recognized for being trustworthy, connected to the community, visionary, innovative, and resilient.

A handwritten signature in black ink, appearing to read 'Randy Humble', written in a cursive style.

Randy Humble
Chief Administrative Officer
May 14, 2019



MESSAGE FROM THE CHIEF FINANCIAL OFFICER

As Chief Financial Officer for the Town, I am pleased to present the Town of Sidney's audited financial statements for the year ending December 31, 2018. The financial statements are the responsibility of the Town's management. The statements have been prepared in compliance with Section 167 of the Community Charter, and in accordance with generally accepted accounting principles approved by the Public Sector Accounting Board (PSAB). The financial statements have been audited by KPMG LLP, who have expressed their opinion that the statements present fairly, in all material aspects, the financial position of the Town as at December 31, 2018. The Town maintains a system of internal accounting controls designed to safeguard the assets of the Town and provide reliable financial information.

For most people, financial statements are hard to read, and they don't provide the concise and relevant information that the average reader is looking for. We are continually striving to make them simpler, but national accounting standards require us to present our financial results in a specific manner and format. To assist the average reader in better understanding our financial statements, a Management Discussion and Analysis report has been included to support the financial statements.

Executive Summary of Financial Results

The Town continues to have reasonable levels of debt and reserves, and remains committed to renewing its infrastructure. It is important to note that any debt held by the Town is for the purposes of capital construction, and bears no relation to the type of debt associated with senior governments. Senior governments incur deficits and debt to finance their operations as a whole. Sidney is only allowed to incur debt for capital purposes, and must maintain an operating surplus; the Town's consolidated operating surplus now stands at \$3,768,497, with an additional \$1,057,179 expected to be returned to surplus once the proceeds from the sale of the old fire hall site are received. Even with the borrowing for the new Community Safety Building, the Town will be well below authorized debt limits.

As detailed in the 2018 Financial Statements, the Town's financial results were mainly in line with budgeted expectations. Due to the borrowing for the Community Safety Building and the timing of the sale of the old fire hall property, the Town temporarily moved into a net debt position, meaning that our liabilities slightly exceeded our financial assets. However, our capital assets balance increased by \$9,256,673; this investment in our assets led to a decrease in our reserve balances of \$1,397,869. The longer-term outlook for our reserves requires careful planning to ensure services and infrastructure renewal remain financially sustainable.


While Sidney continues to be well managed financially, improvements are always possible; staff and Council are constantly looking to enhance our financial and asset management planning processes to ensure the Town's long-term financial sustainability. Facing new challenges each day, the Town is evolving to find innovative ways of providing the highest possible level of service, while controlling costs. I would like to acknowledge Town Council, senior management, and staff in all departments for their commitment to innovation, continuous improvement and service to the community.

A handwritten signature in black ink that reads "Andrew Hicik". The signature is written in a cursive, slightly stylized font.

Andrew Hicik
Director of Corporate Services
May 14, 2019


POPULATION:
11,672

MEDIAN AGE:
 **59.8**

MEDIAN TOTAL
HOUSEHOLD
INCOME:
 **\$63,840**

NEW DWELLING UNITS
CONSTRUCTED IN 2018:
 **111**

ACTIVE BUSINESS
LICENCES IN 2018:



757


716,253

WWW.SIDNEY.CA
PAGE VIEWS IN 2018

 **3,900+**
EMERGENCY
NOTIFICATION
SYSTEM
REGISTRATIONS



 **PRIVATE DWELLINGS:**
5,960

76% OF HOUSEHOLDS OWN
   
24% OF HOUSEHOLDS RENT



LAND AREA:
5.02km²

SIDNEY AT A GLANCE

The Town of Sidney is located 26 kilometres north of Victoria, the capital city of British Columbia, and is one of 13 municipalities and three electoral areas that comprise the Capital Regional District (CRD). Sidney is situated on the Saanich Peninsula, which extends north from Victoria. The Town of Sidney's south, west, and north boundaries are shared with the District of North Saanich. To the east, Sidney overlooks Haro Strait, the Southern Gulf Islands, and the Northern San Juan Islands (USA) in the Salish Sea.

Sidney lies within an area that has become one of the world's premier places to live, work and visit. Endowed with a temperate climate, rich ecology, stunning landscapes, and proud histories, Sidney is a livable, vibrant community, that practices exemplary environmental stewardship, and encompasses a prosperous and sustainable economy.

Sidney's geographic area is only 5.02 square kilometres (1.94 square miles), which explains Sidney's high population density (2,290.7 people per square kilometre). Data from Statistics Canada indicates that Sidney's population grew by 4.4% between 2011 and 2016*.

Regionally, the Town of Sidney is a key transit hub and offers a variety of transportation options. The Sidney International Ferry Terminal (Sidney/Anacortes ferry route), operated by Washington State Ferries, offers a valuable service which is enjoyed by residents and visitors from all over the world. Sidney is also minutes away from the Victoria International Airport and the Swartz Bay Ferry Terminal (BC Ferries), which connect Southern Vancouver Island to the BC Mainland and beyond.

The Town of Sidney's small geographic area provides for a dense mix of businesses, housing, employment, services, and recreation in close proximity to each other. In addition, Sidney is pedestrian and cyclist friendly, transit focused, safe, and socially diverse. Sidney's employment sector is generally made up of industrial, retail and healthcare services. Our climate is one of the mildest in Canada, with moderate rainfall and only occasional snowfall in the winter.

*Source: Census 2016

 **28 PARKS**

 **1 BOAT LAUNCH**

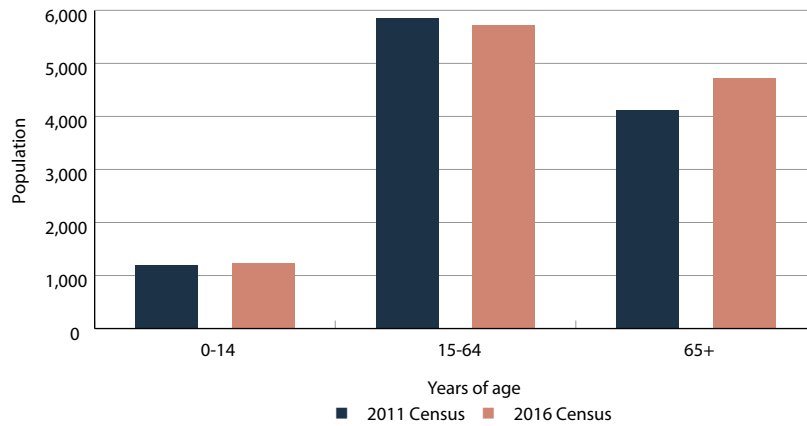
 **17 BEACH ACCESSSES**



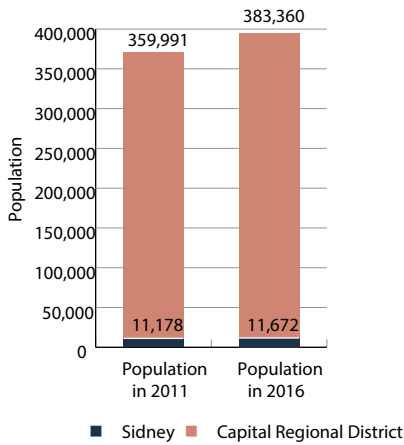
2018 MUNICIPAL ELECTION VOTER TURNOUT:
48%

DEMOGRAPHIC INFORMATION

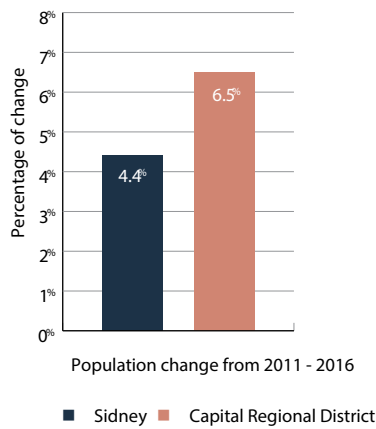
Sidney's age distribution



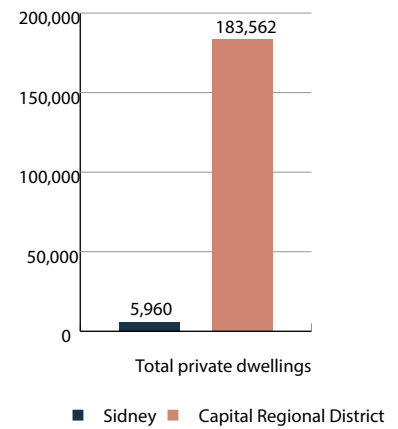
Population in 2011 and 2016



% change in population

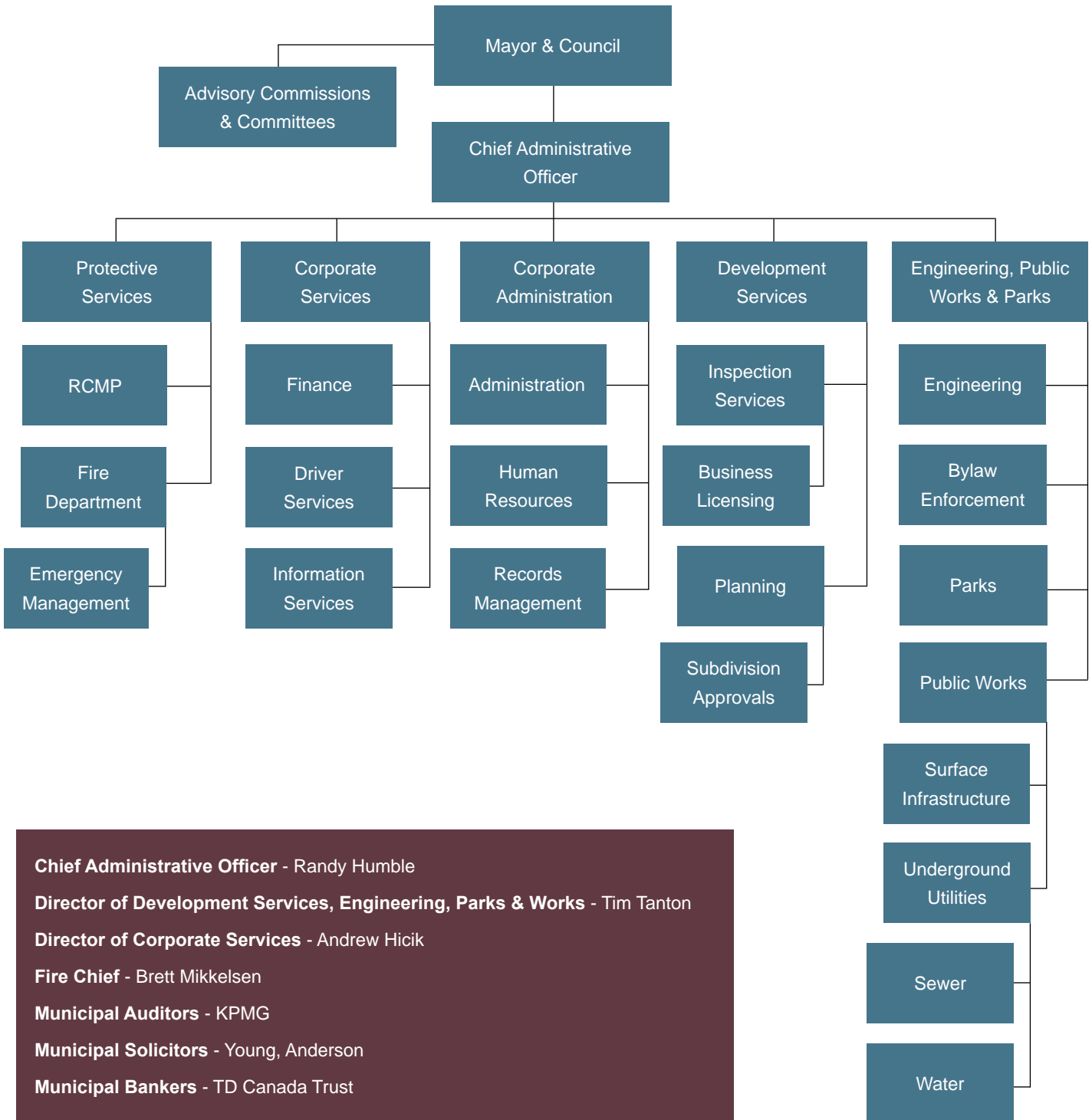


Total private dwellings



Source: Census 2016

ORGANIZATIONAL CHART & APPOINTED OFFICERS



Chief Administrative Officer - Randy Humble
Director of Development Services, Engineering, Parks & Works - Tim Tanton
Director of Corporate Services - Andrew Hicik
Fire Chief - Brett Mikkelsen
Municipal Auditors - KPMG
Municipal Solicitors - Young, Anderson
Municipal Bankers - TD Canada Trust

ADMINISTRATION

The Administration Department, under the leadership of the Chief Administrative Officer, is responsible for overseeing all municipal operations. The Department is responsible for corporate administration under the Community Charter and the Local Government Act, providing legislative and administrative support to Mayor and Council, for public communications and human resources for the organization.

Key functions include:

- Organizing all meetings of Council, including preparation of agendas and minutes;
- Administering the review and update of the Town's Annual Strategic Planning process;
- Providing support services to Council appointed Committees / Commissions / Boards;
- Processing and coordinating all business relating to Town Council;
- Providing advice with respect to Council procedures, policies and functions;
- Coordinating internal and external communications (i.e. Town's website, intranet, social media, print publications and media releases);
- Safekeeping of minutes of Council and Committees, bylaws, and other official documents on behalf of the Town;
- Administering oaths and taking affirmations, affidavits and declarations required to be taken under the Community Charter or any other Act relating to municipalities;
- Administering the corporate records management program;
- Processing requests for access to information under the Freedom of Information & Protection of Privacy Act;
- Administering leases/agreements for Town operations and facilities;
- Coordinating human resources services for the organization;
- Conducting local government and school trustee elections.

2018 Highlights

- Continued to assist with construction of the new Community Safety Building and Employee Parking Lot;
- Began process for disposition of existing Fire Hall/Parking lot lands;
- Continued negotiations for divesture of Port Sidney Marina Breakwater;
- Completed collective bargaining process for new contract for Union employees;
- Completed the majority of the upgrades to the Council Chambers;
- Completed the 2018 Local Elections and began the Town's orientation program with the new Council;
- Completed an organizational review and implemented management staffing changes in Development Services and Engineering.

2019 Initiatives

- Update the Annual Strategic Plan with the new Council;
- Assist with the completion of the construction of the new Community Safety Building and Employee Parking Lot;
- Complete the disposition of the existing Fire Hall / Parking lot lands;
- Update the Town's Substance Use Policy to include new cannabis regulations;
- Continue with negotiations for divesture of Port Sidney Marina Breakwater;
- Continue building meaningful public engagement and communication initiatives;
- Assist with the comprehensive review of the Official Community Plan;
- Review and update of the Business Continuity Plan;
- Undertake hiring process for the new Director of Engineering;
- Continue strengthening relationships with First Nations neighbors;
- Examine Council appointments and review citizen appointment process;
- Review the terms of reference of the Economic Development Commission.





CORPORATE SERVICES

As a service department, Corporate Services' main focus is on assisting the public, and helping other departments accomplish their goals and tasks. Whether our interaction with the public is through telephone, at the front counter, or through the information on our website, we strive to provide excellent, timely and friendly customer service. Corporate Services includes the following functional areas:

- Finance;
- Driver Services;
- Information Technology;
- Risk Management (jointly with Engineering & Works); and
- Human Resources (jointly with Administration).

Finance

From a corporate perspective, the department strategy is to support the administrative and financial needs of the Municipality, thereby enhancing the quality of service to the public. Our objective is to provide timely and accurate financial information to facilitate the decision-making needs of Council, senior management, and external stakeholders, and to provide analysis and business advice to the various municipal departments. Responsibility and authority for financial operations is derived from legislation mandated by the British Columbia Community Charter, Local Government Act, Provincial and Federal Statutes, and Municipal bylaws.

Driver Services

The Driver Services section of Corporate Services provides local services for residents of the Peninsula and beyond. As appointed agents, staff at the 9884 Third Street office provide a wide variety of driver licencing and ICBC Autoplan services, products and information. Since February 2013, the department has also been issuing the joint Driver's Licence/BC Services Card.

Information Services

Information Services provides technical leadership, solutions, service and support for all the Town's integrated hardware, software, GIS, EOC, wireless and VoIP telephone systems at five locations; the Town Hall, Driver Services, Fire Department, Public Works, and Parks.

