

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019



TOWN OF SIDNEY

BRITISH COLUMBIA

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STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019


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, 2019, produced under the *Financial Information Act*.



Andrew Hicik
Chief Financial Officer

August 18, 2020



Cliff McNeil-Smith
Mayor, On behalf of Council

August 18, 2020

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019

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
Chief Financial Officer

August 18, 2020

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019

FINANCIAL STATEMENTS



TOWN OF SIDNEY

BRITISH COLUMBIA



TOWN OF SIDNEY

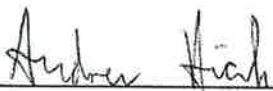
FINANCIAL REPORTING RESPONSIBILITY

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

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, 2019
- 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, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report. We are independent of the 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 11, 2020

Victoria, Canada

TOWN OF SIDNEY

Statement of Financial Position December 31, 2019, with comparative figures for 2018

	2019	2018
Financial assets:		
Cash	\$ 13,871,052	\$ 9,856,903
Investments	9,055,997	8,144,697
Property taxes receivable	312,219	450,398
Accounts receivable	2,514,668	1,732,162
Assets held for sale	-	1,040,775
MFA Debt Reserve Fund cash	108,429	81,101
	<u>25,862,365</u>	<u>21,306,036</u>
Liabilities:		
Accounts payable and accrued liabilities	1,958,758	3,778,487
Deferred revenue and deposits (note 2)	5,591,965	4,509,242
Employee future benefit liability (note 3)	841,100	744,800
Debt (note 4)	12,306,949	12,545,238
	<u>20,698,772</u>	<u>21,577,767</u>
Net financial assets (net debt)	5,163,593	(271,731)
Non-financial assets:		
Tangible capital assets (note 5)	100,740,560	95,493,785
Inventory of supplies	162,615	145,209
Prepaid expenses	85,260	74,865
	<u>100,988,435</u>	<u>95,713,859</u>
Accumulated surplus (note 6)	\$ 106,152,028	\$ 95,442,128
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, 2019, with comparative figures for 2018

	<i>Budget</i> 2019 <i>(note 11)</i>	Actual 2019	Actual 2018
Revenue:			
Net taxes available for municipal purposes (note 7)	\$ 13,974,003	\$ 13,979,584	\$ 13,254,413
Fees, rates and service charges	6,313,127	6,504,441	6,074,276
Government transfers (note 8)	1,968,570	2,104,138	1,510,640
Investment earnings	230,000	413,017	310,075
Gifts and contributions	756,020	1,290,474	526,704
Penalties and interest	101,000	117,229	102,371
Actuarial adjustment on debt	-	54,353	46,106
MFA Debt Reserve Fund surplus	-	-	550
Other (note 9)	9,008,500	8,185,196	180,589
Total revenue	32,351,220	32,648,432	22,005,724
Expenses:			
General government	2,515,373	2,431,663	2,438,537
Protective services	5,689,247	5,605,209	5,139,635
Transportation	4,247,637	4,328,865	3,631,746
Environmental health services	866,148	776,740	795,101
Environmental development	594,400	523,236	423,294
Leisure, parks and cultural	3,036,085	3,055,850	2,965,187
Water utility	2,193,550	2,139,798	2,120,634
Sewer utility	2,203,332	2,065,729	2,144,100
Other (note 10)	918,173	1,011,442	837,284
Total expenses	22,263,945	21,938,532	20,495,518
Annual surplus	10,087,275	10,709,900	1,510,206
Accumulated surplus, beginning of year	95,442,128	95,442,128	93,931,922
Accumulated surplus, end of year	\$ 105,529,403	\$ 106,152,028	\$ 95,442,128

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, 2019, with comparative figures for 2018

	Budget 2019	Actual 2019	Actual 2018
	<i>(note 11)</i>		
Annual surplus	\$ 10,087,275	\$ 10,709,900	\$ 1,510,206
Acquisition of tangible capital assets	(12,765,687)	(8,272,217)	(12,850,086)
Amortization of tangible capital assets	2,880,000	2,933,102	2,493,639
Gain on disposal of tangible capital assets	-	(150,895)	(5,043)
Gain on disposal of asset held for sale	-	(7,942,489)	-
Disposal of asset held for sale	-	(1,040,775)	-
Reclassify tangible capital assets to assets held for sale	-	-	1,040,775
Proceeds on disposal of tangible capital assets	-	243,235	-
Proceeds on disposal of asset held for sale	-	8,983,264	64,042
	201,588	5,463,125	(7,746,467)
Acquisition of inventory of supplies	-	(162,615)	(145,209)
Acquisition of prepaid expense	-	(85,260)	(74,865)
Consumption of inventory of supplies	-	145,209	127,411
Use of prepaid expenses	-	74,865	92,357
Change in net financial assets	201,588	5,435,324	(7,746,773)
Net financial assets (Net debt), beginning of year	(271,731)	(271,731)	7,475,042
Net financial assets (Net debt), end of year	\$ (70,143)	\$ 5,163,593	\$ (271,731)

