

CITY OF VICTORIA
ANNUAL REPORT
— BRITISH COLUMBIA • YEAR ENDED DECEMBER 31, 2012 —



 CITY OF VICTORIA

150
VICTORIA

Proud history.
Bright future.



2nd Canadian Mounted Rifles arriving in Victoria after World War I. Parade in front of the Empress Hotel circa 1919

CITY OF VICTORIA ARCHIVES M07668



This document was prepared by Corporate Communications, Corporate Planning and Policy, Finance Department, and Archives of the City of Victoria.

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Welcome to Victoria

Located on the southern tip of Vancouver Island, the City of Victoria is home to close to 83,000 people and is the economic and entertainment centre for the Capital Region's nearly 375,000 residents.

Victoria is a vibrant, richly diverse and sustainable city built upon our heritage and unique lifestyle. In British Columbia's Capital City there is an unmistakable sense of place, rooted in breathtaking natural beauty, a balance of distinct heritage and modern architecture, and environmental stewardship. Proudly displaying our First Nations heritage and our distinction as the provincial capital, citizens of Victoria enjoy an outstanding quality of life.



Beacon Hill Park circa 1907

CITY OF VICTORIA ARCHIVES M06737

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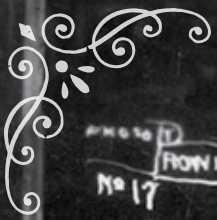


PHOTO
FROM N
No 17



City of Victoria truck, circa 1913



150 Years of Proud Public Service



On August 2, 1862 the townsite of Fort Victoria was incorporated as the City of Victoria.

The work and effort of Victoria's forefathers and officials laid a clear path for the City of Victoria to thrive, emerging as the Capital City of British Columbia and retaining its prominence as one of the top places to live, work and play in Canada and the world.

In 2012, the City of Victoria celebrated its rich history and created a window to an equally promising future. It was an opportunity for our community to reflect on 150 years of civic pride and renew our shared commitment to another 150 years as a distinguished Capital City.

Facing new challenges each day, the City of Victoria is evolving to find innovative ways of providing the highest level of service possible. We're building on the strengths of today, to make Victoria even stronger for the generations of tomorrow

Proud history. Bright future.



Top to bottom: 150Forward Community Celebration, Unveiling of David Foster Way, Tree planting in Mayor's Grove in Beacon Hill Park, Welcome home celebration for Ryder Hesjedal



Message from the Mayor

I am proud to share the City of Victoria's 2012 *Annual Report* with you. As always, it is a team effort that gets things done, and it is the men and women who work for Victoria in public service that deserve the true credit. In the past year, Council and our dedicated staff have worked hard to ensure that Victoria remains one of the top places to live, work and play in Canada.

The City of Victoria celebrated its 150th anniversary in 2012. We shared our rich history through a number of special events and creative projects that showcased local talent, and renewed our shared commitment to another 150 years as British Columbia's Capital City.

Housing and homelessness continue to be a top priority. In order to ensure Victoria is a place for everyone, we must ensure that there are housing options at all points along the housing continuum.

In 2010, the City purchased two Traveller's Inn motels. Renovations were completed on Queens Manor in 2012 and the building now provides 36 units of supportive housing for adults previously without a home.

Loreen Place opened at 35–39 Gorge Road, providing 52 new units of rental housing which are operated by the Greater Victoria Housing Society. The City of Victoria's Housing Trust Fund provided partial funding for this project. Affordable rental housing is key to the livability and long term sustainability of our city.

Vibrant public spaces are important for young families to play and gather. 2012 saw the reopening of the Chandler Gonzales Pathway, providing a safe route for children to walk to school. We replaced aging play equipment in the Cook Street Playground, after hearing ideas from children and parents about the features that they wanted to see in the playground, and we built a new beach play area and rain garden in Fisherman's Wharf Park. More playground improvements are in the works for Wark Street and Fern Street Parks in 2013.

Working with our residents, businesses and visitors, we continue to strive to create a livable and vibrant city. This year, we adopted our new *Official Community Plan (OCP)*, after more than two years of community consultation and input from more than 6,000 people representing various interest groups in the community. The new OCP provides direction for growth and change in Victoria over the next 30 years.

The City's *Downtown Core Area Plan* earned an award from the International Downtown Association. The *Downtown Core Area Plan* provides guidance for growth and development to foster an attractive, vibrant, pedestrian-friendly and economically resilient downtown and ensure that downtown remains the heart of the Capital Region. This is the second time that the City of Victoria has been recognized by the International Downtown Association. In 2010, Victoria received a Downtown Pinnacle Award for our work in addressing late night issues. This work continues to benefit businesses, residents and visitors in our city.