Risk Management

Risk Management ensures that the financial stability of the Town is protected against the effects of accidental loss, by developing and maintaining information related to losses, claims, insurance premiums and other risk-related costs. Accordingly, Corporate Services works closely with operational departments to ensure the Town's risks are minimized.

Human Resources

Human Resources is responsible for the attraction, selection, training, assessment and retention of employees, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labour laws.

2018 Highlights

While most of the work of the Corporate Services Division involves routine processing and annual, ongoing tasks, we still find time each year to fit in some special projects. Some of our non-routine accomplishments over the past year include:

- Ongoing cost monitoring for the construction of the new Community Safety Building;
- Assisted with the completion of sale process for the existing fire hall property, to help finance the new Community Safety Building;
- Initiated construction of the downtown employee parking lot;
- Completed negotiations for a new Fire Dispatch service;
- Completed renewal of several Town agreements with community partners such as Beacon Community Services (SHOAL Centre); ArtSea Community Arts Council (for arts facility at Tulista Park); and the District of North Saanich and Province of BC (RCMP premises);
- Initiated a review of the Town's Utility Fees structure;
- Updated the Town's Utility Connection Fees bylaw;
- Prepared for thorough financial orientation of new Council members;
- Received Canadian Award for Financial Reporting for the Town's Annual Report for fifth consecutive year;
- Driver Services earned a Broker Customer Experience Award, along with the associated financial reward to the Town, for a seventh consecutive year;
- Completed security audit of Town's computer systems.

- 2018 municipal taxes per average residence: \$120/month (2017: \$116/month)
- Total municipal taxes collected in 2018: \$11.35 million (2017: \$10.98 million)
- Total municipal expenditures in 2018: \$20.5 million (2017: \$19.6 million)

Over the next two years, we will be focusing on the following objectives:

- Continue the enhancement of asset and work management software, adding more functionality each year;
- Collaborate with Engineering & Works on enhanced Asset Management practices;
- Review funding levels and capacity for long term infrastructure replacement;
- Continue enhancements to financial reporting to make financial information more accessible to the public;
- Continually review the Town's financial policies and practices for maximum efficiency;
- Refine the Town's taxation policies;
- Complete review of the Town's Utility Fees structure;
- Complete the cost accounting for construction of the new Community Safety Building;
- Complete sub-lease transfer and extension related to Port Sidney Marina, to enhance economic impact of key waterfront asset;
- Work with Washington State Ferries on response to pending changes to border pre-clearance regulations;
- Follow up on financial planning required following completion of three key Town projects: Downtown Waterfront Vision, West Sidney Local Area Plan, and Downtown Streetscape & Urban Design Standards;
- Work with Engineering to review and update the Town's Development Cost Charges;
- Continue enhancements to Town's GIS capabilities, including implementation of Community Map for developer and public use;
- Continue to identify efficiencies in the Town's computer network infrastructure;
- Support network changes and hardware relocation associated with move to post-disaster Community Safety Building;
- Support ongoing improvements to the Business section of the Town website;
- Assist with improvements to the Town's Business Continuity Plan;
- Review the Town's Risk Management policies.



DEVELOPMENT SERVICES

2018 New Dwelling Units Constructed



Multi-family - New	72
Two-family - New	12
Single-family - New	22
Single-family to two-family (adding a legal suite)	5
Total new units	111

2018 Permits Issued



Building permits issued (with construction value)	101
Plumbing permits	102
Demolition permits	10
Fire dept & solid fuel permits	28
Total permits issued	241
Total construction value	\$39,718,907

The Development Services Department provides service in the areas of municipal planning, building permits and inspections, and business licensing. The Department is committed to the delivery of a broad range of high quality services to residents, businesses, and the development community by responding to all inquiries quickly, efficiently, and accurately. Department staff have an open door policy and welcome face-to-face meetings to further communicate the goals, policies, and guidelines contained within the Official Community Plan (OCP), Zoning Bylaw, BC Building Code, and other applicable bylaws and policies.

Building Permits and Inspections

Building Permits and Inspections is responsible for monitoring building construction by ensuring compliance with the BC Building, Plumbing and Fire Codes. To promote health, life-safety and fire prevention throughout the community, Building Inspection personnel work closely with property owners, developers, other agencies, and the Fire Department. Functions include plan review, issuance of permits for new construction and renovations, and inspection of premises for code compliance prior to the issuance of occupancy. Staff also work with developers to implement Construction Management Plans to facilitate project efficiency and public safety while minimizing disruption to the surrounding neighbourhood. Building Officials are available to assist the public with a broad range of queries at the counter and on the phone. In 2018, 241 permits were issued by Building Officials, with a combined total construction value of \$39,718,907.

Planning

Planning combines the functions of current planning, long-range policy planning, and project management. Administration of the Zoning Bylaw through land use development review serves to implement the OCP, ensuring an integrated approach to community growth and sustainability in Sidney.

Business Licences

Businesses operating within the Town of Sidney, including home occupations, are required to hold a valid Business Licence, as per Business Licence Bylaw No. 2119. In 2018, the Town issued 757 Business Licences, including 54 to new businesses, for a total revenue of \$83,425.

2018 Highlights - Planning and Building Applications

With the continuation of a strong real estate market throughout 2018, much of the Development Services department's time continued to be spent reviewing and processing the high volume of development applications for new residential and commercial development in the Town. The following are some of the major development proposals approved by Council in 2018:

Star Cinema Redevelopment: Zoning Amendment, Development Permit and Development Variance Permit applications for a 6 storey mixed use building with 45 dwelling units over a 7,250 square foot cinema to replace the existing Star Cinema and 3,865 square feet of ground floor commercial space in two units.

2420-2432 Beacon Avenue and 9812-9816 Fourth Street: Development Permit and Development Variance Permit applications for a 5 storey mixed use building with 35 dwelling units over 4,850 square feet of ground floor commercial space.

2348 Beacon Avenue: Development Permit and Development Variance Permit applications for a four storey mixed use commercial/residential development with ground floor commercial space and 11 residential dwelling units.

2413 Orchard Avenue & 9647 Fifth Street: Development Permit and Development Variance Permit applications for a 6 unit townhouse complex.

9762 Third Street & 9763 Fourth Street: Development Permit and Development Variance Permit applications for a 5 storey mixed use building with 27 multi-family dwelling units and two live/work units.

9965 and 9981 Fourth Street: Development Permit application for a 4 storey multi-family building with 31 dwelling units.

Sidney Fire Hall Redevelopment: Development Permit and Development Variance Permit applications for a 6 storey mixed use building with 85 dwelling units and 22,000 square feet of commercial (retail and office) space on the current Sidney Fire Hall site.

10106-10108 Resthaven Drive: Development Permit and Development Variance Permit applications to permit the construction of a two storey multi-family residential development with eight residential townhouse dwelling units.

10490 Resthaven Drive: Development Permit and Development Variance Permit applications to permit the construction of a two storey multi-family residential development with eight residential townhouse dwelling units.

2018 Highlights - Department Projects

The following initiatives were completed in 2018:

Short Term Rental Bylaw: This project involved the development of a Zoning Amendment Bylaw to regulate short-term rentals (STR) within the town. The past decade has seen substantial growth in the STR market, along with the companies that service this market, such as Airbnb and other online platforms. Following Council's direction, staff brought forward a bylaw to regulate STRs within the Town of Sidney. After a period of public outreach and a public hearing, Council adopted the bylaw on September 24, 2018.

West Sidney Local Area Plan - Village Master Plan:

Following the conclusion of the West Side Local Area Plan, the Town contracted with Barefoot Planning to undertake a more detailed process for the "Mixed Use Village" component of the plan. This involves an analysis of the appropriate building heights, setbacks and other spatial elements of new development in the area, as well as a plan for the improvement of streets, trails and parks in the study area.

Utility Box Beautification Project: In 2018, the Town of Sidney funded the beautification of 6 BC Hydro transformers with graffiti-resistant vinyl wrap to enhance the look of Sidney's streets. The beautification effort has prioritized the wrapping of utility boxes located in Downtown Sidney as well as several pump station locations around town. In addition to assisting beautification efforts, the program seeks to promote and celebrate established and emerging artists from the Saanich Peninsula.

Other 2018 Department Initiatives: Development Services staff also provided planning assistance and support on a number of other inter-departmental projects, including the Parks Master Plan, concept plans for Rathdown, Brethour and Resthaven Parks, and an Urban Forest Strategy.

2019 Initiatives

- Housing Needs Report
- Initiation of a comprehensive review of Sidney's Official Community Plan
- West Sidney Local Area Plan implementation
- Multi-Family Parking Standards Study and updates to the Off-Street Parking and Loading Bylaw



ENGINEERING, PUBLIC WORKS & PARKS

The Engineering, Public Works, and Parks Department is responsible for all municipal infrastructure, including roads, sidewalks, water mains, sanitary sewers, storm drains, street and traffic lights, solid waste collection, parks upgrades and maintenance, street trees, and all municipal buildings and facilities.

The Engineering Division provides technical expertise with respect to road design, water systems, sanitary sewer and storm sewer systems, traffic and parking management, asset management, the procurement of fleet vehicles and of specialized services such as asphalt paving and video camera pipe inspection. The Engineering Division also administers contracts for the collection of garbage, kitchen organics, and yard waste. In addition to this, the Engineering Division seeks out and makes applications for grant funding on numerous proposals. In cases where in-house expertise is not available, Engineering is responsible for the procurement of professional services through a proposal process.

The Public Works Division is responsible for the maintenance and repair of all roads, traffic signals, streetlights, street signs, sidewalks, bus shelters, storm drainage, wastewater collection (including pump stations), water mains, service connections and meters, fire hydrants, and water main valves. Public Works also maintains the municipal vehicle fleet, municipal buildings, and roadside litter collection.

The Parks Division is responsible for the upgrade and maintenance of all 28 Town parks, including the Rotary Park “Field of Dreams,” located in North Saanich on airport lands, through a cost sharing agreement with the District of North Saanich. The Parks Division also maintains 17 beach access points, as well as administering the downtown beautification and banner programs, and annual Christmas light displays throughout the Town.

Bylaw Enforcement is responsible for day-to-day bylaw enforcement activities. This includes enforcement action, ongoing consultation, and coordination with other departments in the review and modification of bylaws as required.

2018 Highlights

- Completed Parks Master Plan;
- Installed sand volleyball court at Tulista Park;
- Replaced Ardwell Avenue storm and sanitary sewers;
- Replaced Epco Drive storm sewer and water main;
- Completed Engineering and Fishery Studies for Reay Creek Dam;
- Improved safety of Henry Avenue Crosswalk;
- Completed upgrades to Boulder Park;
- Repaved Resthaven Drive (Henry to Mills), Second Street (Bevan to Sidney), and Wesbrook Drive;
- Completed White Birch water main loop construction;
- Completed Public Works Yard Solar Project.

2019 Initiatives

- Ferry Terminal Dock Metal Painting;
- Upgrade bike path on west side of Hwy 17;
- Complete design for Harbour Pump Station replacement;
- Complete construction of the Downtown Employee Parking Lot south of Mary Winspear Centre;
- Beacon Wharf Repairs;
- Patricia Place Storm and Sanitary Sewer Replacement;
- Third Street at Sidney Avenue Underground Wiring Project;
- McDonald Park Road Sidewalk, Henry to Mills;
- McDonald Park Road Improvements, Mills to Pat Bay;
- Epco Drive Paving;
- Seventh Street Paving, Beacon to Bevan;
- Bessredge Paving, south of James White Blvd;
- Water meter replacement program;
- Water main replacement, Vallis Place;
- Sewer Lift Station condition assessment.



FIRE SERVICES

The Sidney Volunteer Fire Department provides fire suppression, rescue, first responder emergency medical care, and specialized marina firefighting services to the residents and businesses of the Town of Sidney. Supplementing our established emergency response capabilities is an ever increasing emphasis on risk reduction initiatives in the form of public education, fire & life safety inspections, and enforcement of Town of Sidney bylaws and BC Fire Code regulations. This full spectrum of services is provided utilizing a composite model of seven career and thirty-five volunteer firefighters. In addition to fire & rescue specific services, the Sidney Volunteer Fire Department is responsible for emergency management and preparedness in Sidney in conjunction with the Peninsula Emergency Measures Organization (PEMO).

2018 Highlights

Training

The Sidney Fire Department trained on Thursday nights for a total of 4,065 hours and additionally put in 1,544 hours of extra training, courses and public engagements for a total of 5,609 training hours in 2018. Our members continued to work towards and accomplish impressive certification and education goals.

An exercise involving multiple agencies was a 2018 training highlight. In May, Sidney Fire partnered with Seastar Chemicals to facilitate a large scale event simulating a delivery truck spill of a mixed load of product. Sidney Fire, North Saanich Fire, CRD Hazmat, BCEHS, RCMP and Seastar Chemicals staff all participated in this beneficial exercise.

The Acquired Structure Program was beneficial for training again in 2018. Crews used structures slated for demolition for practical evaluations and ran scenarios to practice pumping, hose advancement, ventilation, roof access

and incident command. Two multi story buildings were used by members of the department to grow and build our high-rise response, including practice of forcible entry, incident command, vertical standpipe, rapid attack of high rise hose lines and alternate water supplies.

In October the Sidney Fire Department welcomed eight new recruits to the department. The members went through orientation and were enrolled in the Exterior Program working towards their NFPA 1001 certification which will take approximately 18 months.

Senior Fire Safety Presentations

Fire Prevention staff initiated a program to deliver Fire Safety and Emergency Preparedness presentations to all stratas in Sidney. This program came into place in the end of 2017 and continued to be successful in 2018. Staff were able to deliver 13 public presentations, spending almost 19 hours informing residents and the business community.

Emergency Planning for Senior Care Home Facilities

The Fire Department formed the Assisted, Extended, and Nursing Home Working Group, consisting of the directors of senior care home facilities that are deemed a “higher risk” in an emergency due to the age and mobility of their residents, to work together to eliminate risks and develop working relationships in the event that mutual aid is necessary between the residences. In September this group executed a mock evacuation that involved transporting residents from one facility to another. BC Transit, Sidney Fire, PEMO ESS, PEMO SAR and Sidney RCMP participated in this valuable exercise. This working group continues to meet regularly and improve upon action items, such as consistent “Grab and Go” bags for each facility.

Wildfire and Provincial Deployment

The Sidney Fire Department was tasked by the Office of the Fire Commissioner to attend the Wildfire Emergency in the province. The Fire Department sent two crews, consisting of 4 Sidney and 4 North Saanich firefighters, who rotated with Engine 1 and Rescue 1. The Fire Departments cycled through firefighters for 12 days before they were returned in Engine 1. Crews worked and travelled to many different fires in northern British Columbia. Additionally, in 2018, three members of our department were deployed to assist with emergency management operations in the province. Costs for these deployments were recovered from the Province.

Emergency Notification System

In the event of an emergency, a tested and proven crisis communication and emergency mass notification system is critical to help ensure Sidney residents and stakeholders' safety and well being. Subscribers to the Town of Sidney Emergency Mass Notification System will be notified of a potential threat to their safety and well being (such as severe weather, fire, tsunami, hazardous materials release, or other dangerous situations) on the communication device(s) of their choice. More than 3900 residents and stakeholders are registered, nearly 33% of the community in less than two years of the program being live. In 2018, the Town of Sidney, the District of Central Saanich and the District of North Saanich merged Emergency Notification Systems, to form Saanich Peninsula Alert (SPA). The merger provides additional safety to residents, as all three municipalities can now disseminate information to the region.

Fire Prevention Inspections

Complementing the rapid growth of new construction projects, which require a significant investment of time to review, additional emphasis was placed on fire safety planning for these construction and demolition sites. All inspectable properties in the Town were inspected and re-inspected at the frequency mandated by the BC Fire Services Act.

Business Continuity

Alongside individual personal preparedness, business continuity planning is crucial to ensuring the community as a whole not only survives an emergency, but also recovers and is healthy afterwards. In 2016, the Fire Department developed a business continuity guide and template and began to present and distribute the information to businesses and organizations. In 2018, 117 templates for business continuity were delivered. The goal is to introduce, educate, and assist all Sidney businesses to create and maintain business continuity plans. Sidney Fire inspection personnel will review and audit business continuity plans as part of the annual or biannual fire and life safety inspection process.