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

TOWN OF SIDNEY

Statement of Cash Flows Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,709,900	\$ 1,510,206
Items not involving cash:		
Amortization	2,933,102	2,493,639
Gain on disposal of tangible capital assets	(150,895)	(5,043)
Gain on disposal of assets held for sale	(7,942,489)	-
Developer contribution of tangible capital assets	(158,866)	(111,478)
Change in employee future benefit liability	96,300	60,900
Actuarial adjustment on debt	(54,353)	(46,106)
Changes in non-cash assets and liabilities:		
Property taxes receivable	138,179	129
Accounts receivable	(782,506)	42,109
Accounts payable and accrued liabilities	(1,819,729)	1,459,560
Deferred revenue	1,082,723	988,330
Inventory of supplies	(17,406)	(17,798)
Prepaid expenses	(10,395)	17,492
Net change in cash from operating activities	4,023,565	6,391,940
Capital activities:		
Proceeds on disposal of tangible capital assets	243,235	64,042
Proceeds on disposal of asset held for sale	8,983,264	-
Cash used to acquire tangible capital assets	(8,113,351)	(12,738,608)
Net change in cash from capital activities	1,113,148	(12,674,566)
Investment activities:		
Investments	(911,300)	5,964,978
Net change in cash from investing activities	(911,300)	5,964,978
Financing activities		
Municipal Finance Authority debt reserve adjustment	(27,328)	(1,727)
Debt issued and assumed	2,500,000	7,000,000
Long-term debt repaid	(2,683,936)	(188,042)
Net change in cash from financing activities	(211,264)	6,810,231
Net change in cash and cash equivalents	4,014,149	6,492,583
Cash and cash equivalents, beginning of year	9,856,903	3,364,320
Cash and cash equivalents, end of year	\$ 13,871,052	\$ 9,856,903
Cash paid for interest	\$ 393,003	\$ 232,297
Cash received from interest	530,246	412,446

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

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

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, 2019

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, 2019

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, 2019

2. 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, 2018	Recognized as revenue	Interest earned	Current year deferred	Balance at Dec 31, 2019
Prepaid property taxes	\$ 1,500,809	\$ (1,500,809)	\$ -	\$1,535,925	\$ 1,535,925
Prepaid fees and charges	338,955	(273,990)	-	480,345	545,310
Deferred developer contributions & deposits	1,502,976	(1,029,220)	2,200	1,813,412	2,289,368
Deposits on hold	1,166,502	(850,998)	-	905,858	1,221,362
	\$ 4,509,242	\$ (3,655,017)	\$ 2,200	\$ 4,735,540	\$ 5,591,965

3. 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 obligation for employee future benefits is as follows:

	2019	2018
Accrued employee benefit obligations:		
Balance, beginning of year	\$ 879,200	\$ 854,300
Current service cost	89,700	91,400
Interest cost	30,800	26,500
Benefits paid	(49,300)	(83,100)
Actuarial adjustment	(149,700)	(9,900)
Balance, end of year	800,700	879,200
Unamortized net actuarial gain (loss)	40,400	(134,400)
Accrued employee benefit liability	\$ 841,100	\$ 744,800

Any actuarial gain or loss is amortized over a period equal to the employees' average remaining service lifetime, estimated to be 11 years (2018 - 11 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. The liabilities are based on an actuarial valuation of the Town's employee future benefits completed as at December 31, 2019.

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

	2019	2018
Discount rates	2.60%	3.30%
Expected wage and salary increases	2.50%	2.50%

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

3. Employee future benefit liability (continued):

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 \$145,600 (2018 - \$144,000).

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, 2019, the Plan had about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the plan in aggregate, 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 \$613,455 for employer contributions (2018 - \$612,464) and Town employees paid \$528,187 for employee contributions (2018 - \$521,141) to the plan in fiscal 2019.

