

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2018



TOWN OF SIDNEY

BRITISH COLUMBIA

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STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2018

STATEMENT OF APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approve all the statements and schedules included in this Statement of Financial Information for the year ended December 31, 2018, produced under the *Financial Information Act*.



Andrew Hicik
Chief Financial Officer

June 25, 2019



Cliff McNeil-Smith
Mayor, On behalf of Council

June 25, 2019

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2018

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the Financial Information Act have been prepared by management in compliance with legislation, and in accordance with public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for the additional statements and schedules presented in this document, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The Town's Chief Financial Officer is responsible for assessing the management systems and practices of the Town.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The Town's independent external auditors, KPMG LLP, conduct an examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Town's system of internal control, and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. Their examination does not relate to the other schedules and statements required by the Financial Information Act. The external auditors have full and free access to Council and present their Audit Findings Report on an annual basis.

On behalf of the Town of Sidney,



Andrew Hicik
Director of Corporate Services

June 25, 2019

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2018

FINANCIAL STATEMENTS



TOWN OF SIDNEY

BRITISH COLUMBIA

Year ended December 31, 2018



TOWN OF SIDNEY

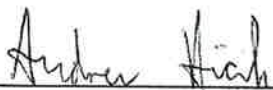
FINANCIAL REPORTING RESPONSIBILITY

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



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

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.

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.

KPMG LLP
Chartered Professional Accountants
May 13, 2019
Victoria, Canada

TOWN OF SIDNEY

Statement of Financial Position 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)	\$ 95,442,128	\$ 93,931,922

Contractual rights (note 13)
Commitments and contingent liabilities (note 14)

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

TOWN OF SIDNEY

Statement of Operations and Accumulated Surplus Year ended December 31, 2018, with comparative figures for 2017

	<i>Budget 2018</i>	Actual 2018	Actual 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.

TOWN OF SIDNEY

Statement of Changes in Net Financial Assets (Net Debt) 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.

TOWN OF SIDNEY

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)
Change 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.

TOWN OF SIDNEY

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.

TOWN OF SIDNEY

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.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

1. Significant accounting policies (continued):

(h) Non-financial assets (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.

TOWN OF SIDNEY

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

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).

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

4. Employee future benefit liability (continued):

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

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

4. Employee future benefit liability (continued):

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.

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.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

5. Debt (continued):

- (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.

- (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.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

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

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).

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

6. Tangible capital assets (continued):

(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.

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

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

7. Accumulated surplus (continued):

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	(1,365,058)	(556,386)
Gas tax agreements funds, end of year	\$ 1,066,475	\$ 1,845,598

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
	24,818,104	23,882,293
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
	11,563,691	11,067,346
Net taxes available for municipal purposes	\$ 13,254,413	\$ 12,814,947

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

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	<u>\$ 1,510,640</u>	<u>\$ 1,471,360</u>

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
	<u>683,811</u>	<u>518,075</u>
Interest on prepaid taxes	15,864	4,774
Amortization and net loss on miscellaneous assets	31,070	111,957
Other	106,539	96,290
	<u>\$ 837,284</u>	<u>\$ 731,096</u>

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

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)

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.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

12. Segmented information (continued):

(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, and undertaking miscellaneous environmental projects and initiatives.

(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.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2018

12. Segmented information (continued):

(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.

TOWN OF SIDNEY
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

TOWN OF SIDNEY
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	2,086,977	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

TOWN OF SIDNEY

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.

TOWN OF SIDNEY

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.

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2018

SCHEDULE OF DEBTS

DEBT TYPE	DESCRIPTION	ORIGINAL LOAN PROCEEDS	PRINCIPAL BALANCE DEC 31/17	NEW DEBT 2018	PRINCIPAL PAID 2018	INTEREST PAID 2018	ACTUARIAL EARNINGS 2018	PRINCIPAL BALANCE DEC 31/18	INTEREST RATE	MATURITY YEAR
Long Term	Tulista Park	\$ 770,000	\$ 247,238	\$ -	\$ 38,455	\$ 13,475	\$ 21,218	\$ 187,566	4.65%	2022
Long Term	Tulista Park	80,000	30,644	-	3,995	1,800	2,090	24,559	4.52%	2022
Long Term	Lochside/Iroquois	1,448,000	1,165,347	-	34,769	65,160	12,324	1,118,254	4.50%	2035
Long Term	Iroquois/Public Works Yard	1,073,000	900,604	-	25,765	34,873	7,122	867,717	3.25%	2036
Long Term	Public Works Yard	479,000	414,900	-	11,502	16,286	2,897	400,501	3.40%	2037
Long Term	Community Safety Building	3,000,000	3,000,000	-	63,058	94,500	456	2,936,486	3.15%	2047
Short Term	Community Safety Building	0	0	7,000,000	0	5,856	-	7,000,000	Variable	2019
Financing	Office Equipment	41,068	20,653	-	10,499	347	-	10,154	Variable	2020
Total Debt		\$ 6,891,068	\$ 5,779,386	\$ 7,000,000	\$ 188,043	\$ 232,296	\$ 46,106	\$ 12,545,238		

Prepared pursuant to Financial Information Regulations, Schedule 1, Section 4

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2018

SCHEDULE OF IDEMNITY AND GUARANTEES

No indemnity and guarantee agreements in 2018.