Surrey Fire Dispatch Transition

Following notification that costs for Fire Dispatch Services (provided by Saanich Fire Dispatch since 2007) would be increasing dramatically, Sidney and four other municipalities issued a request for proposals for an alternative service provider. The City of Surrey was the winning proponent, and staff for the five municipalities worked with Surrey on the details of a transition. The Town can expect to see significant savings over five years by contracting with Surrey for Dispatch services.

AGLG Auditors Report

The Fire Department continues to work towards implementing the 13 recommendations from the Auditor General Emergency Management Audit, including:

- Considering a shared Emergency Program Coordinator arrangement with PEMO to maximize emergency management resources (2025);
- Developing recommended evacuation routes informed by reception centre locations and more specific guidance based on specific hazards and scenarios (Q4 2018);
- Developing a list of financial assistance programs available to local governments to assist with emergency management (Q2, 2018);
- Ensuring that debriefings are held after each exercise (Q4, 2018);
- Updating our emergency response and recovery plan by incorporating business continuity, mutual aid agreements and a list of services and resources available from Emergency Management BC (Q1, 2019);
- Ensuring alignment with the Sidney RCMP detachment's recovery strategies (Q3, 2018);
- Updating the names and contact numbers included in our business continuity plan at least semi-annually or more frequently as needed (Q2, 2018).





POLICE SERVICES

Policing services are provided to the municipalities of Sidney and North Saanich by the RCMP-GRC through a Federal/Provincial/Municipal contract. A detachment centrally located at 9895 Fourth Street in Sidney provides diverse policing services to the surrounding Northern Saanich Peninsula and First Nation communities as well as the Willis Point region and fifty-two islands and coastal waters extending to the USA boundary. Within the detachment boundaries, policing services are also provided to the Victoria International Airport, and the Swartz Bay and Anacortes ferry terminals.



Detachment Resources

Sidney/North Saanich Detachment is comprised of thirty-two police officers and nine civilian support staff. Uniform officers are divided into four Watches providing a twenty-four hour, seven day a week on-duty response to emergencies and calls for service. Specialized units within the detachment are organized into a four officer Major Crime Unit, two officer Traffic Unit, one Community Policing officer and two First Nations Policing officers. On average, the detachment responds to 7000 calls for service annually, many involving extensive investigation.

A management team is responsible for administration, planning, budget and operations for the detachment. Business hours for inquiries, assistance and service is Monday to Friday from 8:30 am – 4:15 pm.

Strategic Policing Priorities

Detachment policing priorities are established through consultation with key partners within the community and in alignment with regional, provincial and national public safety initiatives. In 2018, annual policing priorities for traffic enforcement, property crime reduction, organized crime, Community and First Nation policing were implemented. Specific objectives for each priority were developed to focus policing efforts. Impaired and distracted driving enforcement is given priority to enhance road safety and help in the prevention of motor vehicle incidents. Drug trafficking enforcement is aimed at the intervention of prolific offenders who repeat crimes that support their substance abuse addictions.

A quarterly policing report provides details on crime trends and statistical comparison over a five year period. The Detachment Commander provides a review of these reports to Mayor and Council with details on how the detachment is managing crime and meeting the objectives of the policing priorities. Under the leadership of the Detachment Commander, officers participate in crime prevention, investigation and proactive policing objectives while working closely with volunteers and policing partners to reduce crime and harm in the community.

Community Policing & Volunteer Programs

The detachment is complemented by a number of dedicated volunteers who donate many hours of their time each month to help make Sidney a safe and desirable community to live and work. Programs which citizens can volunteer to enhance policing services in the community include Victim Services, Restorative Justice, Citizens on Patrol, Speed Watch and the Auxiliary Constable Program. A Community Consultative Group comprised of dedicated volunteers from both Sidney and North Saanich act as an advisory committee to the Detachment. The Community Policing officer and Auxiliary Constables are actively involved in the delivery of crime prevention and education programs to help prevent community members from becoming victims of theft and fraud crimes. The Detachment currently has six Auxiliary Constables, some of whom are bike trained and may be observed in the community on foot or bike patrol. During the past year the Community Policing officer, Media Liaison and Auxiliary Constables have assisted in the delivery of programs which enhance safety and the prevention of crime.

The Block Watch program has been expanded to include new neighbourhoods. The Auxiliary Constable Coordinator forwards safety alerts, tips, and recent crime incidents to Block Watch Captains who utilize email to distribute the information to neighbouring residents.

A new initiative to build a partnership in prevention of theft from vehicle crimes provides “All Valuables Removed” stickers to vehicle owners. This initiative serves a dual purpose: to remind vehicle owners and to extinguish a theft opportunity from offenders. The stickers can be obtained at the Detachment, Motor Vehicle Branch and Save-On Foods.

An enhanced police engagement initiative was implemented by the Detachment to identify multiple locations to be given priority for regular police patrols. These locations were identified as public spaces where a policing presence provides enhanced safety to the community where they enjoy parks, walking trails, recreation and the waterfront.

Each summer both locals and tourists frequent the popular Sidney Street Market on Thursday evenings from June to the end of August. The Community Policing officer, assisted by Auxiliary Constables, participate in the market, where they greet the community and offer crime prevention advice and information on safety programs for adults and children. Stop by the RCMP booth to meet our Community Policing officer.

“Coffee with a Cop” provides an informal opportunity to meet local officers and to share concerns or provide feedback regarding policing services. Our community is growing, traffic is increasing, more pedestrians and cyclists are on our roadways and following motor vehicle regulations has never been more important. Please join us for a conversation at our next “Coffee with a Cop”.

Our Community Policing officer visits our local schools to establish a connection with local youth and provide some sound safety awareness and education. Messaging to the youth continues to include instruction from the Drug Awareness and Resistance Program to positively influence the choices of our youth.

Crime Rates/Crime Prevention

Both Sidney and North Saanich enjoy a relatively low crime rate in comparison to many other communities in British Columbia. The support of the community in preventing and reporting criminal activity has been instrumental in solving criminal offences quickly, contributing to safe streets and safe homes. To continue this trend, the RCMP-GRC encourage community members to take measures to protect themselves from crime, not leaving valuables in vehicles, securing their homes and immediately reporting suspicious activity.



Sidney/North Saanich RCMP participating in Tim Hortons Camp Day.

STRATEGIC PLAN - 2018 PROGRESS REPORT

Annual Planning Framework

Sidney's annual planning framework is comprised of three separate but complementary planning processes:

- Strategic planning - occurs in September/October
- Business planning/establishing Departmental Work Plans - occurs October - December
- Financial planning - occurs throughout the year, culminating in January/February with budget deliberations.

These processes result in a set of integrated plans that support the overall vision and mission of the Town, and align activities and resources to achieve the strategic goals and annual business priorities set by Council.

The Strategic Plan is the highest-level statement of the Town's aspirations for the future, and is updated every year by Council. It articulates the vision, mission, values and broad strategic priorities and goals. Progress of the plan is monitored through an annual review of key performance indicators.

The Business Plan translates the high level strategic goals into Departmental Work Plan priorities. The priorities and associated objectives and measures are established annually by staff.

Lastly, the Financial Plan provides the resourcing strategy to support the strategic and business plans. Updated annually, it is a five-year plan that includes both operating and capital components.

Each year's Annual Report reflects upon the previous year, and evaluates whether the Town successfully accomplished the goals and strategic direction set out in the annual planning framework.

2018 Strategic Plan Progress Report

Strategic planning is an important step for the Town of Sidney to set priorities, allocate limited financial and staff resources, guide the work of staff, and communicate to citizens. In November of 2015, Town of Sidney Council undertook a comprehensive strategic planning session with a goal to develop key strategies for Council's term. The outcome of Council's efforts was a three-year strategic plan that focused on three overarching goals:



Resilient Economy



Balanced Demographic



Quality Living Environment

This strategic plan was reviewed again in the autumn of 2017 and updated as necessary to reflect additional and modified priorities. Section 98 of the Community Charter outlines municipal progress reporting requirements. The following report provides feedback on the progress we made throughout the year ended 2018 toward the established objectives set by Council in 2015 and reviewed in 2017.



RESILIENT ECONOMY

Port Sidney Marina Lease Extension & Breakwater Divestiture

- Lease extension (50 years) process is well underway with the Province – we are anticipating approval of lease mid-2019
- Breakwater divestiture has been approved, subject to approval of the lease with the province
- Staff to negotiate with owner of Port Sidney Marina regarding sub-lease and any proposed modifications to the marina

Downtown Employee Parking

- Continued planning work and began construction of a new surface parking lot to the south of the Mary Winspear Centre
- Completion and opening of parking lot expected in the spring of 2019

Significant Development Proposals

- Continued to provide sufficient resources to review and process significant development proposals

Downtown Waterfront Vision Plan

- Plan completed; work continues on establishing design options, community consultation opportunities, detailed engineering studies, and funding opportunities
- Beacon Wharf identified as a priority
- Beacon Wharf Condition Assessment completed
- Remaining Beacon Wharf studies will be completed, which will assist in establishing options for future redevelopment



BALANCED DEMOGRAPHIC

Development of Attainable Workforce Housing

- Continued application of Town's Bonus Density Amenity policy, where two thirds of funds collected go into an Affordable Housing Reserve
- Construction continues on the Aranza project on Fourth Street, in which 50% of units will be below market rentals
- Continued exploration of affordable housing opportunities with development community, housing societies and other levels of government

Market & Promote the Community for Families and Youth

- Completed construction of a Beach Volleyball Court
- Continued support of a large variety of events and celebrations in Sidney throughout the year, including the BC Boat Show, Standup Paddleboarding National Championships, Sidney Days & Canada Day, 2018 World Rowing Coastal Championships, and more

Parks Master Plan

- The Parks Master Plan sets out a vision to guide the future of Sidney's 28 public parks and 17 beach accesses; the plan was approved by Council on January 22, 2018
- Work continues on development of long term capital plan for improvements
- Completed park improvements in Boulder Park
- Started detailed planning and consultation processes for Rathdown Park, Brethour Park, and Resthaven Park Concept Plans
- Started detailed planning and consultation process for an Urban Forest Strategy



QUALITY LIVING ENVIRONMENT

West Sidney Local Area Plan

- Continued work on developing Zoning and OCP policies and Development Permit Area Guidelines that reflect the West Sidney Local Area Plan (adopted by Council in October, 2017)
- Started work on a Village Master Plan for the area, which is to be used as a blueprint for creating the Village's critical social and green infrastructure.

Urban Forest Management Strategy

- Contracted consultant in June, 2018 to develop an Urban Forest Strategy (UFS) to help guide the long term health and distribution of trees in Sidney
- Worked with consultant through the fall of 2018 to review current policies, assess existing urban forest, and conduct initial staff engagement activities
- Worked with consultant to conduct initial public engagement activities – a Public Open House was held in October, 2018 and an online survey ran throughout the month of October
- Final round of public engagement planned for early 2019

Implementation of Provincial Flood Hazard Management Guidelines

- Adopted interim Flood Construction Level Policy: Any property grade less than 5.0 metres geodetic elevation requires a professional engineer to determine an appropriate flood-proofing elevation prior to any construction

Community Safety Building (CSB)

- Construction continued on Town's new seismically sound Community Safety Building
- Long-term lease agreement with BC Emergency Health Services for the co-location of an ambulance station at the new CSB was approved
- Fire Department to be operational out of new building in May, 2019
- BC Ambulance to be operational out of new building in June, 2019

Downtown Public Realm Design Standards

- The Downtown Streetscape and Urban Design Standards, which are intended to guide the design of redevelopment of private properties, public lands and rights-of-way, and urban infrastructure in downtown Sidney, were accepted by Council in January, 2018
- Staff have worked to evaluate components of the plan that can be incorporated into Town bylaws as well as proposed new developments in the downtown

Reay Creek Remediation

- Continued work with Transport Canada to explore remediation options
- Commissioned and received two studies (Reay Creek Fish and Fish Habitat Assessment and Reay Creek Dam – Preliminary Geotechnical Options Assessment) that will help guide remediation efforts



2019-2022 STRATEGIC PLAN

The Town of Sidney develops a new Strategic Plan every four years to coincide with the election cycle of a new Council. The Town's 2019-2022 Strategic Plan was developed by Council in early 2019 and was endorsed at the February 25, 2019 Council Meeting. The plan identifies a vision statement, a mission statement, and six overarching goals for the Town of Sidney for the years 2019-2022. In the fall of each year, the currency of the Plan is reviewed by Council and, if necessary, modifications to priority actions are made.

Town of Sidney Vision Statement

"The Town of Sidney is a leader in good governance and service delivery and is recognized for being trustworthy, connected to the community, visionary, innovative, resilient and an employer of choice."

Town of Sidney Mission Statement

"The Town of Sidney provides good governance, services, and stewardship of public assets, and fosters the social, economic and environmental well-being of the community for current and future generations."

Council identified the following overarching goals as strategic focus areas. Pages 27 and 28 outline some of the ways in which we will work towards accomplishing these goals throughout 2019-2022.



Complete Community

The Town will strive to be a complete community with a mix of amenities and a quality living environment.



Environmental Stewardship

The Town will be stewards of our environment.



Economic Vibrancy

The Town will continue to adapt and prosper as a diverse commercial centre for business and employment.



Community Engagement

The Town will strive to engage the public in its decision-making processes.



Organizational Excellence

The Town of Sidney will remain a leading organization in the provision of governance and quality services.



Community Infrastructure

The Town will be a leader in the management of its assets.



COMPLETE COMMUNITY

The Town will strive to be a complete community with a mix of amenities and a quality living environment.

Currently Underway

Affordable Housing

The Town will continue to look for opportunities to collaborate with partners eg. Capital Regional District, Provincial and Federal Governments, housing societies and developers

2019 Initiative

Comprehensive review and update of the Official Community Plan

To include: Housing needs assessment, Urban Forest Strategy, Transportation strategy (multi modal transportation hub, parking and reduce vehicle use), Parks Master Plan, West Sidney Local Area Plan, Downtown Local Area Plan, Downtown Waterfront Vision, Downtown Streetscape and Urban Design Standards, and Environmentally Sensitive Area Development Permit Guidelines

2019 Initiative

Advocate for increased access to health care with the Provincial Government and Registered Health Organizations

2020 Initiative

Review Parking and Loading Bylaw to address the following requirements:

- Parking requirements for multi-family residences
- Payment in lieu – amount and limits
- Allocation of parking spaces within mixed use buildings (i.e. residents, visitors, employees, patrons)



ENVIRONMENTAL STEWARDSHIP

The Town will be stewards of our environment.

Currently Underway

Environment Protection:

Work with Transport Canada on the completion of Reay Creek Pond remediation

Currently Underway

Tsehum Harbour Concerns

2022 Initiative

Prepare a State of the Environment Report

2021 Initiative

Update the Climate Action Plan

Key elements should include:

- Green House Gas Emissions reduction strategy
- Adaptation planning (eg. Sea level rise)



ECONOMIC VIBRANCY

The Town will continue to adapt and prosper as a diverse commercial centre for business and employment.

Currently Underway

Review Town's role and resources currently dedicated to fostering economic vibrancy



COMMUNITY ENGAGEMENT

The Town will strive to engage the public in its decision-making processes.

Currently Underway

Build meaningful public engagement into all key Town initiatives

Updating the Official Community Plan will provide a key engagement opportunity

Currently Underway

Strengthen relationships with First Nations neighbours

Understand what is being done now and what steps can be taken

Currently Underway

Collaboration with neighbouring municipalities



ORGANIZATIONAL EXCELLENCE

The Town of Sidney will remain a leading organization in the provision of governance and quality services.

Currently Underway

Taxation policy review

Currently Underway

Succession planning

2019 Initiative

Council & Committees:

- Examine Council appointments to clarify role and value
- Review citizen appointments, looking at roles and responsibilities

2021 Initiative

Review and update of Development Cost Charge Bylaw



COMMUNITY INFRASTRUCTURE

The Town will be a leader in the management of its assets.

Currently Underway

Completion of Port Sidney Marina lease extension

Currently Underway

Beacon Wharf assessment and exploration of options

Currently Underway

Ferry Terminal Cross Border Pre-Clearance Planning

2020 Initiative

Maintenance on Bevan Fishing Pier

2021 Initiative

Facilities Asset Management Plan

2022 Initiative

Review Options for library services

FINANCIAL INFORMATION



MANAGEMENT DISCUSSION & ANALYSIS

The financial statements are the responsibility of the Town's management and have been prepared in compliance with the Community Charter and generally accepted accounting principles. The annual financial statements are composed of two primary statements – the *Statement of Financial Position* (page 40) and the *Statement of Operations and Accumulated Surplus* (page 41). These primary statements are supplemented by 2 additional statements and extensive notes and tables that serve to better explain the Town's financial results and nature of operations. The notes are an integral part of the financial statements, as they provide additional details on the consolidated numbers found on the two primary statements. The statements and supporting notes are discussed in more detail below.