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, 2017. The next valuation will be as at December 31, 2020, with results available in 2021. At December 31, 2018, the total plan provision for approved and unreported claims was \$18,160,100 with a net surplus of \$3,016,917. The actuary does not attribute portions of the unfunded liability to individual employers.

The Town paid \$71,824 for employer contributions (2018 - \$76,849) and Town employees paid \$71,772 for employee contributions (2018 - \$77,120) to the plan in 2019.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

4. Debt:

- (a) The Town issues debt instruments through the Municipal Finance Authority (MFA), pursuant to loan authorization 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 2019	Net debt 2018
Short-Term and Other debt	\$ 4,503,762	\$ -	\$ 4,503,762	\$ 7,010,154
Long-Term Debt	9,350,000	1,546,813	7,803,187	5,535,084
	\$ 13,853,762	\$ 1,546,813	\$ 12,306,949	\$ 12,545,238

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, 2019 there were contingent demand notes of \$179,008 (2018 - \$144,484) and cash deposits of \$108,429 (2018 - \$81,101). 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:

2020	\$ 230,092
2021	230,092
2022	191,637
2023	187,642
2024	187,642
2025-2049	6,776,082
	\$ 7,803,187

- (d) Scheduled debt repayments may be suspended should sinking fund accumulations exceed original estimates.
- (e) Total interest paid on long-term and short-term debt during the year was \$393,003 (2018 - \$232,296).
- (f) Existing long-term debt matures in annual amounts to the year 2049, and interest rates range from 2.66% to 4.65%. The weighted average interest rate for 2019 was 3.23% (2018 - 3.44%).

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

4. Debt (continued):

- (g) 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, 2019, the Town has drawn upon \$5,500,000 of these funds as long term debt and received another \$4,500,000 by interim financing. The Town will borrow an additional \$3,000,000 in spring 2020; this will be the final borrowing under this Loan Authorization Bylaw.
- (h) Included in other debt is an Equipment Financing Loan Agreement with the Municipal Finance Authority totaling \$3,762 (2018 - \$10,154) to finance the purchase of a tangible capital asset.

The loan is repaid in monthly payments of \$435 with maturity in mid-2020. The loan is 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 1.88% per annum. Interest paid during the year was \$171 (2018 - \$347) 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 \$25,300 to the MFA.

5. Tangible capital assets:

Cost	Balance at Dec 31, 2018	Additions	Disposals / Transfers	Balance at Dec 31, 2019
Land	\$ 14,295,634	\$ -	\$ (3,780)	\$ 14,291,854
Land improvements	13,685,760	404,125	999,609	15,089,494
Building and building improvements	14,120,876	5,534,607	9,920,419	29,575,902
Vehicles, machinery and equipment	11,203,803	464,876	990	11,669,669
Water and wastewater infrastructure	41,334,027	295,499	2,991,869	44,621,395
Roads infrastructure	29,998,553	756,455	438,243	31,193,251
Assets under construction	15,361,108	816,655	(15,029,132)	1,148,631
Total	\$ 139,999,761	\$ 8,272,217	\$ (681,782)	\$ 147,590,196

Accumulated Amortization	Balance at Dec 31, 2018	Amortization Expense	Disposals	Balance at Dec 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	5,358,874	434,968	-	5,793,842
Building and building improvements	6,706,226	687,136	-	7,393,362
Vehicles, machinery and equipment	5,892,351	632,081	(381,527)	6,142,905
Water and wastewater infrastructure	15,957,090	620,562	-	16,577,652
Roads infrastructure	10,591,435	558,355	(207,915)	10,941,875
Assets under construction	-	-	-	-
Total	\$ 44,505,976	\$ 2,933,102	\$ (589,442)	\$ 46,849,636

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

5. Tangible capital assets (continued):

Net Book Value	Balance at Dec 31, 2018	Balance at Dec 31, 2019
Land	\$ 14,295,634	\$ 14,291,854
Land improvements	8,326,886	9,295,652
Building and building improvements	7,414,650	22,182,540
Vehicles, machinery and equipment	5,311,452	5,526,764
Water and wastewater infrastructure	25,376,937	28,043,743
Roads infrastructure	19,407,118	20,251,376
Assets under construction	15,361,108	1,148,631
Total	\$ 95,493,785	\$ 100,740,560

(a) Assets under construction

Assets under construction having a value of \$1,148,631 (2018 - \$15,361,108) have not been amortized. Amortization of these assets will commence when the assets are available for service. The large decrease is due to completion of the Town's Community Safety Building in 2019 and the transfer of these in progress assets to Building and Building Improvements.