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2018

SCHEDULE OF REMUNERATION AND EXPENSES

ELECTED OFFICIALS		REMUNERATION			
NAME	POSITION	GROSS	BENEFITS	TOTAL	EXPENSES
Price, Steven	Mayor (former)	\$ 29,678	\$ 164	\$ 29,842	\$ 2,477
McNeil-Smith, Cliff	Mayor	5,475	-	5,475	169
Fallot, Barbara	Councillor	14,003	1,689	15,692	589
Wainwright, Peter	Councillor	14,003	1,689	15,692	61
McLennan, Cameron	Councillor (former)	11,855	3,714	15,569	4,239
Bremner-Mitchell, Erin	Councillor (former)	11,855	2,860	14,714	568
Chad, Tim	Councillor (former)	11,855	-	11,855	121
Lougher-Goodey, Mervyn	Councillor (former)	11,855	-	11,855	6,704
Duncan, Sara	Councillor	2,187	-	2,187	61
Garnett, Scott	Councillor	2,187	-	2,187	61
O'Keeffe, Terri	Councillor	2,187	113	2,300	147
Rintoul, Chad	Councillor	2,187	-	2,187	25
Total Elected Officials		\$ 119,326	\$ 10,227	\$ 129,553	\$ 15,220

EMPLOYEES

NAME	POSITION	REMUNERATION	EXPENSES
Humble, Randy	Chief Administrative Officer	\$ 179,479	\$ 4,816
Mikkelsen, Brett	Fire Chief	164,011	5,219
Hicik, Andrew	Director of Corporate Services	138,199	2,597
Tanton, Tim	Director of Development Services, Engineering, Parks & Works	135,431	4,633
Robinson, Brian	Manager Public Works & Parks	118,899	2,756
Maxwell, Will	Manager of Information Services	116,921	-
Harman, Mike	Deputy Fire Chief	113,811	811
Restell, Troy	Manager of Finance	113,251	4,351
VanDerLinden, Mike	Manager Engineering & Environmental Services	112,643	345
Sumberac, Adriano	Foreman, Surface Infrastructure	109,905	70
Nelson, Sandi	Corporate Officer	107,894	777
Kimber, Mike	Foreman, Underground Utilities	96,942	1,636
Newcomb, Corey	Senior Manager of Long Range Planning	94,130	2,885
Kary, Aaron	Career Firefighter	92,202	1,256
Hildebrand, Vaughn	Senior Building Official	92,145	2,259
Egrisits, Leah	RCMP Office Manager	91,049	4,499
Green, Ron	Electrician	88,092	331
Demaere, Bruce	Senior Engineering Technician	86,453	-
Pelton, Craig	Career Firefighter	85,149	723
Halliday, Clifford Sr	Foreman, Parks	82,693	320
Benson, Greg	Fleet Mechanic	77,959	-
Joe, Jesse	GIS Technician	76,300	2,876
		\$ 2,373,557	\$ 43,163
Consolidated total of other employees with remuneration of \$75,000 or less:		4,207,146	n/a
Total Employees		\$ 6,580,703	\$ 43,163

Council Insurance Policies:

2018 Accident Death & Dismemberment Insurance for loss resulting from injury while performing duties associated with the position - AIG Insurance Company Policy #VFP 9149863

Principal Sum - \$250,000

Weekly Accident Indemnity - \$750

Accident Reimbursement - \$25,000

Disclosure of contracts with Council members:

There were no contracts with Council members.

Employer Portion:

Employment Insurance:	\$ 102,390
Canada Pension Plan:	<u>237,434</u>
	<u>\$ 339,823</u>

Reconciliation:

Total Remuneration - Elected Officials	\$ 129,553
Total Remuneration - Employees	<u>6,580,703</u>
Subtotal	6,710,256
Total per Consolidated FS Note 12	<u>7,066,571</u>
Variance*	<u>\$ (356,315)</u>

*Note 12 to the Consolidated Financial Statements provides a listing of expenses by object. The amount of \$7,066,571 includes salaries, wages, employer benefit costs (i.e. dental, health, pension, MSP), payroll taxes (CPP, EI, WCB) and other employer paid payroll costs (i.e. severances, employee benefit obligation, allowances), whereas the amount of \$6,710,256 shown above for the Schedule of Remuneration and Expenses represents only salaries, wages and taxable benefits (life insurance, AD&D and MSP). Furthermore, the Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles for local governments, and as such are prepared on an accrual basis and exclude wages paid on capitalized items. The Schedule of Remuneration and Expenses does not incorporate accrual accounting and represents amounts actually paid during 2018.