Facing new opportunities and challenges each day, the City of Victoria is evolving to find innovative ways of providing the highest level of service possible. We're building on the strengths of today, to make Victoria even stronger for the generations of tomorrow. Through thoughtful planning and dedication, Victoria will continue to be the most livable, sustainable city in Canada.



Dean Fortin,
Mayor



Mayor and City Council



Portfolio

- CRD Board
- CRD Core Area Liquid Waste Management Committee
- CRD Hospital Board
- CRD Planning, Transportation & Protective Services Committee – Vice-Chair
- Greater Victoria Coalition to End Homelessness – Co-Chair
- Greater Victoria Labour Relations Association Board
- Victoria Police Board – Chair
- Victoria Regional Transit Commission

The Mayor and Council of the City of Victoria were each elected for a three-year term in the municipal election held in November 2011. Each member is appointed to specific portfolios, City standing committees and regional committees through the Capital Regional District (CRD) and is responsible for a particular Victoria neighbourhood. The Council has four standing committees: Governance and Priorities, Planning and Land Use, Corporate Services, and Community Development, Environment and Infrastructure. The Governance and Priorities Committee is a standing committee comprised of the Mayor and all eight Councillors, and focuses on broad policy issues that affect the community or organization as a whole. The other three standing committees are comprised of three Councillors each and focus on specific areas of interest.



Marianne Alto

Neighbourhood: Oaklands

- City of Victoria Corporate Services Standing Committee
- City of Victoria Planning and Land Use Standing Committee – Chair
- CRD Board
- CRD Hospital District Board
- CRD Housing Corporation Board
- CRD Planning, Transportation & Protective Services Committee
- CRD Regional Water Supply Commission – Alternate
- Downtown Victoria Business Association (DVBA) Board
- Victoria Conference Centre Advisory Committee
- Victoria 150th Anniversary Planning Committee
- Victoria Regional Transit Commission

Chris Coleman

Neighbourhood: James Bay

- City of Victoria Corporate Services Standing Committee – Chair
- CRD Board – Alternate
- CRD Hospital District Board – Alternate
- CRD Regional Water Supply Commission
- Greater Victoria Labour Relations Association Board

Shellie Gudgeon

Neighbourhood: North and South Jubilee, North Park

- City of Victoria Corporate Services Standing Committee
- CRD Regional Water Supply Commission
- Tourism Victoria Board of Directors
- Tourism Victoria Sales and Marketing Committee
- Victoria Parks and Recreation Foundation

Lisa Helps

Neighbourhood: Victoria West, Downtown, Harris Green

- City of Victoria Planning and Land Use Standing Committee
- City of Victoria Youth Council
- CRD Board – Alternate
- CRD Hospital District Board – Alternate
- CRD Regional Water Supply Commission
- Greater Victoria Family Court and Youth Justice Committee



Ben Isitt

Neighbourhood: Hillside/Quadra, Rockland

- City of Victoria Community Development, Environment and Infrastructure Standing Committee
- CRD Board
- CRD Climate Action Steering Committee
- CRD Core Area Liquid Waste Management Committee
- CRD Finance And Corporate Services Committee
- CRD Hospital District Board
- CRD Housing Corporation Board – Alternate
- CRD Regional Parks Committee
- CRD Solid Waste Advisory Committee
- CRD Regional Water Supply Commission
- Greater Victoria Airport Authority – Airport Consultative Committee
- Greater Victoria Coalition to End Homelessness
- Provincial Capital Commission Board



Pamela Madoff

Neighbourhood: Fairfield, Gonzales

- City of Victoria Planning and Land Use Standing Committee
- CRD Board – Alternate
- CRD Arts Advisory Council
- CRD Arts Committee
- CRD Hospital District Board – Alternate
- CRD Regional Water Supply Commission – Alternate
- Greater Victoria Harbour Authority
- Greater Victoria Public Library Board
- Public Art Project Advisory Committee
- Royal and McPherson Theatres Society Board
- Victoria Civic Heritage Trust
- Victoria Conference Centre Advisory Board
- Victoria Heritage Foundation



Charlayne Thornton-Joe

Neighbourhood: Burnside Gorge

- City of Victoria Community Development, Environment and Infrastructure Standing Committee – Chair
- City of Victoria Honorary Citizens Committee
- CRD Board – Alternate
- CRD Core Area Liquid Waste Management Committee
- CRD Hospital District Board – Alternate
- CRD Regional Housing Trust Fund Commission
- CRD Regional Water Supply Commission – Alternate
- Board of Cemetery Trustees of Greater Victoria