(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 \$158,866 (2018 - \$111,478).

(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.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

6. Accumulated surplus:

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

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 88,433,611	\$ 83,989,322
Surplus from operations	5,103,227	3,768,497
Total surplus	93,536,838	87,757,819
Reserves set aside by Council:		
Miscellaneous operating purposes	374,458	312,415
Miscellaneous capital purposes	944,720	1,022,893
Total reserves	1,319,178	1,335,308
Reserves funds set aside for specific purposes by Council:		
Land sale proceeds	3,130,542	164,485
Parkland acquisition	218,744	132,194
Off-street parking	587,385	133,145
Computer replacement	374,466	370,179
General equipment replacement	1,390,895	1,123,496
Fire equipment replacement	296,153	338,436
Water capital	301,955	297,778
Sewer capital	24,916	24,316
Infrastructure replacement	1,780,666	895,347
Water rates stabilization	104,547	173,387
Amenities	371,622	213,314
Affordable housing	513,528	160,255
Ferry terminal	746,827	917,802
Contingency	88,233	86,033
Agreements	172,426	171,259
Gas Tax - Community Works Fund	1,084,678	1,066,474
Total reserve funds	11,187,582	6,267,900
MFA Debt Reserve Fund cash	108,429	81,101
	\$ 106,152,028	\$ 95,442,128

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.

	2019	2018
Federal gas tax agreement funds		
Gas tax agreement funds, beginning of year	\$ 1,066,474	\$ 1,845,598
Amounts received during the year	1,095,470	549,035
Interest earned restricted for projects	26,700	36,900
Expenditures	(1,103,966)	(1,365,059)
Gas tax agreements funds, end of year	\$ 1,084,678	\$ 1,066,474

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

7. Net taxes available for municipal purposes:

	2019	2018
Taxes:		
Property taxes	\$ 24,891,877	\$ 23,672,011
Revenue in lieu of taxes	280,250	278,913
Other	949,715	867,180
	<u>26,121,842</u>	<u>24,818,104</u>
Less taxes on behalf of:		
Provincial Government School Authorities	6,810,313	6,472,692
Capital Regional District	2,520,303	2,445,806
Capital Regional Hospital District	1,112,745	1,079,704
BC Transit	1,179,715	1,062,958
BC Assessment Authority	212,723	203,740
Municipal Finance Authority	1,060	951
Business Improvement Area	305,399	297,840
	<u>12,142,258</u>	<u>11,563,691</u>
Net taxes available for municipal purposes	\$ 13,979,584	\$ 13,254,413

8. 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:

	2019	2018
Federal grants:		
Gas Tax - Community Works Funding	\$ 1,095,470	\$ 549,035
Provincial grants:		
Federal / provincial capital grant programs	31,428	53,082
Small community protection grant	336,784	345,702
Traffic fine revenue sharing	92,813	91,436
Other provincial grants	52,308	120
	<u>513,333</u>	<u>490,340</u>
Regional and other local governments:		
Policing	410,456	330,339
Recreation	64,591	64,595
Other	20,288	76,331
	<u>495,335</u>	<u>471,265</u>
Total government transfer revenue	\$ 2,104,138	\$ 1,510,639

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

9. Other revenue:

The Town sold its Fire Department Building and neighboring parking lot at a purchase price of \$9,000,000; completion of the purchase was August 1, 2019. These tangible capital assets were included in the 2018 Statement of Financial Position under assets held for sale. The net gain resulting from this sale is \$7,942,489 and is included in Other Revenue on the Statement of Operations and Accumulated Surplus.