Statement of Financial Position

The *Statement of Financial Position* outlines the Town's financial health by providing a snapshot of the total Assets, Liabilities, and Accumulated Surplus as at December 31, 2018. Financial Assets include cash, as well as items that can or will be converted to cash within a short timeframe, such as investments and receivables. Financial Assets represent amounts that can be used to satisfy Liabilities and finance future services.

A new category of Financial Asset was included in the Town's statements for 2018: Assets Held for Sale. This represents the net book value of the old Fire Hall site and adjacent parking lot. This equated to \$1,040,775, which was moved to the Financial Assets section from Non-financial Assets due to the impending sale of these properties to partially finance the new Community Safety Building (CSB).

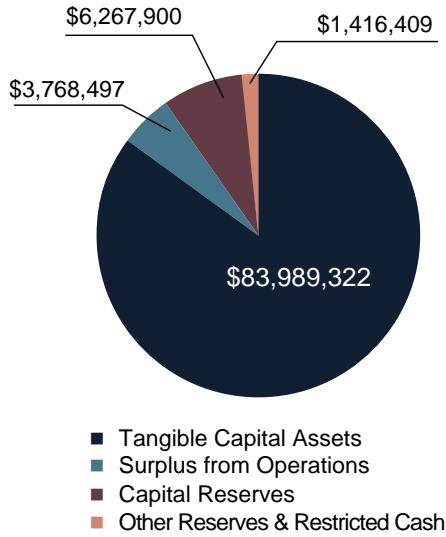
Liabilities is the next section in the Statement of Financial Position, and represents cash and services owing by the Town to third parties. The large increase to Accounts Payable relates to the major capital projects being undertaken by the Town, and the associated billings. The largest contributing factor for the increase in Deferred Revenue and Deposits was the volume of deposits held for offsite services related to developments.

The Town's largest liability is its debt, totaling \$12.5 million, which was entirely issued through the Municipal Finance Authority. It is important to note that any debt held by the Town must be for capital purposes. The net increase to debt was \$6.7 million in 2018; responsible for this was \$7 million of CSB interim financing, offset by the retirement of \$300,000 of existing debt. The average interest rate of outstanding debt is 3.44%, with rates of individual debt issues ranging from 2.4% to 4.65%. The Town's debt liability will decrease in 2019, as some of the interim financing will be repaid when the other funding sources for the CSB – primarily the proceeds from the sale of the existing fire hall site – are applied.

Next on the Statement of Financial Position is Net Financial Assets / (Net Debt), which is the difference between the Town's financial assets and its liabilities. Due to the borrowing accumulated for the CSB, and the timing of the associated property sale, the Town slipped into a Net Debt position at the end of 2018. Net Debt indicates that we currently have more future obligations than we have financial assets to satisfy those debts, meaning that future revenues are required to offset past commitments.

A Net Debt position is fairly common for local governments, as they undertake investments in capital assets that require future revenues to repay. There is no "right" level for Net Financial Assets / (Net Debt); it depends largely on the growth plans and infrastructure health of each local government. The two most common reasons for reduction in Net Financial Assets or growth in Net Debt are investment in capital assets (i.e. turning financial assets into non-financial assets) or incurring debt.

Accumulated Surplus



Non-financial Assets is the next section of the *Statement of Financial Position*. This category is made up almost entirely of the net value of tangible capital assets (TCA), but also of smaller amounts for inventories of supplies and prepaid expenses, all of which are held for the provision of future services. The TCA amount represents the remaining value (cost less depreciation) of past investment in infrastructure, buildings, facilities, structures, vehicles, equipment and other long lasting items that provide services to residents over the useful lives of the assets. Inventories and prepaid expenses are assets that will likely be consumed as part of operations in the upcoming year, but cannot be easily converted to cash to meet financial obligations.

The “bottom line” on the Statement of Financial Position is the Accumulated Surplus, which is the total of Net Financial Assets / (Net Debt) and Non-financial Assets; this amount represents the sum of all economic resources available to the Town to meet future financial and service obligations. The Accumulated Surplus balance of \$95,442,128 is broken down into various components in Note 7 (page 52) of the statements (as illustrated in the above pie chart), and is discussed in more detail in the following section.

It is important to clarify that the Accumulated Surplus has been building over many years; since it is comprised of both Financial and Non-financial Assets, it does not represent an available pool of funding. *Net Financial Assets / (Net Debt)* represents the amount available to satisfy *financial* obligations and *Non-financial Assets* represents the amount available to meet future *service* obligations.

Statement of Operations & Accumulated Surplus

The *Statement of Operations & Accumulated Surplus* presents the operational results by comparing revenues and expenses for the operating year, with the net difference being the “Annual Surplus”. The Annual Surplus essentially represents the increase in the Town’s ability to fund future services. Total revenues of \$22,005,724 were slightly lower than 2017, mostly due to a return to more traditional levels of developer-contributed assets turned over to the Town, following a one-year anomaly in 2017; a modest increase in municipal property taxes is primarily responsible for the remaining difference. Total expenses of \$20,495,518 were higher than 2017, with increases in policing costs being the main factor.

The 2018 *Statement of Operations and Accumulated Surplus* indicates an Annual Surplus of \$1,510,206, which is broken down into the following components:

Net investment in Capital Assets	\$ 3,531,596
Net decrease in Reserves & Restricted Cash	(1,397,869)
Net decrease in Surplus from Operations	(623,521)
Annual Surplus	\$ 1,510,206

The *Annual Surplus* figure should not be considered as pure financial gain for the Town, nor an indication that we are collecting too much in taxes and fees. It is important to acknowledge that much of the money being collected as tax revenue is earmarked for capital asset additions, for transfer to reserves for future use, or for repayment of debt. None of these legitimate and traditional uses of funds qualify as *expenses* for purposes of financial reporting; therefore, they are not reflected in the *Annual Surplus* amount, which may, as a result, appear to be inflated. The *Surplus from Operations* figure, which is the smallest component of the *Annual Surplus*, provides the most accurate indication of true operating results; the rest of the *Annual Surplus* has either been used to acquire capital, or set aside for future use.

Please note that the net *decrease* in *Surplus from Operations* is a factor of timing, not of financial operations for the year. An amount of \$764,359 was temporarily borrowed from Surplus (total 2-year accumulation: \$1,057,179) as funding for the CSB; this amount will be repaid when the other funding sources for this large capital project are realized. The actual operating deficit for 2018 was \$35,200.

The Annual Surplus is the net difference between the Town's actual *revenues* and its *expenses* for the year, and is independent of any variance from the *budget* for the year. A budget column is included in the *Statement of Operations & Accumulated Surplus* to provide the reader with an indication of operating plans for the year and demonstrate public accountability; however, variances from budget are not discussed in the financial statements.

A comparison of budget to actuals would indicate that the Town realized an Annual Surplus \$1,611,314 higher than what was expected (budgeted). \$777,011 of this variance is due to higher than budgeted revenues (developer-constructed assets provided to the Town, and gains on disposal of assets being the largest contributors) while \$834,303 resulted from savings on the expense side. The biggest factor in expense savings was that almost \$500,000 in work completed by Town forces on behalf of third parties (related to development) was capitalized, not expensed.

Net Decrease in Reserves

In the breakdown of the Annual Surplus on the previous page, another contributing factor is the net decrease of \$1,397,869 in the Town's reserves. Reserves are funds set aside to finance works (usually capital) in future years.

There are two classes of reserves. The more formal of these is indicated in Note 7 as "*Reserve funds set aside for specific purposes by Council.*" These are known as Statutory Reserves, in that they are created by bylaw, as allowed under provincial legislation. The establishing bylaws set out the purposes of the funds, and these purposes cannot be changed without a bylaw amendment. In other words, the funds must be used for the purposes for which the reserves were established.

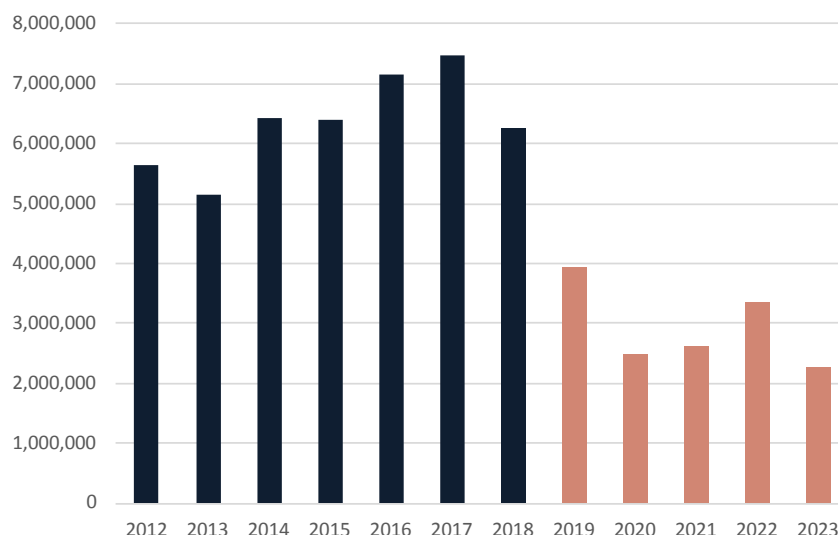
The second subset of reserves is labeled "*Reserves set aside by Council.*" While less formal, these funds are also usually earmarked for specific purposes, but it is possible to redirect these funds for other uses through the annual budget process. However, as most of the balance in this second subset of reserves is made up of funds carried forward for completion of specific projects or initiatives, redirection is generally not recommended, unless it has been established that the funds are no longer required for their original purpose.

Statutory Reserves decreased by roughly \$1.2 million, as more funds were transferred out for capital funding than were transferred into these reserves during the year. Most notably, there was \$2.4 million worth of capital projects funded from the Infrastructure Reserve, with only \$1.5 million of budgeted transfers into the reserve, a net decrease of roughly \$900,000. Also of note, the Gas Tax Reserve realized a net decrease of \$780,000, after transfers in of \$586,000 and transfers out of \$1.37 million. These net outflows were expected as part of the financial plan; this represents the cyclical nature of reserve balances, whereby Town capital spending patterns have a significant impact.

The Town's total Statutory Reserves at year end amounted to \$6,267,900. Of this total, 44% is made up of reserves to replace Town vehicles, equipment and the ferry terminal, while a further 22% represents the Town's Infrastructure Replacement reserves. The primary purpose of maintaining these reserves is to set money aside in a systematic, evenly-distributed manner for the eventual replacement of existing Town assets when they reach the end of their useful lives; this practice helps to ensure financial sustainability. An additional 17% of the total Statutory Reserve balance represents Federal Gas Tax funds being held for future eligible use.

The chart below shows the Town's total Statutory Reserve balances over the last seven years, and projected balances for the next five years. It illustrates the cyclical nature of the reserve balances, based on the timing of expenditures for which the reserves were created.

Statutory Reserve balances



Based on the current 5 year financial plan, the trend is for a diminishing reserve balance. This is due to the projected use of accumulated Gas Tax funds, as well as regular replacement of the Town's infrastructure. The ideal level of reserves depends on the Town's future needs and wants, and decisions around how to fund them.

Having a net reserve surplus or deficit in any given year is strictly a reflection of the Town's plans and spending patterns, and must be considered in conjunction with those plans for a full understanding of the impact. For example, in years where the Town is putting aside money for a future purchase, there will be a reserve surplus. When those funds are actually used, an annual reserve deficit may occur. All of these events would fit within the Town's overall financial planning, despite the different year-by-year financial impacts. While renewal of Town infrastructure is a positive direction, the diminishing balance projections for reserves is a trend that needs to be addressed through long term asset management strategies, which are in progress. The amount of annual funding transferred into the Town's reserves may have to be increased.

Increase in Restricted Cash

This small balance (increase of \$1,727) represents the amount of cash the Town has paid into a sinking fund as security against its long term debt. When the debt is fully repaid, the restriction is removed, and the funds are returned to the Town for other purposes. Generally, they are put into a reserve.

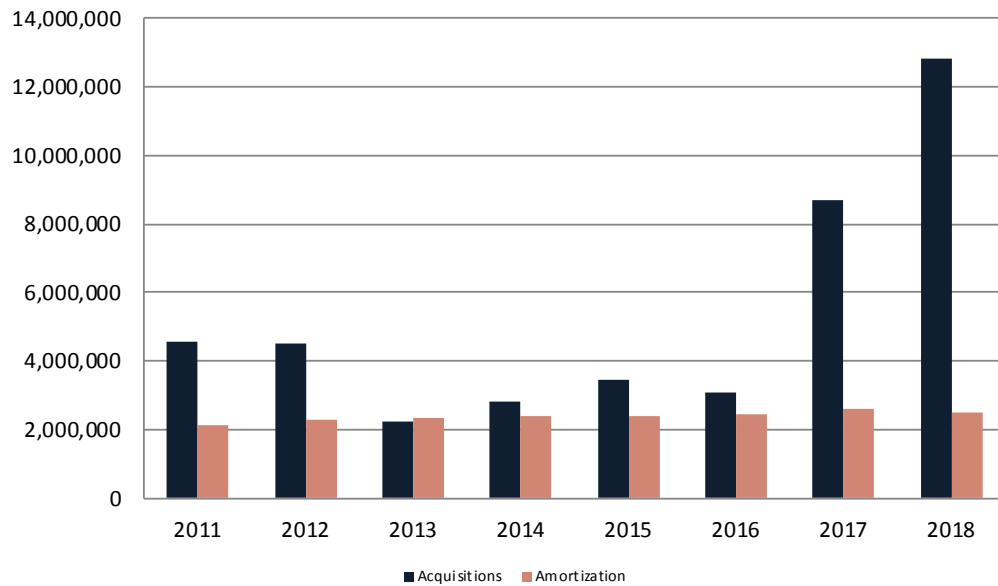
Net Investment in Capital Assets

A large contributing factor to the Annual Surplus is an increase of \$3,531,596 in *net investment in capital assets*. This increase in value means that the Town added more in TCA than it consumed. TCA are consumed through amortization (also known as depreciation); the cost of the asset is divided by its useful life, and expensed annually over that lifespan. This method of accounting spreads the value of the asset over its ability to provide services to residents.

The *net investment in capital assets* is primarily made up of \$12,791,087 in net acquisitions, reduced by \$2,493,639 in amortization, as well as a \$6,765,852 increase in debt. The most significant capital additions during the year were the construction of the Community Safety Building (CSB) and the Downtown Employee Parking Lot, as well as several Town infrastructure replacement projects. The CSB is the largest capital project ever undertaken by the Town, and is largely responsible for the dramatic increase in acquisition of TCA.

The chart below shows the Town’s TCA additions and amortization over the past 8 years. It demonstrates that in most years, there is a positive net investment in capital. 2013 was an exception, as the Town consumed more than it added, but this is not something to be concerned with, as it simply reflects the Town’s financial and asset management plans for that particular year; only a longer-term pattern in this direction may indicate a cause for some concern.

TCA additions and amortization



Generally, it is good to have a positive net investment in capital each year, as this would indicate that you are renewing your assets more quickly than you are consuming them. The simple act of renewal would likely lead to a net increase in TCA, as the assets you are renewing are in current dollars, while the assets you are consuming are at historical (and therefore lower) costs. However, that is a bit of a simplification, and the sufficiency of asset renewal must be considered in the full context of the Town’s asset management plans. These plans are continually being developed and refined as we move forward with the Town’s asset management strategy.

Net Change in Surplus from Operations

The *net change in surplus from operations* is perhaps the most important contributing factor to the Annual Surplus. The Surplus (or Deficit) from Operations provides the best indication of the most recent year’s operating results. The previously discussed contributing factors to the Annual Surplus, which may result in a surplus or deficit in any given year depending on the Town’s financial or asset management plans, are not true indicators of the current year’s operating performance. The Surplus (or Deficit) from Operations in a given year represents the true increase (or decrease) in the Town’s “disposable income” for future spending. 2018 operations realized a deficit of \$35,206. In addition, an amount of \$764,359 was used at year-end as temporary funding for expenditures related to the Community Safety Building; even though this appropriation will be repaid to surplus when the Town completes the sale of its fire hall lands, this temporary funding resulted in a net reduction in Surplus from Operations of \$623,521 on our financial statements.