Severance Agreements:

There was no severance agreements between the Town of Sidney and its non-unionized employees during fiscal year 2018.

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2018

SCHEDULE OF PAYMENTS FOR THE PROVISION OF GOODS AND SERVICES

1. Alphabetical list of suppliers who received aggregate payments exceeding \$25,000:	Aggregate amount paid to supplier
Supplier Name	
Kinetic Construction Ltd	\$ 7,580,966
Receiver General for Canada-Police Agreement	1,743,511
Capital Regional District - Grant/Requisition	1,451,626
Capital Regional District - Water Consumption	1,200,489
Saanichton Development Ltd	885,042
Vancouver Island Regional Library	754,748
Capital City Paving Ltd.	631,906
EMTERRA Environmental	609,371
Emco Corporation	401,286
W.A. Jones & Sons Trucking Ltd.	326,326
BC Hydro	306,206
Bradley Shuya Architect Inc.	278,348
Parkland Refining (B.C.) Ltd.	134,429
Suburban Motors	126,867
Western Traffic Ltd	123,120
Tricom Building Maintenance Ltd	108,350
Municipal Insurance Association of British Columbia	91,694
Minister of Finance-Agriculture & Lands	88,176
UGE Canada	87,103
Society of Saanich Peninsula Museums	85,800
Butler Brothers Supplies Ltd.	75,595
Corporation of the District of Saanich	75,390
Telus Communications Inc.	72,846
ICBC	65,546
McElhanney Consulting Services Ltd	60,844
Aon Reed Stenhouse Inc.	60,645
Capital Regional District-Animal Control	58,475
Barefoot Planning Ltd	56,102
Receiver General for Canada-Prisoner Expenses	53,286
Island Asphalt Company	53,239
Young, Anderson Barristers & Solicitors	53,052
Philco Construction Ltd	50,965
Goldstream Rock Products Ltd	50,854
Beacon Community Services	50,269
High Tide Energy Inc.	49,886
On Point Project Engineers Ltd	48,647
Sidney Volunteer Firemen's Association	46,522
Rogers Communication	46,403
Strata Corporation # VIS 5564	43,139
Lehigh Materials	41,721
Diamond Software Inc.	40,475
Madill - The Office Company	40,152

Sweeping Success Janitorial	38,909
JR Marine Manufacturing Ltd	37,876
Commissionaires, The	37,469
Scho's Line Painting Ltd.	37,177
Dunrite Playgrounds	37,121
Black Press Group Ltd.	36,800
Tempest Development Group	36,547
IT Yuda Ltd	35,753
Super Save Disposal Inc	33,631
Guillevin International Co.	33,579
Kerr Wood Leidal Associates Ltd	33,203
Pacific Flow Control Ltd.	32,860
Capital Region Emergency Services Telecommunication Inc.	31,941
Herold Engineering Ltd	31,456
Janox Fluid Power Ltd	31,235
Green Roots Play Equipment	31,117
Ryzuk Geotechnical	31,078
Associated Fire & Safety	30,479
Strata Corporation #4994	30,018
Justice Institute of BC	29,128
Microsoft Licensing, GP	28,963
Tetra Tech Canada Inc.	28,245
Esri Canada	26,992
Integrity Sales & Distributors	26,511
T Isherwood Holdings Ltd	25,830
Raylec Power Ltd.	25,370

\$ 19,048,702

2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less **\$ 1,905,353**

3. Consolidated total of all grants and contributions exceeding \$25,000 **\$ 615,988**

4. Reconciliation

Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ 19,048,702
Consolidated total of payments of \$25,000 or less paid to suppliers	1,905,353
Consolidated total of all grants and contributions exceeding \$25,000	<u>615,988</u>
	21,570,043
Total per Consolidated Statement of Operations	10,276,221
Add: Expenditures for capital purposes *	<u>12,294,544</u>
Variance **	<u>\$ (1,000,722)</u>

* Pursuant to public sector accounting standards for local governments, capital expenditures are not considered expenses. However, as this report is prepared on a cash basis, and cash outlays occurred in 2018 for capital purchases, the amount of these purchases is included in this reconciliation.

** The Consolidated Financial Statements are prepared in accordance with public sector accounting standards for local governments, and as such are prepared on an accrual basis. The Schedule of Payments Made for the Provision of Goods or Services does not incorporate accrual accounting and represents amounts actually paid during 2018. The amounts shown on the Schedule of Payments Made for the Provision of Goods or Services include the GST paid to suppliers, where applicable, whereas the Financial Statements do not.

Prepared pursuant to Financial Information Regulations, Schedule 1, Section 7