

District of Saanich

2018 Financial Results at a Glance

Summary

The purpose of this document is to provide a high level overview of our financial statements and make understanding them a bit easier. The financial results for 2018 were largely as planned. We built up our reserve funds so we can pay for the large facility projects coming up in the next few years. We also continued to pay down our existing debt which is already quite low. We invested in new capital assets by replacing end of life infrastructure and doing major repairs on our roadways and underground infrastructure (water, sewer, drainage). Our operations were consistent with plans established in the budget except we had a bit more revenue than we expected and some departments spent less than their budgets largely due to staff vacancies. Where departments went over budget it was due to emergency related work such as waterline repairs or customer calls for service requests.

Statement of Financial Position (000s)	2018	2017	Change
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This chart describes the 2018 year end balances and changes to Saanich's assets and liabilities from last year.

Total cash and investments

Saanich's cash and investments increase as we set money aside in reserves to manage large expenditures that are coming up. Also remember that we collect property taxes in June and July, so we need funds to hold us over until then.

\$ 199,387	\$ 189,202	\$ 10,186
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Receivables

There was a small change in receivables from last year. Receivables are a combination of interest earned on investments that hasn't been received yet and utility bills that have been sent out to customers but haven't been paid at the end of the year. It can also include grants payments that we are waiting for senior governments to send us.

\$ 16,778	\$ 16,451	\$ 328
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Accounts payable and accrued liabilities

The decrease in amounts owing at the end of the year compared to last year is due to the payout of the 2016/2017 retroactive wages for CUPE employees and Police Department personnel when the agreements were settled in 2018.

\$ 11,908	\$ 16,288	\$ (4,380)
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Accrued employee benefits obligations

These amounts represent an estimation of the benefits that the District is obligated to pay employees upon retirement. Accounting rules require that we base the calculation on current value of expected payout upon retirement for all employees. The calculation changes from year to year as we hire new employees, actual retirements occur and staff leave Saanich for other opportunities. Additional information is available in note 5 of the Financial

\$ 18,045	\$ 16,707	\$ 1,339
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Debt

While there was some new debt incurred in 2018, we also repaid \$2.7M in principal which resulted in an overall reduction in net debt. Additional information is available in note 3 of the Financial Statements.

\$ 34,015	\$ 35,856	\$ (1,841)
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Deferred Revenue

Deferred revenues are monies received for a specific service that will be provided in the future. Common deferred revenues are recreation registration fees, passes and rentals as well as permit revenue received in 2018 for 2019. In addition, accounting rules require that Development Cost Charges (DCC) and Sub-regional Park Reserves (SPR) be reported as deferred revenue. The balance of DCCs increased by \$553K and SPR increased by 500K over last year. Additional information is available in note 6 of the Financial Statements.

\$ 21,280	\$ 19,473	\$ 1,808
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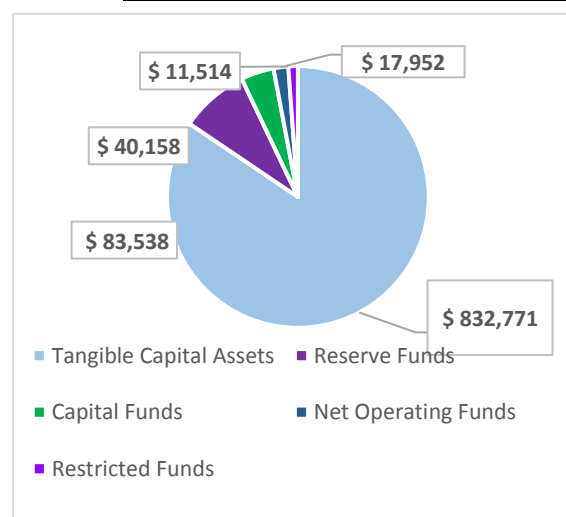
Deposits and prepayments	2018	2017	Change
Deposits are funds paid to the District as a promise to get specific work done, such as promise to plant trees in a development; The deposit is returned to depositor once that work is performed. Deposits increased by \$1.8M over last year for subdivision related work and we also collected \$800K in 2019 property tax prepayments between August and December of 2018.	\$ 14,770	\$ 11,964	\$ 2,806

Tangible Capital Assets	2018	2017	Change
The total addition to capital infrastructure, buildings and equipment is around \$30M which was offset by \$16M in depreciation. The largest additions were for roads, water and sewer infrastructure and vehicles, machinery and equipment. Additional information is available in note 9 of the Financial Statements.	\$ 865,964	\$ 851,738	\$ 14,227

Accumulated Surplus	2018	2017	Change
The accumulated surplus reported in the financial statements is often thought to be money on hand. However, this is not the case. The majority of the balance is the value of assets that have been acquired or built. There is a portion that is money that is invested in reserve funds, but these funds are set aside for very specific uses and cannot be accessed to pay for operations. The breakdown is shown below.	\$ 985,934	\$ 960,632	\$ 25,301

Accumulated surplus detail (\$000s)

Tangible Capital Assets	832,771
Reserve Funds	83,538
Capital Funds	40,158
Net Operating Funds	17,952
Restricted Funds	11,514
	<u>985,934</u>