The table below shows the breakdown of the most current year's net decrease in Surplus from Operations:

General Operating Fund	\$ 162,051
Garbage Utility	(10,496)
Water Utility	(134,834)
Sewer Utility	(51,927)
<hr/>	
Total Deficit from Operations	(35,206)
Use of Surplus	(774,359)
Reserve funds transferred to Surplus	186,044
<hr/>	
Net Decrease in Accumulated Surplus from Operations	(\$ 623,521)

The largest contributors to the net surplus in the General Operating fund were better than expected permitting revenues due to development activity, and investments realizing higher than expected returns. The 2018 Financial Plan included a budgeted transfer of \$305,300 from surplus to fund general operating expenses; however, as expected, the resulting year's operations achieved a surplus, and the transfer was not required to balance the budget.

The Garbage Utility, which operates on a cost recovery basis, realized a small deficit of \$10,496, which was expected as part of a plan to ensure garbage collection rates for residents and businesses remain unchanged for the duration of the Town's five-year garbage collection contract. The contract includes cost increases to the Town in each year; rates were set to produce budgeted surpluses in the first couple of years, which offset expected deficits in the latter years.

Each year, water revenues and expenses are budgeted using trends from previous years, and levels of available surplus funding. In some years we realize surpluses, and in other years, deficits; this almost always depends on the volume of water consumption in any given year. The Water Utility realized a deficit of \$134,834 in 2018, as compared to a deficit of \$74,901 in 2017. The 2018 deficit was very close to budgeted expectations. The accumulated surplus balance (from prior years' operations) of the Water Utility is not as healthy as it had been for many years; this accumulated surplus had been used in recent years to ensure user rates remained unchanged, even in light of regular increases in bulk water costs. The Town had been reluctant to increase water rates until a thorough review of the utility rate structure could be completed; however, the growing deficits of the past few years made it necessary to institute minor increases to both the parcel tax and water user fee for 2019 – the first increase in many years for both components of the water revenue structure.

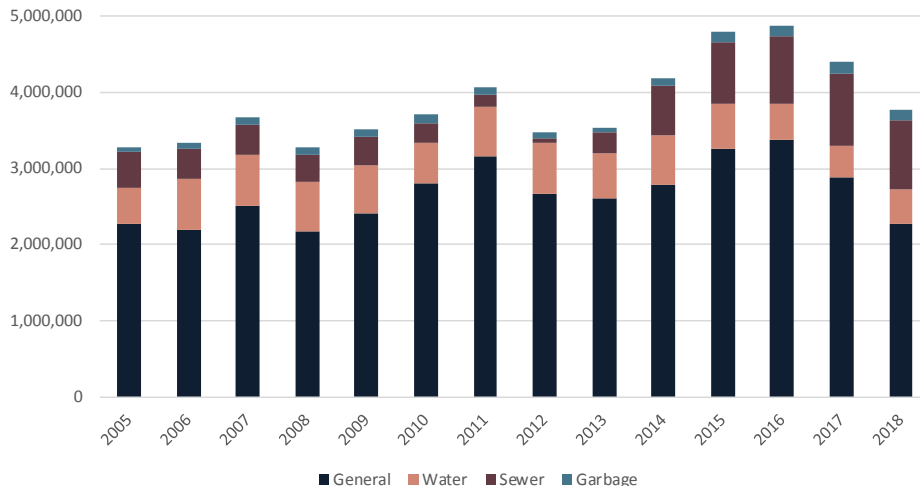
The Sewer Utility also incurred a deficit in 2018, though much smaller than Water, at \$51,927. The Sewer Utility budget is also based on trends from previous years, but in some years actual results deviate from those trends. Over the previous several years, the Sewer Utility had realized budgeted surpluses, which allowed the accumulated balance to grow to acceptable policy levels. The Sewer Utility is also subject to the above-indicated review of the rate structure.

The Town has a policy to determine the adequate level of Accumulated Surpluses from Operations. This policy ensures that we maintain sufficient funds for the following purposes:

- To provide an adequate reserve for major disasters or contingencies;
- To provide adequate working capital to reduce or eliminate the need for temporary borrowing throughout the year;
- Revenue stabilization: available funds to cover any revenue shortfalls and to prevent tax revenue fluctuations by funding non-recurring expenditure items.

The chart below illustrates the Town's *Accumulated Surplus from Operations* balances over the past 14 years, and the contribution from each of the Town's significant operational areas. When the 2018 net decrease in *Surplus from Operations* is combined with surpluses from prior years, the year ending *Accumulated Surplus from Operations* balance falls temporarily (until the CSB financing is repaid) to \$3,768,497, with all operational areas maintaining surplus levels that meet or exceed policy requirements.

Accumulated surplus from operations



Notes to Financial Statements

As indicated previously, the notes are an integral part of the financial statements. Firstly, they explain the nature of the organization, and its significant accounting policies. The individual notes also provide additional details to support the numbers on the two primary statements. Reference is made on the statements to a note number; users wishing to gain a better understanding of Town financial results should be referencing these notes as they read through the statements.

The Segmented Information note (Note 12, page 55) further assists readers of the statements in understanding the types of revenues and expenses attributable to specific Town functions for the unique services performed by each.

The notes also serve to identify potential commitments and liabilities not captured in the statements themselves. These exclusions can be for various reasons, but generally they represent events that do not fit the accounting definition of a liability, or cannot be reliably measured. Disclosing these items in the notes (Note 14) provides readers with some additional information to assist in their interpretation of the Town's financial position, and any potential risks. Users may then make their own decision as to the level of risk implicit with each item disclosed. A new note (Note 13) on contractual rights to future revenues has been added for the 2018 statements.

Financial Summary

The Financial Statements are a primary way for the Town to communicate financial information. It is our goal to make them accessible and informative to the reader. The 2018 financial statements reflect a continued dedication to sound financial management. The Town's equity in capital assets increased during the past year, demonstrating a commitment from the Town to fund its infrastructure renewal. Furthermore, the Town continues to maintain low levels of debt, even with the approved debt funding for the Community Safety Building, and will maintain comparably low levels of manageable debt going forward that will allow flexibility in providing future services. The level of reserves decreased in 2018, and the longer-term outlook requires careful planning to ensure services and infrastructure renewal remain financially sustainable.

Director of Corporate Services
May 14, 2019

CONSOLIDATED FINANCIAL STATEMENTS

Financial Reporting Responsibility

The accompanying financial statements of the Town of Sidney (the “Town”) are the responsibility of management and have been prepared in compliance with legislation, and in accordance with public sector accounting standards for local governments, as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

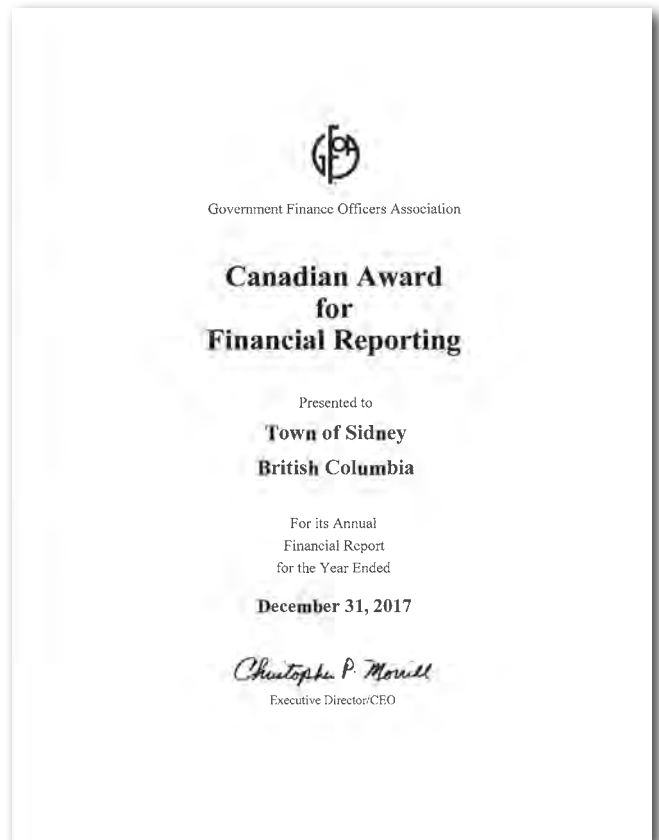
The Town’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely 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 reporting or internal control matters prior to their acceptance of the financial statements.

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



Director of Corporate Services
May 14, 2019





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 Town of Sidney

Opinion

We have audited the financial statements of Town of Sidney (the "Town"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes 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 Town as at December 31, 2018, 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 Town 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Town's financial reporting process.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



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 Town'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 Town'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 Town 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.

Chartered Professional Accountants

Victoria, Canada
May 13, 2019

STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2018 with comparative figures for 2017

	2018	2017
Financial assets:		
Cash	\$ 9,856,903	\$ 3,364,320
Investments	8,144,697	14,109,675
Property taxes receivable	450,398	450,527
Accounts receivable	1,732,162	1,774,271
Assets held for sale (note 15)	1,040,775	-
MFA Debt Reserve Fund cash	81,101	79,374
	<u>21,306,036</u>	<u>19,778,167</u>
Liabilities:		
Accounts payable and accrued liabilities	3,778,487	2,318,927
Deferred revenue and deposits (note 3)	4,509,242	3,520,912
Employee future benefit liability (note 4)	744,800	683,900
Debt (note 5)	12,545,238	5,779,386
	<u>21,577,767</u>	<u>12,303,125</u>
Net financial assets (net debt)	(271,731)	7,475,042
Non-financial assets:		
Tangible capital assets (note 6)	95,493,785	86,237,112
Inventory of supplies	145,209	127,411
Prepaid expenses	74,865	92,357
	<u>95,713,859</u>	<u>86,456,880</u>
Accumulated surplus (note 7)	<u>\$ 95,442,128</u>	<u>\$ 93,931,922</u>

Contractual rights (note 13)

Commitments and contingent liabilities (note 14)

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

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended December 31, 2018 with comparative figures for 2017

	<i>Budget</i>	Actual	Actual
	2018	2018	2017
	<i>(note 11)</i>		
Revenue:			
Net taxes available for municipal purposes (note 8)	\$ 13,267,851	\$ 13,254,413	\$ 12,814,947
Fees, rates and service charges	5,994,104	6,074,276	6,133,431
Government transfers (note 9)	1,595,258	1,510,640	1,471,360
Investment earnings	215,000	310,075	242,488
Gifts and contributions	52,000	526,704	1,891,790
Penalties and interest	96,000	102,371	106,591
Actuarial adjustment on debt	-	46,106	39,491
MFA Debt Reserve Fund surplus	-	550	57,897
Other	8,500	180,589	31,501
Total revenue	21,228,713	22,005,724	22,789,496
Expenses:			
General government	2,494,432	2,438,537	2,422,542
Protective services	5,248,365	5,139,635	4,701,148
Transportation	4,243,186	3,631,746	3,398,772
Environmental health services	812,370	795,101	736,063
Environmental development	501,300	423,294	423,354
Leisure, parks and cultural	2,966,120	2,965,187	3,028,546
Water utility	2,134,128	2,120,634	2,112,618
Sewer utility	2,114,407	2,144,100	2,066,977
Other (note 10)	815,513	837,284	731,096
Total expenses	21,329,821	20,495,518	19,621,116
Annual surplus (deficit)	(101,108)	1,510,206	3,168,380
Accumulated surplus, beginning of year	93,931,922	93,931,922	90,763,542
Accumulated surplus, end of year	\$ 93,830,814	\$ 95,442,128	\$ 93,931,922

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

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended December 31, 2018 with comparative figures for 2017

	Budget 2018	Actual 2018	Actual 2017
	<i>(note 11)</i>		
Annual surplus	\$ (101,108)	\$ 1,510,206	\$ 3,168,380
Acquisition of tangible capital assets	(19,615,895)	(12,850,086)	(8,688,707)
Amortization of tangible capital assets	2,700,000	2,493,639	2,611,799
Loss (gain) on disposal of tangible capital assets	-	(5,043)	16,618
Reclassify tangible capital assets to assets held for sale	-	1,040,775	-
Proceeds on disposal of tangible capital assets	-	64,042	37,121
	(17,017,003)	(7,746,467)	(2,854,789)
Acquisition of inventory of supplies	-	(145,209)	(127,411)
Acquisition of prepaid expense	-	(74,865)	(92,357)
Consumption of inventory of supplies	-	127,411	152,071
Use of prepaid expenses	-	92,357	148,659
Change in net financial assets	(17,017,003)	(7,746,773)	(2,773,827)
Net financial assets, beginning of year	7,475,042	7,475,042	10,248,869
Net financial assets, end of year	\$ (9,541,961)	\$ (271,731)	\$ 7,475,042

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

STATEMENT OF CASH FLOWS

Year ended December 31, 2018 with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,510,206	\$ 3,168,380
Items not involving cash:		
Amortization	2,493,639	2,611,799
Loss (gain) on disposal of tangible capital assets	(5,043)	16,618
Developer contribution of tangible capital assets	(111,478)	(1,648,203)
Change in employee future benefit liability	60,900	39,300
Actuarial adjustment on debt	(46,106)	(39,491)
Changes in non-cash assets and liabilities:		
Property taxes receivable	129	61,683
Accounts receivable	42,109	(174,126)
Accounts payable and accrued liabilities	1,459,560	718,198
Deferred revenue	988,330	862,260
Inventory of supplies	(17,798)	24,660
Prepaid expenses	17,492	56,302
Net change in cash from operating activities	6,391,940	5,697,380
Capital activities:		
Proceeds on disposal of tangible capital assets	64,042	37,121
Cash used to acquire tangible capital assets	(12,738,608)	(7,040,504)
Net change in cash from capital activities	(12,674,566)	(7,003,383)
Investment activities:		
Investments	5,964,978	(1,008,010)
Net change in cash from investing activities	5,964,978	(1,008,010)
Financing activities		
Municipal Finance Authority debt reserve adjustment	(1,727)	(31,093)
Debt issued and assumed	7,000,000	3,000,000
Long-term debt repaid	(188,042)	(169,132)
Net change in cash from financing activities	6,810,231	2,799,775
Net change in cash and cash equivalents	6,492,583	485,762
Cash and cash equivalents, beginning of year	3,364,320	2,878,558
Cash and cash equivalents, end of year	\$ 9,856,903	\$ 3,364,320
Cash paid for interest	\$ 232,297	\$ 155,883
Cash received from interest	412,446	349,079

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

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

The Town of Sidney (the "Town") is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and Community Charter. Its principal activities are the provision of local government services to residents of the Town. These services include administrative, protective, transportation, environmental, recreational, water, sewer and fiscal services.

1. Significant accounting policies:

The financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Town are as follows:

(a) Reporting entity:

The financial statements include a combination of the assets, liabilities, accumulated surplus, revenues and expenses of all of the Town's activities and funds. Inter-departmental balances and organizational transactions have been eliminated.

(b) Basis of accounting:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

(d) Property tax revenue:

Property tax revenue is recognized on an accrual basis using property assessment values established by BC Assessment for the current year and the tax rates established annually by Council. Tax revenues are recorded at the date property taxes are due. Assessments are subject to appeal and tax adjustments are recorded when the results of the appeals are known, and if required. An allowance for unresolved assessment appeals is also recorded.

(e) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation or 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 are performed, or the tangible capital assets are acquired.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Investments:

Investments are recorded at cost and are comprised of guaranteed investment certificates.

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 deferred revenue balance.

(g) Employee future benefits:

The Town and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Leave benefits such as banked sick, discretionary, or vacation, along with retirement allowance benefits, are also available to the Town's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and benefit increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(h) Non-financial assets:

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

(i) Tangible capital assets

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

Assets	Useful Life - Years
Land improvements	10 - 75
Buildings and building improvements	15 - 100
Vehicle, machinery and equipment	3 - 50
Water and wastewater infrastructure	12 - 75
Road infrastructure	25 - 100

Amortization is charged annually. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Town's ability to provide services, or when the value of future economic benefits associated with the asset is less than the book value.

(ii) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, with the value of the contribution recorded as revenue.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

1. Significant accounting policies (continued):

(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 Town does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

(v) Leased tangible capital assets

Leased assets which transfer substantially all 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.