10. Other expenses:

	2019	2018
Grants to non-government organizations:		
Sidney and North Saanich Memorial Park Society	\$ 340,608	\$ 330,300
Shaw Centre for the Salish Sea	125,000	135,000
Sidney Business Improvement Area Society	122,426	123,966
ArtSea Community Arts Council	28,000	15,000
South Island Prosperity Project	26,722	26,722
Saanich Peninsula Chamber of Commerce	20,000	-
Peninsula Celebrations Society	12,000	12,000
Other	37,779	40,823
	712,535	683,811
Interest on prepaid taxes	23,667	15,864
Amortization and net loss on miscellaneous assets	153,268	31,070
Other	121,972	106,539
	\$ 1,011,442	\$ 837,284

11. Budget data:

The budget data presented in these financial statements is based upon the 2019-2023 Financial Plan adopted by Council on April 23, 2019. The table below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenues:	
Financial Plan	\$ 31,868,964
Add:	
Vancouver Island Regional Library Levy	787,655
Sidney Business Improvement Area Levy	(305,399)
Total revenue	32,351,220
Expenses:	
Financial Plan	21,781,689
Add:	
Vancouver Island Regional Library Levy	787,655
Less:	
Sidney Business Improvement Area Levy	(305,399)
Total expenses	22,263,945
Annual surplus	\$ 10,087,275

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

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.

TOWN OF SIDNEY

Notes to Financial Statements
Year ended December 31, 2019

12. Segmented information (continued):

(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 Sidney Museum and Archives 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.

TOWN OF SIDNEY
Notes to Financial Statements
Year ended December 31, 2019

12. Segmented information (continued):

	General Government	Protective Services	Transportation	Environmental Health Services	Environmental Development Services	Leisure, Parks and Cultural	Water Utility	Sewer Utility	Other	2019
Revenue:										
Taxes for municipal purposes	\$ 1,826,885	\$ 3,933,549	\$ 1,800,963	\$ 208,798	\$ 529,936	\$ 2,342,128	\$ 392,665	\$ 557,050	\$ 2,387,610	\$ 13,979,584
Fees, rates and service charges	451,463	831,789	1,052,236	574,188	30,088	104,586	1,719,938	1,663,246	76,907	6,504,441
Government transfers	-	483,320	160	-	20,000	75,591	-	-	1,525,067	2,104,138
Investment earnings	-	-	-	-	-	-	-	-	413,017	413,017
Gifts and contributions	1,000	960,559	-	-	-	10,800	-	-	318,115	1,290,474
Penalties and interest	-	-	-	1,993	10,000	-	5,544	5,674	94,018	117,229
Actuarial adjustment on debt	-	-	-	-	-	-	-	-	54,353	54,353
MFA Debt Reserve Fund surplus	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	8,185,196	8,185,196
Total revenue	2,279,348	6,209,217	2,853,359	784,979	590,024	2,533,105	2,118,147	2,225,970	13,054,283	32,648,432
Expenses:										
Salaries, wages and benefits	1,590,255	2,167,745	1,582,915	129,031	448,197	1,006,629	306,237	242,945	5,359	7,479,313
Contracted services	579,025	2,376,680	540,432	613,160	74,636	1,145,129	39,364	1,483,301	708,702	7,560,429
Supplies and equipment	72,538	211,059	286,611	34,549	403	343,836	1,556,311	159,506	-	2,664,813
Debt interest	167	261,239	51,159	-	-	80,439	-	-	15,121	408,125
Other	15,649	2,829	574,809	-	-	10,497	16,351	-	272,615	892,750
Amortization	174,029	585,657	1,292,939	-	-	469,320	221,535	179,977	9,645	2,933,102
Total expenses	2,431,663	5,605,209	4,328,865	776,740	523,236	3,055,850	2,139,798	2,065,729	1,011,442	21,938,532
Annual surplus (deficit)	\$ (152,315)	\$ 604,008	\$ (1,475,506)	\$ 8,239	\$ 66,788	\$ (522,745)	\$ (21,651)	\$ 160,241	\$ 12,042,841	\$ 10,709,900

TOWN OF SIDNEY
Notes to Financial Statements
Year ended December 31, 2019

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, 2019

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:

2020	\$	593,292
2021		596,699
2022		575,774
	\$	<u>1,765,765</u>

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, 2019

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 for the location of a parking lot for employees working in the downtown core. The agreements commit the Town to two separate payment streams, neither of which is considered a liability at Dec 31, 2019. 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 2019 payment was \$56,768 and the 2020 payment will be \$59,812; 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.

15. Subsequent Events

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and Town are not known at this time.