Statement of Operations and Accumulated Surplus

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

2018 Annual Surplus as per Financial Statements (page 8)		25,301,312
<u>Remove transfers recorded as revenue</u>		
Reserve fund revenues (Gas Tax, transfer from DCC)	(6,957,617)	
Transfers to reserves funds established in the budget	(17,773,426)	(24,731,043)
<u>Remove net capital transactions included in annual surplus</u>		
Revenue for capital purposes - grants, developer contributions	(8,234,039)	
Capital expenses (not capitalized as assets)	8,015,530	
Amortization (non cash)	19,216,650	
Funding provided for capital	(20,849,631)	(1,851,490)
<u>Add back</u>		
Funds set aside for commitments and one time resource requests	3,736,039	
Change in accrued employee benefits	626,417	4,362,456
2018 Operating Surplus (see page 3 - Revenues minus Expenditures)		3,081,235

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Operating Budget Results

Revenues:	2017 Actual	2018 Actual	Annual Budget 2018	2018 Budget Remaining	% Revenue Collected
Property Taxation	(116,000,000)	(120,641,800)	(120,682,200)	(40,400)	100%
Utility Tax and Other	(1,594,300)	(1,680,200)	(1,577,700)	102,500	106%
Water Utility Revenue	(20,610,400)	(21,736,900)	(21,492,200)	244,700	101%
Sewer Utility Revenue	(19,067,700)	(21,392,900)	(21,685,400)	(292,500)	99%
Planning & Inspection Revenues	(3,964,800)	(3,304,300)	(2,462,700)	841,600	134% 1
Recreation Revenues	(13,086,900)	(13,526,500)	(12,764,200)	762,300	106% 2
Grants In Lieu	(2,416,000)	(2,572,100)	(2,453,500)	118,600	105% 3
Provincial Grants	(1,500,000)	(1,500,000)	(1,500,000)	0	100%
Interest and Penalties	(1,680,200)	(2,449,900)	(1,677,000)	772,900	146% 4
Surplus Appropriations	(400,000)	(350,000)	(400,000)	(50,000)	88% 5
Other Revenues	(437,700)	(480,600)	(311,100)	169,500	154% 6
Total Revenue	(180,758,000)	(189,635,200)	(187,006,000)	2,629,200	101%

Expenditures:	2017 Actual	2018 Actual	Annual Budget 2018	2018 Budget Remaining	% Expenditure Spent
Administration	2,294,900	2,285,400	2,311,400	26,000	99%
Finance - Departmental	3,363,300	3,380,100	3,660,600	280,500	92% 1
Finance - Corporate	(443,500)	23,200	(278,500)	(301,700)	-8% 2
Fiscal Services	7,224,300	7,295,900	7,407,700	111,800	98%
Corporate Services	5,330,300	5,631,600	6,948,100	1,316,500	81% 3
Building, Bylaw, Licensing & Legal	3,491,500	3,858,000	3,452,500	(405,500)	112% 4
Police Protection	33,962,300	35,074,800	35,074,300	(500)	100%
Fire Protection	17,528,700	18,315,000	18,182,300	(132,700)	101%
Emergency Program	399,000	417,500	426,000	8,500	98%
Planning	2,644,400	2,960,200	2,964,200	4,000	100%
Engineering and Public Works	12,361,700	12,542,500	12,623,300	80,800	99%
Parks	6,771,800	6,807,100	7,029,200	222,100	97%
Recreation	22,294,200	22,822,700	22,317,200	(505,500)	102%
Cultural	6,949,400	7,344,200	7,224,100	(120,100)	102%
Water Utility Expenditure	13,951,000	14,309,200	14,127,200	(182,000)	101%
Sewer Utility Expenditure	14,312,000	16,436,300	16,600,400	164,100	99%
Capital Program (tax and fee funded only)	25,574,400	27,050,300	26,936,000	(114,300)	100%
Total Expenditures	178,009,700	186,554,000	187,006,000	452,000	100%
Revenues minus Expenditures	(2,748,300)	(3,081,200)	-	3,081,200	

Explanatory notes for variances over 5%

REVENUES:

- 1 *Planning and Inspections (134% collected)* – Higher volume of development than budgeted.
- 2 *Recreation (106% collected)* - Increased program registrations and golf rounds purchased.
- 3 *Grants In Lieu (105% collected)* - Higher than anticipated grants in lieu of taxes on federal properties.
- 4 *Interest and Penalties (146% collected)* - Higher interest rates and implementation of the new investment policy generated increase in revenue.
- 5 *Surplus Appropriations (66% utilized)* - Some projects funded from one time surplus were deferred to next year.
- 6 *Other Revenues (154% collected)* - Difficult to predict revenues from various sources.

EXPENSES:

- 1 *Finance - Departmental (92% spent)* - Vacancies in various sections during the year.
- 2 *Finance - Corporate (-8% spent)* - Costs related to encampment issues severance payouts due to retirements.
- 3 *Corporate Services (80% spent)* - Vacancies in administration and IT and some deferred IT hardware and software maintenance and licensing costs due to timing of projects.
- 4 *Building, Bylaw, Licensing & Legal (112% spent)* - Legal fees and claims higher than budgeted.