(i) Foreign currency:

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the reporting date, and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Gains or losses on foreign currency translations are included as revenues or expenses.

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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, and estimating provisions for accrued liabilities, including employee future benefits, contaminated sites and contingent liabilities. Actual results could differ from these estimates.

(k) Contaminated Sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Town is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. Management has not identified any Town sites that meet the criteria of a contaminated site.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

2. Adoption of new accounting policy:

The Town of Sidney adopted Public Sector Accounting Board Standard PS 3380 Contractual Rights effective January 1, 2018. Under PS 3380, a contractual right arises out of a contract or agreement that is binding between two or more parties, has clear economic consequences, results in both an asset and revenue in the future, and is enforceable by law. This standard may include, but is not limited to, contractual rights to receive payments under a cost share agreement or contractual rights to receive lease payments. The Town has adopted this standard on a prospective basis.

3. Deferred revenue and deposits:

The deferred revenues and deposits reported on the statement of financial position are comprised of the following:

	Balance at Dec 31, 2017	Recognized as revenue	Interest earned	Current year deferred	Balance at Dec 31, 2018
Prepaid property taxes	\$ 1,391,385	\$ (1,391,385)	\$ -	\$ 1,500,809	\$ 1,500,809
Prepaid fees and charges	281,290	(243,766)	-	301,431	338,955
Deferred developer contributions & deposits	933,604	(452,714)	1,400	1,020,686	1,502,976
Deposits on hold	914,633	(404,818)	-	656,687	1,166,502
	\$ 3,520,912	\$ (2,492,683)	\$ 1,400	\$ 3,479,613	\$ 4,509,242

4. Employee future benefit liability:

The Town provides sick leave and certain other benefits to its employees. Some employees of the Town are entitled to payments related to unused vacation, sick leave and other allowances upon resignation or retirement. These amounts and other employee related liabilities will require funding in future periods.

Information regarding the Town's obligations for employee future benefits is as follows:

	2018	2017
Accrued employee benefit obligations:		
Balance, beginning of year	\$ 854,300	\$ 775,700
Current service cost	91,400	85,300
Interest cost	26,500	27,400
Benefits paid	(83,100)	(93,500)
Actuarial adjustment	(9,900)	59,400
Balance, end of year	879,200	854,300
Unamortized net actuarial loss	(134,400)	(170,400)
Accrued employee benefit liability	\$ 744,800	\$ 683,900

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

4. Employee future benefit liability (continued):

Any actuarial gain or loss is amortized over a period equal to the employees' average remaining service lifetime, estimated to be 10 years (2017 – 10 years).

The amount recorded for these benefits is based on an actuarial valuation performed by an independent firm using a projected benefit actuarial valuation method pro-rated on services.

This valuation is reviewed on a periodic basis. The liabilities are based on an actuarial valuation of the Town's employee future benefits completed as at December 31, 2016 and extrapolated to December 31, 2018.

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

	2018	2017
Discount rates	3.30%	2.90%
Expected wage and salary increases	2.50%	2.50%

The Town funds the employee future benefits with tax revenues from the general operating fund. The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$144,000 (2017 – \$132,800).

Municipal pension plan:

The Town and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2018, the Plan had about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

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

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

The next valuation will be as at December 31, 2018, with results available in 2019.

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

The Town paid \$612,464 for employer contributions (2017 - \$600,270) and Town employees paid \$521,141 for employee contributions (2017 - \$509,318) to the plan in fiscal 2018.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

4. Employee future benefit liability (continued):

GVLRA – CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 and its sole purpose is to provide a long-term disability income benefit plan for municipal employees in the Capital Region. The Town and its employees (CUPE & Exempt) each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2014. The next valuation will be as at December 31, 2017, with results available in 2018. At December 31, 2017, the total plan provision for approved and unreported claims was \$17,177,300 with a net surplus of \$3,852,873. The actuary does not attribute portions of the unfunded liability to individual employers.

The Town paid \$76,849 for employer contributions (2017 - \$84,345) and Town employees paid \$77,120 for employee contributions (2017 - \$84,555) to the plan in 2018.

5. Debt:

(a) The Town issues debt instruments through the Municipal Finance Authority (MFA), pursuant to loan authorization and security issuing bylaws under authority of the Community Charter and the Local Government Act, to finance certain capital expenditures. Sinking fund contributions, managed by the MFA, are made annually. The related actuarial allocations in respect of the repayment structure are reflected as a reduction of the related long-term debt.

(b) Gross amount of debt and the amount of the actuarial allocation of assets available to retire the debt are as follows:

	Gross debt	Actuarial allocation	Net debt 2018	Net debt 2017
Short-Term and Other debt	\$ 7,010,154	\$ -	\$ 7,010,154	\$ 20,653
Long-term Debt	6,850,000	1,314,916	5,535,084	5,758,733
	\$ 13,860,154	\$ 1,314,916	\$ 12,545,238	\$ 5,779,386

Under borrowing arrangements with the MFA, the Town is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the Town. At December 31, 2018 there were contingent demand notes of \$144,484 (2017 – \$144,484) and cash deposits of \$81,101 (2017 - \$79,374). The demand notes are not included in the financial statements of the Town; however, the cash deposits are included in the financial statements as MFA Debt Reserve Fund Cash.

(c) Current long-term debt estimated principal repayments over the next five years and thereafter:

2019	\$ 177,544
2020	177,544
2021	177,544
2022	139,089
2023	135,094
2024-2047	4,728,269
	\$ 5,535,084

Scheduled debt repayments may be suspended should sinking fund accumulations exceed original estimates.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

5. Debt (continued):

- (d) Total interest paid on long-term and short-term debt during the year was \$232,296 (2017 - \$155,853).
- (e) Existing long-term debt matures in annual amounts to the year 2047, and interest rates range from 2.4% to 4.65%. The weighted average interest rate for 2018 was 3.44% (2017 – 3.46%).
- (f) During 2016 the Town adopted Community Safety Building Loan Authorization Bylaw No. 2111 which was approved by the Inspector of Municipalities and authorized the Town to borrow \$10,000,000 through the MFA for construction of a new Community Safety Building. At December 31, 2018, the Town has drawn upon \$3,000,000 of these funds as long term debt and received another \$7,000,000 interim financing. The Town will borrow an additional \$2,500,000 of long-term debt in spring 2019; this is the cost of the ambulance portion of the building and this borrowing will be paid through negotiated lease payments. Once construction is complete in summer 2019, it is estimated an additional \$2,700,000 will be borrowed in fall 2019.
- (g) Included in other debt are Equipment Financing Loan Agreements with the Municipal Finance Authority totaling \$10,154 (2017 – \$20,653) to finance the purchase of tangible capital assets.

The loans are repaid in monthly payments of \$759 with maturity dates ranging from 2018 to 2020. The loans are repayable on demand upon occurrence of any event of default. Interest is charged on a daily floating rate basis and compounded monthly. At year end, the current floating rate was 2.48% per annum. Interest paid during the year was \$347 (2017 - \$422) and has been included in expenses on the statement of operations. As a condition of borrowing, the Town has issued promissory notes in the value of \$35,481 to the MFA.

6. Tangible capital assets:

Cost	Balance at Dec 31, 2017	Additions / Transfers	Disposals / Transfers	Balance at Dec 31, 2018
Land	\$ 15,141,300	\$ -	\$ (845,666)	\$ 14,295,634
Land improvements	13,671,275	79,843	(65,358)	13,685,760
Building and building improvements	14,981,900	167,737	(1,028,761)	14,120,876
Vehicles, machinery and equipment	11,113,073	417,749	(327,019)	11,203,803
Water and wastewater infrastructure	40,781,531	552,496	-	41,334,027
Roads infrastructure	29,495,284	794,783	(291,514)	29,998,553
Assets under construction	4,551,879	10,837,478	(28,249)	15,361,108
Total	\$ 129,736,242	\$ 12,850,086	\$ (2,586,567)	\$ 139,999,761

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

6. Tangible Capital Assets (continued):

Accumulated Amortization	Balance at Dec 31, 2017	Amortization Expense	Disposals / Transfers	Balance at Dec 31, 2018
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	4,979,147	395,413	(15,686)	5,358,874
Building and building improvements	7,261,710	327,839	(883,323)	6,706,226
Vehicles, machinery and equipment	5,558,452	630,169	(296,270)	5,892,351
Water and wastewater infrastructure	15,378,572	578,518	-	15,957,090
Roads infrastructure	10,321,249	561,700	(291,514)	10,591,435
Assets under construction	-	-	-	-
Total	\$ 43,499,130	\$ 2,493,639	\$ (1,486,793)	\$ 44,505,976

Net Book Value	Balance at Dec 31, 2017	Balance at Dec 31, 2018
Land	\$ 15,141,300	\$ 14,295,634
Land improvements	8,692,128	8,326,886
Building and building improvements	7,720,190	7,414,650
Vehicles, machinery and equipment	5,554,621	5,311,452
Water and wastewater infrastructure	25,402,959	25,376,937
Roads infrastructure	19,174,035	19,407,118
Assets under construction	4,551,879	15,361,108
Total	\$ 86,237,112	\$ 95,493,785

(a) Assets under construction

Assets under construction having a value of \$15,361,108 (2017 - \$4,551,879) have not been amortized. Amortization of these assets will commence when the assets are available for service.

(b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution and consist of water, wastewater and roads infrastructure. The value of contributed assets received during the year is \$111,478 (2017 - \$1,648,203).

(c) Works of art and historical cultural assets

The Town manages and controls a limited number of works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at Town sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

7. Accumulated surplus:

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

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 83,989,322	\$ 80,457,726
Surplus from operations	3,768,497	4,392,018
Total surplus	87,757,819	84,849,744
Reserves set aside by Council:		
Miscellaneous operating purposes	312,415	521,765
Miscellaneous capital purposes	1,022,893	997,962
Total reserves	1,335,308	1,519,727
Reserves funds set aside for specific purposes by Council:		
Land sale proceeds	164,485	239,685
Parkland acquisition	132,194	129,594
Off-street parking	133,145	37,125
Computer replacement	370,179	377,902
General equipment replacement	1,123,496	957,626
Fire equipment replacement	338,436	246,178
Water capital	297,778	394,843
Sewer capital	24,316	23,816
Infrastructure replacement	895,347	1,808,845
Water rates stabilization	173,387	228,558
Amenities	213,314	152,814
Affordable housing	160,255	3,329
Ferry terminal	917,802	790,791
Contingency	86,033	84,333
Agreements	171,259	162,040
Gas Tax - Community Works Fund	1,066,474	1,845,598
Total reserve funds	6,267,900	7,483,077
MFA Debt Reserve Fund cash	81,101	79,374
	\$ 95,442,128	\$ 93,931,922

The Town periodically receives Gas Tax Agreement funds from the federal government. These funds, along with interest earned on the funds, are recorded as revenues and transferred to reserves until they are used to fund eligible expenditures under the Agreement.

	2018	2017
Federal gas tax agreement funds		
Gas tax agreement funds, beginning of year	\$ 1,845,598	\$ 1,841,491
Amounts received during the year	549,035	530,593
Interest earned restricted for projects	36,900	29,900
Expenditures	(1,365,059)	(556,386)
Gas tax agreements funds, end of year	\$ 1,066,474	\$ 1,845,598

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

8. Net taxes available for municipal purposes:

	2018	2017
Taxes:		
Property taxes	\$ 23,672,011	\$ 22,747,289
Revenue in lieu of taxes	278,913	272,385
Other	867,180	862,619
	<u>24,818,104</u>	<u>23,882,293</u>
Less taxes on behalf of:		
Provincial Government School Authorities	6,472,692	6,171,428
Capital Regional District	2,445,806	2,326,583
Capital Regional Hospital District	1,079,704	1,038,439
BC Transit	1,062,958	1,064,560
BC Assessment Authority	203,740	189,668
Municipal Finance Authority	951	808
Business Improvement Area	297,840	275,860
	<u>11,563,691</u>	<u>11,067,346</u>
Net taxes available for municipal purposes	\$ 13,254,413	\$ 12,814,947

9. Government transfers:

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met. The government transfers reported on the statement of operations are:

	2018	2017
Federal grants:		
Gas Tax - Community Works Funding	\$ 549,035	\$ 530,593
Canada 150 Celebration	-	27,540
	<u>549,035</u>	<u>558,133</u>
Provincial grants:		
Federal / provincial capital grant programs	53,082	23,400
Small community protection grant	345,702	343,927
Traffic fine revenue sharing	91,436	106,502
Other provincial grants	120	5,500
	<u>490,340</u>	<u>479,329</u>
Regional and other local governments:		
Policing	330,339	305,035
Recreation	64,595	68,531
Other	76,331	60,332
	<u>471,265</u>	<u>433,898</u>
Total government transfer revenue	\$ 1,510,640	\$ 1,471,360

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

10. Other expenses:

	2018	2017
Grants to non-government organizations:		
Sidney and North Saanich Memorial Park Society	\$ 330,300	\$ 269,108
Sidney Business Improvement Area Society	123,966	104,671
New Marine Centre Society	135,000	65,000
South Island Prosperity Project	26,722	26,722
ArtSea Community Arts Council	15,000	4,500
Peninsula Celebrations Society	12,000	12,000
Other	40,823	36,074
	683,811	518,075
Interest on prepaid taxes	15,864	4,774
Amortization and net loss on miscellaneous assets	31,070	111,957
Other	106,539	96,290
	\$ 837,284	\$ 731,096

11. Budget data:

The budget data presented in these financial statements is based upon the 2018-2022 Financial Plan adopted by Council on May 14, 2018. The table below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenues:	
Financial Plan	\$ 23,171,951
Add:	
Vancouver Island Regional Library Levy	754,712
Less:	
Community Safety Building - Ambulance Lease Payments	(2,400,000)
Sidney Business Improvement Area Levy	(297,950)
Total revenue	21,228,713
Expenses:	
Financial Plan	20,873,059
Add:	
Vancouver Island Regional Library Levy	754,712
Less:	
Sidney Business Improvement Area Levy	(297,950)
Total expenses	21,329,821
Annual surplus	\$ (101,108)

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

12. Segmented information:

The Town of Sidney is a diversified organization that provides a wide range of services. These services have been captured in specific functions that have been separately disclosed in the segmented information as follows:

(a) General Government:

The General Government function is comprised of Legislative Services (Council and Committees) and General Administration, which includes Financial Management, Driver Services, Computer Services, Common Services, and other administrative activities related to the management of the Town.

(b) Protective Services:

The Protective Services function is comprised of five core services: Emergency Measures, Fire Protection, Police Protection, Court House, and Building & Bylaw Enforcement.

Emergency Measures captures the Town's emergency preparedness programs that ensure the Town is prepared and able to respond to the devastating effects of a disaster or major catastrophic event.

Fire Protection services are carried out by the Town's Fire Department, whose mandate is to provide critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies.

Police Protection services are performed under contract by the RCMP, who ensure the safety of lives and property in the Town through law enforcement, the maintenance of law and order, and the prevention of crime.

Building and Bylaw Enforcement promotes, facilitates and enforces general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community.

(c) Transportation Services:

The Transportation Services function is responsible for a wide variety of transportation and engineering services including Roads, Storm Drainage, Dock & Port Facilities, and Hydrants.

The Roads function's principal activity is the development and maintenance of the Town's roadway systems through the Public Works department. The main services include Traffic Services consisting of street sign, street painting and traffic light control maintenance; Street Lighting; Road, Curb, Sidewalk and Cul-de-sac repairs and maintenance; Boulevard Trees; and Street Sweeping.

The Storm Drains service performs preventative maintenance and repairs to the Town's storm drain system, maintains and repairs storm drain ditches, and cleans catch basins.

Dock & Ports Facilities captures maintenance of the Town's docks and port infrastructure.

Hydrant services pertain to the maintenance of existing and installation of new fire hydrants.

(d) Environmental Health Services:

Environmental Health Services provides garbage, organics and compost collection and disposal services to residents and businesses through the Town's designated contractors.

(e) Environmental Development Services:

Environmental Development Services administers zoning and related bylaws, and provides long range planning and policy services, as well as providing administrative support to Building and Bylaw Enforcement functions.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

12. Segmented information (continued):

(f) Leisure, Parks and Cultural Services:

Leisure, Parks & Cultural Services is comprised of four different functions: Parks, Library, Senior's Centre and Museums.