Geoff Young

Neighbourhood: Fernwood

- City of Victoria Community Development, Environment and Infrastructure Standing Committee
- CRD Board – Chair
- CRD Core Area Liquid Waste Management Committee
- CRD Environmental Sustainability Committee (ex-officio)
- CRD Finance and Corporate Services Committee (ex-officio)
- CRD Hospital District Board
- CRD Planning, Transportation & Protective Services Committee (ex-officio)
- CRD Regional Parks Committee (ex-officio)
- CRD Regional Water Supply Commission – Alternate
- Capital Region Emergency Service Telecommunications (CREST) Board
- Municipal Finance Authority – Alternate CRD Representative



Message from the City Manager



This was a year of remarkable activity and celebration in Victoria. It was a year that saw progress on many fronts, and the anniversary of our incorporation was a wonderful opportunity to reflect on our 150 years of proud history and public service.

Looking back through the years, it is clear how architecture and transportation systems have transformed, how neighbourhoods have evolved, and how the community's needs have changed. Yet at the same time, it is notable that the City's commitment to providing services to support economic growth, keeping people safe and maintaining a high quality of life, has remained steadfast. What has changed within the municipality is how we provide those services.

Strong service principles underpin everything we do at the City of Victoria. We maintain a commitment to continuous improvement and value for money. We have and always will be future oriented and responsive, and we continue to listen, measure and communicate results.

In 2012 we renewed our focus on how we can make it easier for customers to access services and information in the Capital City. Building upon input from customers, staff and best practices, we introduced a five year Customer Service Action Plan that outlines the many ways we are improving customer service across all service areas.

An important step forward in 2012 was the launch of our new website www.victoria.ca. Designed with the user in mind, the site is intended to shift simple queries and transactions online to save customers a trip where possible.

We also recognize that how we do business is as important as the business we conduct. And we know that many rely on the services the City provides to thrive in their own business. A strong economy enables the City to fund services and initiatives that improve quality of life. In 2012, we worked closely with local business leaders to identify how we can all work together to support business. We have a strong economic development strategy that will guide our work in the coming years.

2012 was an important year for reflection. It reminded us of the community of citizens, City staff and City Councils that have worked together to create this great city. And it reminded us all of the importance of working together to provide high quality services and to achieve celebrated results.

In closing, I take this opportunity to thank the thousands of men and women who have served the City of Victoria before us and the team of skilled professionals and the City Council today who take such great pride and professionalism in their day to day work.

Sincerely,

Gail Stephens
City Manager



Message from the Director of Finance



I am pleased to present the City of Victoria's audited consolidated financial statements for the year ended December 31, 2012. The financial statements are the responsibility of the City of Victoria's management and have been prepared in compliance with Section 167 of the *Community Charter* and in accordance with generally accepted accounting principles approved by the Public Sector Accounting Board (PSAB).

The financial statements have been audited by KPMG LLP who have expressed in their opinion that these statements present fairly, in all material aspects, the financial position of the City as at December 31, 2012. The City maintains a system of internal accounting controls designed to safeguard the assets of the corporation and provide reliable financial information.

The City's overall financial position was strengthened in 2012 by \$33.7 million to over \$400 million. Investment in tangible capital assets such as land, buildings, equipment, parks infrastructure and roads increased by \$20.9 million. Total reserves increased by \$6.7 million, and the General Fund ended the year with a \$1.2 million surplus from operations. This surplus will be transferred to building and infrastructure reserves to fund needed infrastructure upgrades in 2013 and future years.

The City's continued commitment to long term financial sustainability is reflected in its increasing investment in capital assets and reserves, and prudent management of debt.

I would like to acknowledge City Council, Directors and staff in all City Departments, but in particular the staff in the Finance Department, for their commitment to innovation, continuous improvement and service to the community.