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF DEBTS

DEBT TYPE	DESCRIPTION	ORIGINAL LOAN PROCEEDS	PRINCIPAL BALANCE DEC 31/18	NEW DEBT 2019	PRINCIPAL PAID 2019	INTEREST PAID 2019	ACTUARIAL EARNINGS 2019	PRINCIPAL BALANCE DEC 31/19	INTEREST RATE	MATURITY YEAR
Long Term	Tulista Park	\$ 770,000	\$ 187,566	\$ -	\$ 38,455	\$ 13,475	\$ 23,591	\$ 125,520	1.75%	2021
Long Term	Tulista Park	80,000	24,559	-	3,995	1,800	2,328	18,236	2.25%	2022
Long Term	Lochside/Iroquois	1,448,000	1,118,254	-	34,769	65,160	14,178	1,069,308	4.50%	2035
Long Term	Iroquois/Public Works Yard	1,073,000	867,717	-	25,765	34,873	8,431	833,521	3.25%	2036
Long Term	Public Works Yard	479,000	400,501	-	11,502	16,286	3,465	385,534	3.40%	2037
Long Term	Community Safety Building	3,000,000	2,936,486	-	63,058	94,500	2,359	2,871,069	3.15%	2047
Long Term	Community Safety Building	0	0	2,500,000	0	33,250	0	2,500,000	2.66%	2047
Short Term	Community Safety Building	7,000,000	7,000,000	-	2,500,000	133,489	-	4,500,000	Variable	2020
Financing	Equipment	41,068	10,154	-	6,392	171	-	3,762	Variable	2020
Total Debt		\$ 13,891,068	\$ 12,545,238	\$ 2,500,000	\$ 2,683,935	\$ 393,003	\$ 54,353	\$ 12,306,949		

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

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019
SCHEDULE OF IDEMNITY AND GUARANTEES

No indemnity and guarantee agreements in 2019.

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF REMUNERATION AND EXPENSES

ELECTED OFFICIALS		REMUNERATION				
NAME	POSITION	GROSS	BENEFITS	TOTAL	EXPENSES	
McNeil-Smith, Cliff	Mayor	\$ 38,332	\$ -	\$ 38,332	\$ 5,123	
Duncan, Sara	Councillor	15,311	-	15,311	1,486	
Fallot, Barbara	Councillor	15,311	1,444	16,755	3,767	
Garnett, Scott	Councillor	15,311	-	15,311	-	
O'Keeffe, Terri	Councillor	15,311	1,804	17,115	4,075	
Rintoul, Chad	Councillor	15,311	-	15,311	-	
Wainwright, Peter	Councillor	15,311	1,804	17,115	45	
Total Elected Officials		\$ 130,198	\$ 5,051	\$ 135,249	\$ 14,497	

EMPLOYEES

NAME	POSITION	REMUNERATION	EXPENSES
Humble, Randy	Chief Administrative Officer	\$ 175,643	\$ 1,467
Mikkelsen, Brett	Fire Chief	155,088	9,012
Hicik, Andrew	Director of Corporate Services	140,876	1,049
Robinson, Brian	Manager Public Works & Parks	125,971	2,724
Restell, Troy	Manager of Finance	118,158	3,770
Harman, Mike	Deputy Fire Chief	116,940	2,022
Maxwell, Will	Manager of Information Services	114,847	311
Newcomb, Corey	Senior Manager of Long Range Planning	109,560	4,144
Sumberac, Adriano	Foreman, Surface Infrastructure	109,364	169
Nelson, Sandi	Corporate Officer	107,817	300
Demaere, Bruce	Manager of Engineering & Environmental Services	102,228	371
Kimber, Mike	Foreman, Underground Utilities	98,839	268
Kary, Aaron	Career Firefighter	93,901	5,632
Pelton, Craig	Career Firefighter	93,640	2,037
Hildebrand, Vaughn	Senior Building Official	93,571	2,052
Verhagen, Alison	Senior Manager of Current Planning	88,745	1,529
Blinko, Darrin	Career Firefighter	86,856	4,353
Halliday, Clifford Sr	Foreman, Parks	86,633	2,523
Green, Ron	Electrician	85,671	1,433
VanDerLinden, Mike	Manager of Engineering & Environmental Services	82,333	371
MacKenzie, Kevin	Career Firefighter	82,043	5,327
Benson, Greg	Fleet Mechanic	77,788	130
Jones, Dan	Building Official	76,681	2,558
Joe, Jesse	GIS Technician	76,211	38
		\$ 2,499,402	\$ 53,591
Consolidated total of other employees with remuneration of \$75,000 or less:		4,157,155	n/a
Total Employees		\$ 6,656,557	\$ 53,591

Council Insurance Policies:

2019 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:	\$ 98,988
Canada Pension Plan:	248,375
	<u>\$ 347,363</u>

Reconciliation:

Total Remuneration - Elected Officials	\$ 135,249
Total Remuneration - Employees	6,656,557
Subtotal	6,791,806
Total per Consolidated FS Note 12	7,479,313
Variance*	<u>\$ (687,507)</u>

*Note 12 to the Consolidated Financial Statements provides a listing of expenses by object. The amount of \$7,479,313 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 \$6,791,806 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 2019.