Parks is responsible for the maintenance, planning and development of Town park facilities such as ornamental gardens, natural ecosystems, and playgrounds for recreational and cultural enjoyment in a beautiful and safe environment. It also preserves and enhances green spaces on public lands.

Library services are specific to maintenance of the Town owned library building, and funding to the Vancouver Island Regional Library service to operate and manage the library.

The Town owned Shoal Activity Centre is operated by Beacon Community Services, who receive funding from the Town to provide senior related programs.

Museum services include providing space and funding to the Saanich Peninsula Museum Society to manage and operate the Town's Historical Museum and Archives. The Town also provides space to the New Marine Centre Society for the operation of the Shaw Centre for the Salish Sea.

(g) Sewer and Water Utilities:

The Sewer Utility protects the environment and human health from the impacts of liquid waste generated as a result of human occupation and development in the Town. The Town operates a collection system, which transfers wastewater to a sub-regional treatment facility.

The Water Utility delivers clean, safe and aesthetically pleasing potable water, in accordance with the Provincial Drinking Water Protection Act, to the residents and businesses of the Town. The water is for the purposes of domestic and commercial consumption, irrigation and firefighting. The Town operates a water distribution system only, using treated water purchased in bulk from the Regional District.

(h) Other:

Other includes all revenues and expenses not captured in the above-named segmentation categories.

Other revenues include municipal taxes, provincial and federal government grants, traffic fine revenues, investment income, developer contributions, and other miscellaneous sources of revenue.

Other expenses include community support funding and grants, economic development, contingencies, and other miscellaneous expenses.

The resulting annual surplus is primarily used for budgeted transfers to reserves, and debt principal repayments.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. Property taxation and revenue in-lieu of taxes are apportioned to the functions based on year end operating results and funding of capital expenditures.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements, as disclosed in note 1.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

12. Segmented information (continued):

	General Government	Protective Services	Transportation	Environmental Health Services	Environmental Development	Leisure, Parks and Cultural	Water Utility	Sewer Utility	Other	2018
Revenue:										
Taxes for municipal purposes	\$ 1,837,216	\$ 3,816,108	\$ 1,869,468	\$ 181,128	\$ 384,498	\$ 2,161,009	\$ 357,420	\$ 509,760	\$ 2,137,806	\$ 13,254,413
Fees, rates and service charges	429,350	613,264	801,830	587,359	41,086	168,656	1,700,433	1,680,953	51,345	6,074,276
Government transfers	-	400,428	26,300	-	-	60,992	-	-	1,022,920	1,510,640
Investment earnings	-	-	-	-	-	-	-	-	310,075	310,075
Gifts and contributions	-	740	111,678	-	-	20,097	-	-	394,189	526,704
Penalties and interest	-	-	-	2,023	-	-	4,948	5,494	89,906	102,371
Actuarial adjustment on debt	-	-	-	-	-	-	-	-	46,106	46,106
MFA Debt Reserve Fund surplus	-	-	-	-	-	-	-	-	550	550
Other	-	-	-	-	-	-	-	-	180,589	180,589
Total revenue	2,266,566	4,830,540	2,809,276	770,510	425,584	2,410,754	2,062,801	2,196,207	4,233,486	22,005,724
Expenses:										
Salaries, wages and benefits	1,544,014	1,973,023	1,500,216	127,096	361,146	973,009	310,281	268,083	9,703	7,066,571
Contracted services	648,422	2,509,911	454,602	618,743	54,635	1,109,534	40,578	1,507,556	688,502	7,632,483
Supplies and equipment	69,878	193,105	291,584	49,262	7,513	290,884	1,559,538	181,974	-	2,643,738
Debt interest	319	100,356	51,163	-	-	80,458	-	-	-	232,296
Other	6,445	183,237	54,892	-	-	42,189	269	10,325	129,434	426,791
Amortization	169,459	180,003	1,279,289	-	-	469,113	209,968	176,162	9,645	2,493,639
Total expenses	2,438,537	5,139,635	3,631,746	795,101	423,294	2,965,187	2,120,634	2,144,100	837,284	20,495,518
Annual surplus (deficit)	\$ (171,971)	\$ (309,095)	\$ (822,470)	\$ (24,591)	\$ 2,290	\$ (554,433)	\$ (57,833)	\$ 52,107	\$ 3,396,202	\$ 1,510,206

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

12. Segmented information (continued):

	General Government	Protective Services	Transportation	Environmental Health Services	Environmental Development	Leisure, Parks and Cultural	Water Utility	Sewer Utility	Other	2017
Revenue:										
Taxes for municipal purposes	\$ 1,751,366	\$ 3,577,309	\$ 1,954,598	\$ 158,106	\$ 336,371	\$ 2,080,703	\$ 355,500	\$ 507,120	\$ 2,093,874	\$ 12,814,947
Fees, rates and service charges	419,363	609,237	693,555	583,822	53,551	202,723	1,743,667	1,698,940	128,573	6,133,431
Government transfers	-	361,228	5,500	-	-	86,790	-	-	1,017,842	1,471,360
Investment earnings	-	-	-	-	-	-	-	-	242,488	242,488
Gifts and contributions	-	-	1,648,203	-	-	48,619	-	-	194,968	1,891,790
Penalties and interest	-	-	-	2,182	-	-	5,024	5,578	93,807	106,591
Actuarial adjustment on debt	-	-	-	-	-	-	-	-	39,491	39,491
MFA Debt Reserve Fund Surplus	-	-	-	-	-	-	-	-	57,897	57,897
Other	-	-	-	-	-	-	-	-	31,501	31,501
Total revenue	2,170,729	4,547,774	4,301,856	744,110	389,922	2,418,835	2,104,191	2,211,638	3,900,441	22,789,496
Expenses:										
Salaries, wages and benefits	1,452,412	1,941,853	1,423,912	113,599	358,151	952,997	342,769	220,227	14,882	6,820,802
Contracted services	641,661	2,227,016	271,543	576,552	63,760	1,079,137	42,785	1,438,937	428,150	6,769,541
Supplies and equipment	75,773	217,658	347,256	45,912	1,443	349,327	1,515,926	182,624	80	2,735,999
Debt interest	349	22,443	51,212	-	-	82,301	-	-	-	156,305
Other	63,420	33,845	25,367	-	-	70,414	678	54,606	278,340	526,670
Amortization	188,927	258,333	1,279,482	-	-	494,370	210,460	170,583	9,644	2,611,799
Total expenses	2,422,542	4,701,148	3,398,772	736,063	423,354	3,028,546	2,112,618	2,066,977	731,096	19,621,116
Annual surplus (deficit)	\$ (251,813)	\$ (153,374)	\$ 903,084	\$ 8,047	\$ (33,432)	\$ (609,711)	\$ (8,427)	\$ 144,661	\$ 3,169,345	\$ 3,168,380

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

13. Contractual rights

The Town holds contractual rights arising from contracts and agreements that have been entered into with various parties that provide the Town with enforceable future payments. The estimated contractual rights under these contracts, for the years ending December 31, are as follows:

2019	\$	462,660
2020		466,000
2021		469,407
	\$	1,398,067

In addition to these contractual rights, the Town has agreements with several parties that provide for the recovery of costs and payment of annual fees and commissions based on annual results.

14. Commitments and contingent liabilities:

(a) Under Section 412 of the Local Government Act, all member municipalities are jointly and severally liable for the indebtedness of the Capital Regional District in the event of default by the Regional District.

(b) The Town is a participant in the Municipal Insurance Association of British Columbia (MIABC). Should the MIABC pay out claims in excess of premiums received, it is possible that the Town, along with other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(c) The Town is a shareholder and member of Capital Regional Emergency Service Telecommunications (CREST) Incorporated, which provides centralized emergency communications and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.

(d) The Town has an RCMP Premises Agreement with the District of North Saanich for the provision of accommodations for a joint RCMP detachment. The parties jointly own the building occupied by the policing detachment, in proportion to their relative contributions to the principal repayment of the debt incurred in order to construct the building. North Saanich's proportionate share is approximately 36%. The Agreement requires the Town to pay to North Saanich their proportionate share of the fair market value of the building should the parties eventually decide to terminate their agreement to provide joint accommodations.

A market value study commissioned in 2011 places North Saanich's share at approximately \$615,000, and the RCMP Premises Agreement caps the maximum payout at \$715,000. However, there is no intention at this time to contemplate termination of the agreement.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2018

14. Commitments and contingent liabilities (continued):

(e) The Town has entered into an Easement Agreement and Parking Agreement with the Saanich Memorial Park Society (MPS) for the use of part of their lands for two specific purposes: the Easement Agreement is to provide easement access to the Town's Community Safety Building just south of MPS lands; and the Parking Agreement is to construct a parking lot for employees working in the downtown core. Both agreements commit the Town to two separate payment streams, neither of which is considered a liability at Dec 31, 2018. Under the terms of the agreements, the Town will make payments to MPS as follows:

For the Easement Agreement: a total of \$400,000, payable over a five-year term. The payment shall be \$80,000 per calendar year. The first payment in 2017 was pro-rated to \$46,667 to reflect the actual start date of May 23, 2017, and the final payment in 2022 will be \$33,333.

For the Parking Agreement: the Town shall pay the equivalent of 0.5% of the previous year's municipal property tax revenues, for as long as the parking agreement continues to be in place. The first payment in 2017 was pro-rated to \$31,396 to reflect the actual start date of May 23, 2017. The 2018 payment was \$54,883 and the 2019 payment will be \$56,768; future year payments are estimated to increase by 2.5% annually.

The Town has also committed to assuming responsibility for grounds maintenance at the Mary Winspear Centre (the local theatre and conference facility owned and operated by MPS), beginning in 2017, at a maximum cost of \$25,000 per year, with an annual inflation factor being applied starting in the sixth year. This commitment is included in the Town's annual operating budget, under Leisure, Parks and Cultural Services.

(f) Town's Community Safety Building will be completed in 2019 with a remaining budget of \$4.825 million; approximately \$4.2 million of this budget is secured by tender contracts.

15. Assets held for sale:

The Town has a contract in place to sell the Town's Fire Department Building and neighboring parking lot at a purchase price of \$9,000,000; completion of the purchase is August 1, 2019. These tangible capital assets are included in the Statement of Financial Position under assets held for sale. The consolidated current net book value of these assets is \$1,040,775; a net gain of \$7,959,225 is expected to be realized upon completion of the purchase.



**STATISTICAL
INFORMATION**

TAXABLE ASSESSMENT OF LAND AND IMPROVEMENTS

(in thousands)

	2018	2017	2016	2015	2014
Residential	\$ 3,421,344	\$ 2,827,820	\$ 2,399,073	\$ 2,283,466	\$ 2,244,663
Utilities	1,419	1,290	1,131	1,100	1,153
Light Industrial	50,068	39,716	38,278	38,604	37,346
Business / Other	436,029	405,436	388,014	380,423	382,777
Recreation / Non-profit	34,897	34,075	31,496	27,272	26,883
Farm	115	116	112	116	116
	\$ 3,943,872	\$ 3,308,453	\$ 2,858,104	\$ 2,730,981	\$ 2,692,938

Source: BC Assessment Revised Roll

NEW CONSTRUCTION

	2018	2017	2016	2015	2014
Residential *					
# of Permits	72	110	117	90	69
Permit Value	\$ 35,923,507	\$ 32,680,496	\$ 43,810,346	\$ 24,675,005	\$ 10,572,245
Net # of Units Added	88	114	136	93	27
Commercial *					
# of Permits	20	23	31	17	15
Permit Value	\$ 3,780,500	\$ 1,747,275	\$ 1,787,600	\$ 677,000	\$ 1,310,185
Total					
# of Permits	92	133	148	107	84
Permit Value	\$ 39,704,007	\$ 34,427,771	\$ 45,597,946	\$ 25,352,005	\$ 11,882,430
Taxes Generated from New Growth ^	\$ 110,243	\$ 135,125	\$ 157,992	\$ 49,955	\$ 84,020

* Residential construction includes new construction, additions and alterations. Commercial construction includes new construction and tenant improvements.

^ Growth in the tax base occurs as construction projects are completed, whereas permit values are reported when issued. As such, there is usually a lag between the time permit values are reported and the time related tax revenues are realized.

Source: Town of Sidney Finance Department

PROPERTY TAX RATES & REVENUE

	2018	2017	2016	2015	2014
Municipal (per '000 of assessment)					
Residential	2.327	2.708	3.122	3.187	3.137
Utilities	16.569	17.693	18.269	18.839	18.381
Light Industrial	6.627	7.077	7.308	6.769	5.874
Business / Other	6.627	7.077	7.308	7.536	7.352
Recreation / Non-profit	4.222	4.222	4.407	4.684	4.622
Farm	4.222	4.122	4.095	4.062	3.962
Total - including School, Regional, Transit, etc (per '000 of assessment)					
Residential	4.665	5.321	6.192	6.398	6.370
Utilities	36.825	38.422	39.510	40.375	39.824
Light Industrial	14.479	15.880	17.072	16.859	15.969
Business / Other	14.261	15.634	16.795	17.548	17.552
Recreation / Non-profit	8.364	8.605	9.312	9.877	9.907
Farm	12.863	12.677	12.713	12.686	12.569
Municipal Property Tax Billings by Class					
Residential	\$ 7,960,680	\$ 7,659,092	\$ 7,489,234	\$ 7,272,378	\$ 7,041,509
Utilities	23,511	22,815	20,660	20,731	21,199
Light Industrial	331,821	281,072	279,723	261,321	219,360
Business / Other	2,889,761	2,869,327	2,826,375	2,866,859	2,819,306
Recreation / Non-profit	147,349	143,853	138,818	127,885	126,140
Farm	487	478	461	471	459
	\$ 11,353,608	\$ 10,976,638	\$ 10,755,271	\$ 10,549,644	\$ 10,227,973

Source: Town of Sidney Finance Department

PROPERTY TAX LEVIED AND COLLECTED

	2018	2017	2016	2015	2014
Municipal	\$ 11,353,608	\$ 10,976,638	\$ 10,755,271	\$ 10,549,644	\$ 10,227,973
Parcel Taxes	866,460	861,900	852,000	845,460	922,443
School	6,473,186	6,171,860	6,404,119	6,581,187	6,660,279
Regional District	2,446,114	2,337,917	2,272,451	2,206,380	2,134,275
BC Transit	1,063,056	1,064,652	1,132,125	1,136,257	1,142,336
Hospital District	1,079,852	1,042,604	1,029,207	1,022,555	1,044,756
Regional Library	754,764	703,345	677,145	661,068	628,350
BC Assessment	203,754	189,681	202,865	211,814	218,127
Municipal Finance Authority	951	808	712	684	677
Business Improvement Area Society	297,950	275,952	269,222	262,656	256,251
Total Tax Levied	\$ 24,539,694	\$ 23,625,357	\$ 23,595,116	\$ 23,477,706	\$ 23,235,467
Total Current Taxes Levied	\$ 24,539,694	\$ 23,625,357	\$ 23,595,116	\$ 23,477,706	\$ 23,235,467
Current Taxes Collected	24,276,229	23,313,232	23,262,820	23,162,189	22,917,057
Percentage	98.93%	98.68%	98.59%	98.66%	98.63%
Arrears Taxes Outstanding, Beginning of Year	441,430	436,713	415,834	418,702	437,162
Arrears Taxes Collected	317,113	335,728	281,644	298,502	335,865
Percentage	71.84%	76.88%	67.73%	71.29%	76.83%
Total Tax Collections*	\$ 24,593,342	\$ 23,648,959	\$ 23,544,464	\$ 23,460,691	\$ 23,252,922

* Tax collections are inclusive of both current and prior year levies.

