

## District of Saanich 2019 Financial Results at a Glance

### Summary

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

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

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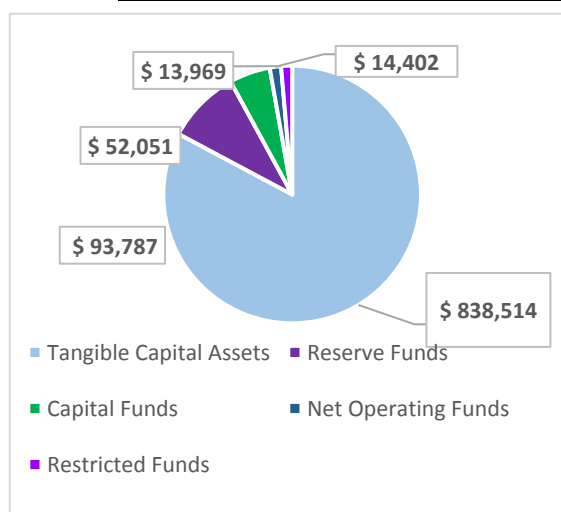
Deposits and prepayments	2019	2018	Change
Deposits are funds paid to the District as a promise to get specific work done, such as promise to plant trees in a development; The deposit is returned to the depositor once that work is performed. Deposits decreased by \$260K over last year for subdivision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

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

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

### Accumulated surplus detail (\$000s)

Tangible Capital Assets	838,514
Reserve Funds	93,787
Capital Funds	52,051
Net Operating Funds	14,402
Restricted Funds	13,969
	<u>1,012,723</u>



### Statement of Operations and Accumulated Surplus

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

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

District of Saanich  
**2019 Financial Results at a Glance**



**Operating Budget Results**

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

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

**Explanatory notes for variances over 5%**

**REVENUES:**

- 1 *Utility Tax and Other (118% collected)* – Hotel tax (MRD tax) is much higher due to addition of online accommodations collecting this tax.
- 2 *Business Licensing & Inspection Revenues (115% collected)* - Higher than estimated development; permit revenue estimates are conservative.
- 3 *Recreation Revenues (109% collected)* - Revenues exceeded budget due to higher program registrations and higher green fees at the golf course.
- 4 *Interest and Penalties (150% collected)* - Investments higher than budgeted due to higher rates and implementation of the investment policy.
- 5 *Surplus Appropriations (63% collected)* - Utilized only as needed to manage revenue shortfall or overexpenditure .
- 6 *Other Revenues (157% collected)* - Miscellaneous revenues that cannot be closely estimated.

**EXPENSES:**

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