Severance Agreements:

There was no severance agreements between the Town of Sidney and its non-unionized employees during fiscal year 2019.

STATEMENT OF FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2019

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	\$ 6,809,190
Receiver General for Canada-Police Agreement	1,582,209
Capital Regional District - Grant/Requisition	1,406,513
Capital Regional District - Water Consumption	1,211,213
Vancouver Island Regional Library	787,676
EMTERRA Environmental	529,335
Capital City Paving Ltd.	506,323
Westcoast Diving Contractors Ltd	365,450
Island Asphalt Company	334,767
BC Hydro	434,825
W.A. Jones & Sons Trucking Ltd.	241,238
Trane Canada	192,056
Emco Corporation	191,338
Five Star Paving Co. Ltd.	145,152
Minister of Finance-Agriculture & Lands	143,870
Saanichton Development Ltd	139,330
Parkland Refining (B.C.) Ltd.	134,859
Bradley Shuya Architect Inc.	121,387
Tricom Building Maintenance Ltd	109,487
Monk Office Supply Ltd.	105,912
Young, Anderson Barristers & Solicitors	98,439
City of Surrey	96,612
Municipal Insurance Association of British Columbia	93,627
Sidney Museum and Archives Society	87,816
Mary Winspear Community Centre	82,126
ICBC	75,766
Western Traffic Ltd	74,043
District of North Saanich	69,061
Telus Communications Inc.	68,585
Beacon Community Services	63,343
Tempest Development Group	57,099
Capital Regional District-Animal Control	55,400
Butler Concrete & Aggregate Ltd	54,120
Goldstream Rock Products Ltd	51,098
Aon Reed Stenhouse Inc.	50,660
MacNutt Enterprises Ltd.	49,759
Sidney Volunteer Firefighter's Association	49,017
Integrity Sales & Distributors	46,831
Strata Corporation # VIS 5564	44,807
C3 Mainline Inspections Inc	44,418
IT Yuda Ltd	44,018
Lordco Auto Parts	41,808
Thurber Engineering Ltd.	41,117

Barefoot Planning Ltd	40,688
SNC-LAVALIN INC	39,490
Receiver General for Canada-Prisoner Expenses	36,938
Radioworks	36,590
Sweeping Success Janitorial	36,170
Super Save Disposal Inc	35,205
Site One Landscape Supply, LLC	34,394
Capital Region Emergency Services Telecommunication Inc.	34,349
FortisBC-Natural Gas	32,281
Exotek Consulting Ltd	31,878
Novus Plants	31,548
Edgar & Miner Floor Coverings	31,063
McElhanney Consulting Services Ltd	30,481
Urban Matters CCC Ltd	30,314
Diamond Software Inc.	29,695
D.H.Signs of the Times Ent. Inc.	29,642
Rogers Communication	29,542
Strata Corporation #4994	29,532
Esri Canada	29,008
Microsoft Canada	28,963
Lehigh Materials	28,731
CDW Canada Corp	28,567
Coast Wholesale Appliances	28,311
Robbins Parking Service Ltd	28,189
Corporation of the District of Saanich	27,536
Scho's Line Painting Ltd.	27,252
South Island Prosperity Partnership	26,722
Aristos Mail Tech Inc	25,556
	<u>\$ 17,810,335</u>
2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less	<u>\$ 1,834,035</u>
3. Consolidated total of all grants and contributions exceeding \$25,000	<u>\$ 642,756</u>
4. Reconciliation	
Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ 17,810,335
Consolidated total of payments of \$25,000 or less paid to suppliers	1,834,035
Consolidated total of all grants and contributions exceeding \$25,000	<u>642,756</u>
	20,287,126
Total per Consolidated Statement of Operations	11,117,994
Add: Expenditures for capital purposes *	<u>7,671,583</u>
Variance **	<u>\$ 1,497,549</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 2019 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 2019. 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.