Source: Town of Sidney Finance Department

PRINCIPAL CORPORATE TAX PAYERS

Registered Owner	Primary Use	2018 Municipal Tax Levied	2018 Total Tax Levied
Sidney Marina Co Ltd	Marina / Boat Storage / Charters	\$ 143,080	\$ 296,153
Damka Lumber & Development Ltd	Retail	104,516	240,769
Jim Pattison Developments Ltd	Retail	100,599	231,737
Malaview Development Ltd	Manufacturing / Retail	99,730	214,124
0928818 BC Ltd	Hotel	85,579	195,773
P & L Holdings Ltd	Hotel / Office / Retail	76,723	176,064
Ko & Shew Ltd	Office / Retail	75,396	173,386
Washington State Department Of Transportation	Ferry Terminal	73,394	157,520
J R Estates Inc	Senior Care Facility	73,340	133,405
Nicholson Manufacturing Ltd	Industrial / Electrical	69,105	150,759
HOBO Holdings Ltd	Office / Retail	64,689	147,469
West Sidney Business Park Ltd	Manufacturing / Office / Retail	64,610	138,782
Sidney Pier Properties Ltd	Hotel	62,057	131,110
Emerald Isle Motor Inn Ltd	Hotel	60,066	138,271
Port Sidney Marina Inc	Marina	59,925	122,965
Slegg Holdings Ltd	Office / Retail	59,502	136,972
R & M Scott Properties Inc	Manufacturing	52,411	114,287
360204 BC Ltd	Office / Retail	48,595	109,862
Wendon Manufacturing Ltd	Manufacturing	47,924	104,485
Tait Bros Enterprises Ltd	Hotel	43,787	100,379
Beacon Community Association	Retail / Senior Care Facility	43,594	94,499
Amica Mature Lifestyles Inc	Senior Care Facility	41,762	83,542
Victoria Airport Authority	Storage Facility	40,298	86,302
Pacific Island Holdings Ltd/Primeland Properties Ltd	Office / Retail	38,661	83,120
Megison Investments Ltd	Manufacturing	35,875	78,163
Tudor Estates Ltd	Retail	34,928	80,305
Sidney Pier Holdings	Office / Retail	33,554	76,901
Albion Properties Ltd	Office / Retail	32,427	73,677
2297 Beacon Holdings Ltd	Office / Retail	31,462	72,312
BC Telephone Co	Telecommunications	22,834	86,050
Total		\$ 1,820,425	\$ 4,029,142

Source: Town of Sidney Finance Department

DEBT

(in thousands, except per capita data)

	2018	2017	2016	2015	2014
Gross Outstanding Debt*	\$ 13,860	\$ 6,871	\$ 3,925	\$ 3,960	\$ 4,018
Less: Actuarial Allocation	1,315	1,091	937	811	710
Net Debt	\$ 12,545	\$ 5,779	\$ 2,988	\$ 3,148	\$ 3,308
Debt Servicing Cost **					
Property Tax Supported Specified Area	\$ 426	\$ 303	\$ 320	315	314
	-	-	-	-	4
Total Debt Servicing Cost	\$ 426	\$ 303	\$ 320	\$ 315	\$ 318
Gross Debt Servicing Limit	\$ 5,206	\$ 5,020	\$ 4,841	\$ 4,812	\$ 4,570
Debt Capacity Available	\$ 4,155	\$ 4,695	\$ 4,518	\$ 4,482	\$ 4,214
Population	11,672	11,672	11,672	11,178	11,178
# of Households	5,603	5,603	5,603	5,328	5,328
Net Debt per Capita	\$ 1,075	\$ 495	\$ 256	\$ 282	\$ 296
Net Debt per Household	2,239	1,031	533	591	621
Debt Servicing per Capita	\$ 37	\$ 26	\$ 27	\$ 28	\$ 28
Debt Servicing per Household	76	54	57	59	60

* Included in 2018 Gross Outstanding Debt is \$4.5 million of interim financing that will be partially converted to debenture debt.

** Debt servicing cost includes principal and interest payments made during the year.

Source: Town of Sidney Finance Department
& Statistics Canada

STATEMENT OF FINANCIAL POSITION

(in thousands)

	2018	2017	2016	2015	2014
Financial Assets	\$ 21,306	\$ 19,778	\$ 18,141	\$ 16,540	\$ 15,126
Financial Liabilities	21,578	12,303	7,892	7,491	7,092
Net Financial Asset (Net Debt)	\$ (272)	\$ 7,475	\$ 10,249	\$ 9,049	\$ 8,035

CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands)

	2018	2017	2016	2015	2014
Revenue	\$ 22,006	\$ 22,789	\$ 20,991	\$ 20,436	\$ 20,125
Expenses	20,496	19,621	19,092	18,393	17,894
Annual Surplus	1,510	3,168	1,899	2,043	2,230
Accumulated Surplus, Beginning of Year	93,932	90,764	88,864	86,821	84,590
Accumulated Surplus, End of Year	\$ 95,442	\$ 93,932	\$ 90,764	\$ 88,864	\$ 86,821

Source: Town of Sidney Finance Department

REVENUES AND EXPENSES

(in thousands)

	2018	2017	2016	2015	2014
Revenue					
Property Taxes	\$ 13,254	\$ 12,815	\$ 12,493	\$ 12,275	\$ 11,990
Fees, Rates and Service Charges	6,074	6,133	6,077	5,766	5,403
Government Transfers	1,511	1,471	1,448	1,368	1,960
Investment Earnings	310	242	224	208	215
Gifts and Contributions	527	1,892	315	480	292
Penalties and Interest	102	107	95	103	90
Actuarial Adjustments on Debt	46	39	12	25	21
MFA Debt Reserve Fund Surplus	1	58	-	-	-
Other	181	32	328	212	154
	\$ 22,006	\$ 22,789	\$ 20,991	\$ 20,436	\$ 20,125
Expenses by Function					
General Government	\$ 2,439	\$ 2,423	\$ 2,397	\$ 2,196	\$ 2,246
Protective Services	5,140	4,701	4,386	4,171	4,070
Transportation	3,632	3,399	3,643	3,575	3,434
Environmental Health Services	795	736	716	692	676
Environmental Development	423	423	504	375	366
Leisure, Parks and Cultural	2,965	3,029	2,847	2,767	2,777
Water Utility	2,121	2,113	2,034	2,049	1,823
Sewer Utility	2,144	2,067	1,995	1,939	1,921
Other	837	731	569	629	582
	\$ 20,496	\$ 19,621	\$ 19,092	\$ 18,393	\$ 17,894
Expenses by Object					
Salaries, Wages and Benefits	\$ 7,067	\$ 7,169	\$ 6,991	\$ 7,079	\$ 6,795
Contracted Services	7,632	6,770	6,713	6,464	6,405
Supplies and Equipment	2,644	2,388	2,598	2,010	1,974
Debt Interest	232	156	151	156	158
Amortization	427	527	170	293	185
Other	2,494	2,612	2,468	2,391	2,378
	\$ 20,496	\$ 19,621	\$ 19,092	\$ 18,393	\$ 17,894

Source: Town of Sidney Finance Department

RESERVE FUNDS

	2018	2017	2016	2015	2014
Reserves Set Aside by Council					
Miscellaneous Operating Purposes	\$ 312,415	\$ 521,765	\$ 497,510	\$ 504,780	\$ 412,640
Miscellaneous Capital Purposes	1,022,893	997,962	867,049	612,122	493,321
	1,335,308	1,519,727	1,364,559	1,116,902	905,961
Reserve Funds Set Aside for Specific Purposes by Council					
Land Sale Proceeds	164,485	239,685	281,752	16,452	16,152
Parkland Acquisition	132,194	129,594	127,494	125,494	619
Off-Street Parking	133,145	37,125	86,686	80,586	74,586
Computer Replacement	370,179	377,902	451,907	436,427	504,561
General Equipment Replacement	1,123,496	957,626	886,236	715,225	671,082
Fire Equipment Replacement	338,436	246,178	134,672	478,205	450,779
Water Capital	297,778	394,843	351,975	346,475	340,875
Sewer Capital	24,316	23,816	23,416	23,016	22,616
Infrastructure	895,347	1,808,845	1,818,925	1,566,553	2,201,990
Water Rates Stabilization	173,387	228,558	247,955	244,055	240,155
Amenities	213,314	152,814	41,733	20,076	39,476
Affordable Housing	160,255	3,329	-	-	-
Ferry Terminal	917,802	790,791	626,475	467,725	490,005
Contingency	86,033	84,333	77,033	69,933	62,933
Agreements	171,259	162,040	165,857	143,428	120,078
Gax Tax - Community Works Fund	1,066,474	1,845,598	1,841,491	1,659,315	1,185,044
	6,267,900	7,483,077	7,163,607	6,392,965	6,420,951
Restricted Cash	81,101	79,374	48,281	46,968	45,795
Total Reserves	\$ 7,684,309	\$ 9,082,178	\$ 8,576,446	\$ 7,556,835	\$ 7,372,707

Source: Town of Sidney Finance Department

CAPITAL EXPENDITURES & FUNDING SOURCES

	2018	2017	2016	2015	2014
Expenditures					
General Government	\$ 112,255	\$ 247,915	\$ 111,579	\$ 363,938	\$ 71,170
Protective Services	7,945,527	3,791,279	685,423	208,375	58,751
Transportation	3,144,773	1,084,670	708,847	1,741,595	1,660,070
Leisure, Parks and Cultural	280,840	642,504	367,565	98,856	377,217
Water Utility	507,599	522,508	351,125	568,116	298,200
Sewer Utility	482,123	417,391	348,049	391,786	155,726
	\$ 12,473,117	\$ 6,706,266	\$ 2,572,587	\$ 3,372,666	\$ 2,621,135
Funding Sources					
Property Taxes	\$ 87,973	\$ 111,336	\$ 138,858	\$ 331,695	\$ 227,360
Grants	25,000	23,400	-	20,605	20,500
Gifts & Donations	1,250	6,870	-	-	47,150
Gas Tax	1,347,463	522,954	288,831	52,000	93,862
Debt	7,000,000	2,970,000	87,833	25,300	-
Surplus from Operations	764,359	704,987	124,250	61,074	85,000
Agreements Reserve	15,291	27,827	2,003	-	-
Amenity Reserve	19,843	16,259	8,643	95,000	82,124
Computer Equipment Reserve	105,223	171,305	81,420	180,334	576
Contingency Reserve	-	-	-	-	124,500
Ferry Terminal Reserve	52,721	6,750	6,750	188,379	227,572
Water Capital Reserve	104,965	-	-	-	-
General Capital Reserve	-	30,000	-	-	-
Infrastructure Reserve	2,473,998	1,511,479	1,136,029	1,988,136	1,435,069
Land Reserve	80,000	46,667	-	-	-
Off-Street Parking Reserve	-	55,761	-	-	-
Vehicle Reserve	183,273	224,536	567,721	323,032	67,759
Water Rate Stabilization Reserve	59,772	23,396	-	-	-
Reserves Set Aside by Council - Capital	76,972	179,320	99,565	44,278	163,717
Offsite & Development Cost Charges	63,269	60,000	-	-	-
Other	11,746	13,419	30,683	62,832	45,945
	\$ 12,473,117	\$ 6,706,266	\$ 2,572,587	\$ 3,372,666	\$ 2,621,135

Source: Town of Sidney Finance Department

AMENITY CONTRIBUTION

	Streetscape	Public Art	General	Housing	Total	2017	2016	2015	2014
Balance, Beginning of Year	\$ 135,129	\$ 16,046	\$ 1,639	\$ 3,329	\$ 156,142	\$ 41,733	\$ 20,076	\$ 39,476	\$ 97,549
Amounts Received	-	-	77,243	156,827	234,070	129,968	30,000	75,000	30,000
Expenditures	(11,728)	-	(8,115)	-	(19,843)	(16,259)	(8,643)	(95,000)	(89,673)
Interest Earned	2,741	325	34	100	3,200	700	300	600	1,600
Balance, End of Year	\$ 126,141	\$ 16,371	\$ 70,802	\$ 160,255	\$ 373,569	\$ 156,142	\$ 41,733	\$ 20,076	\$ 39,476

DEVELOPMENT COST CHARGES

	Drainage	Water	Sewer	Parkland	Total	2017	2016	2015	2014
Balance, Beginning of Year	\$ 34,343	\$ 42,308	\$ 21,358	\$ 14,585	\$ 112,594	\$ 155,447	\$ 147,033	\$ 129,092	\$ 122,437
Amounts Received	-	-	-	15,190	15,190	14,647	6,114	15,841	4,655
Expenditures	-	(42,308)	-	-	(42,308)	(60,000)	-	-	-
Interest Earned	700	-	400	300	1,400	2,500	2,300	2,100	2,000
Balance, End of Year	\$ 35,043	\$ -	\$ 21,758	\$ 30,075	\$ 86,876	\$ 112,594	\$ 155,447	\$ 147,033	\$ 129,092

PAYMENTS IN LIEU OF PARKING

	2018	2017	2016	2015	2014
Balance, Beginning of Year	\$ 37,125	\$ 86,686	\$ 80,586	\$ 74,586	\$ 68,686
Amounts Received Through Development	90,600	-	-	-	-
Other Contributions	4,720	4,800	4,800	4,800	4,800
Expenditures	-	(55,761)	-	-	-
Interest Earned	700	1,400	1,300	1,200	1,100
Balance, End of Year	\$ 133,145	\$ 37,125	\$ 86,686	\$ 80,586	\$ 74,586

Source: Town of Sidney Finance Department

COMMUNITY SUPPORT PAYMENTS & PROPERTY TAX EXEMPTIONS

	Community Support Payments	Municipal Property Tax Exemption	2018 Total	2017 Total
676 Kittyhawk Air Cadets Squadron	\$ 750	\$ -	\$ 750	\$ 500
Army, Navy and Air Force Veterans of Canada	-	21,277	21,277	21,074
BC Aviation Museum	-	-	-	500
Beacon Community Services	8,400	-	8,400	7,000
Boy Scouts & Girl Guide Hall	-	3,640	3,640	3,318
Church of Jesus Christ of Latter Day Saints	-	11,087	11,087	11,144
Community Arts Council of the Saanich Peninsula	15,000	637	15,637	10,690
Crisis Intervention and Public Information	600	-	600	600
Greater Victoria Bike to Work Society	500	-	500	500
Memorial Park Society / Mary Winspear Centre	330,300	84,738	415,038	354,817
Mount Newton Centre Society	500	-	500	-
Navy League of Canada	750	-	750	500
O.R.C.C.A.	2,500	-	2,500	1,500
Open Aviron Rowing Coastal Association	5,000	-	5,000	-
Peace Lutheran Church	500	6,869	7,369	7,393
Peninsula Celebrations Society	12,000	-	12,000	12,000
Peninsula Dry Grad Society	1,500	-	1,500	1,500
Peninsula Figure Skating Club	500	-	500	500
Peninsula Streams Society	500	-	500	-
Saanich Marine Rescue Society	1,500	-	1,500	1,500
Saanich Peninsula Christadelphians	-	2,987	2,987	2,962
Saanich Peninsula Pipe Band	500	-	500	500
Saanich Peninsula Piranha Swim Club	500	-	500	500
School District #63	11,873	-	11,873	10,474
Shaw Centre for the Salish Sea	135,000	18,504	153,504	82,615
Shoal Centre / Beacon Community Services	-	56,034	56,034	59,193
Sidney Business Improvement Area Society	123,966	3,422	127,389	108,198
Sidney Concert Series	500	-	500	500
Sidney Guide & Scout Hall Society	500	-	500	500
Sidney Historical Museum	-	5,760	5,760	6,102
Sidney Lion's Food Bank	-	3,619	3,619	3,397
South Island Prosperity Project	26,722	-	26,722	26,722
St. Andrew's Abbeyfield Housing Society	-	3,837	3,837	4,185
St. Andrew's Anglican Church	500	4,787	5,287	5,139
St. Elizabeth Church	500	7,684	8,184	8,280
St. Paul's United Church	-	4,077	4,077	3,928
Tides Canada Initiatives - IYILS	750	-	750	-
Vancouver Island South Film & Media Commission	500	-	500	500
Victoria Human Exchange Society	-	-	-	1,500
Wounded Warrior Run BC	1,000	-	1,000	-
	\$ 683,611	\$ 238,959	\$ 922,570	\$ 760,230

Source: Town of Sidney Finance Department

STRATEGIC COMMUNITY INVESTMENT FUNDS PLAN & PROGRESS REPORT

Small Community Portion of SCI Funds		
Intended Use	Performance Targets	Progress made in reporting period
Use funding to support local government services to minimize tax rates increases.	Minimize tax rate increases.	\$345,703 in Small Community Grants were received in 2018. These funds were used to fund general municipal services in 2018. A tax increase of 3.04% would have been required to generate the level of funding used in 2018.

Traffic Fine Revenue Portion of SCI Funds		
Intended Use	Performance Targets	Progress made in reporting period
Use funding to support police enforcement.	100% of funds are used to support police enforcement over the term of the SCI agreement.	\$91,436 in Traffic Fine Revenue was received in 2018. These funds were used towards the police operating budget in 2018.

Source: Town of Sidney Finance Department








**NO
SWIMMING
OR
DIVING
FROM THIS
STRUCTURE**



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www.sidney.ca

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