Sincerely,

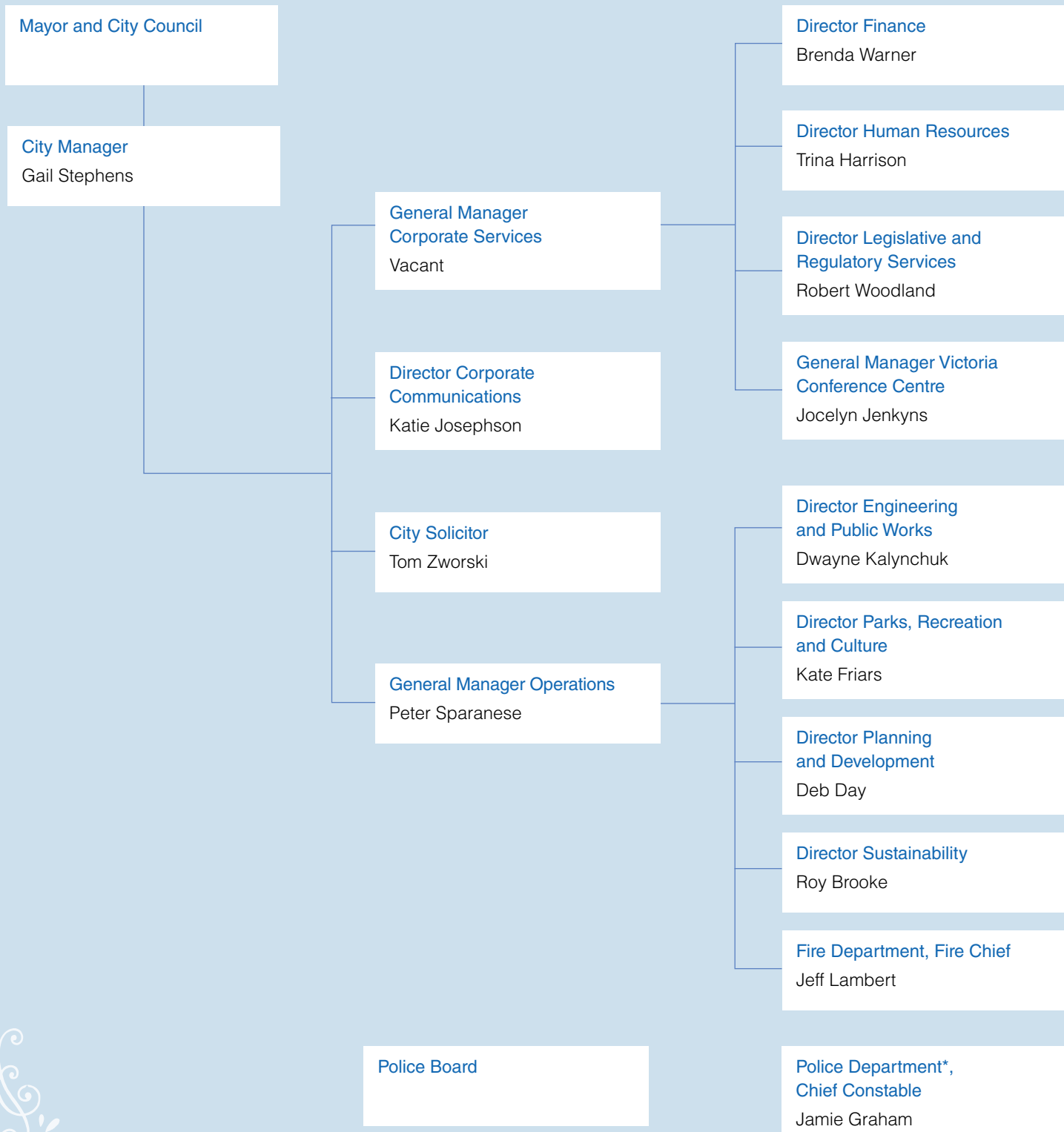
Brenda Warner
Director of Finance

April 25, 2013



2012 Corporate Organizational Chart

CITY OF VICTORIA | As of December 31, 2012



*The Police Department reports to the Police Board which is chaired by the Mayor.

The Way Forward: Corporate Strategic Plan 2011–2012

The 2011–2012 Corporate Strategic Plan harnesses the energy and talents of the City and its partners to improve performance and results in four strategic areas, each with a set of goals, objectives, strategies and performance indicators. The Strategic Plan outlines a four point plan that guides the City towards:

- Pursuing Operational Excellence
- Building a Strong Community
- Growing our Economy
- Respecting our Environment

The City is required by legislation to report out annually on its financial statements and progress in achieving the objectives established in the strategic plan. We also highlight other key accomplishments and performance indicators that contribute to our progress over the past year. The Annual Report follows through with our commitment to be accountable to the public and report back on how we are doing, and provides an opportunity to reflect on our past performance and prepare for future successes.

The 2013 Annual Report will measure progress based on the goals, strategies and performance indicators established in the 2013–2015 Strategic Plan.

Government Street looking north from the grounds of the Parliament Buildings circa 1890s

Our Mission

We are proud and committed to making Victoria world class.

We deliver high quality services that are critical to the well-being of Victorians.

Our Values

Respect: We respect the dignity of others at all times.

Integrity: We are fair, ethical and honest.

Inclusivity: We honour and celebrate our diversity.

Compassion: We are caring and treat each other with kindness.

Our Service Principles

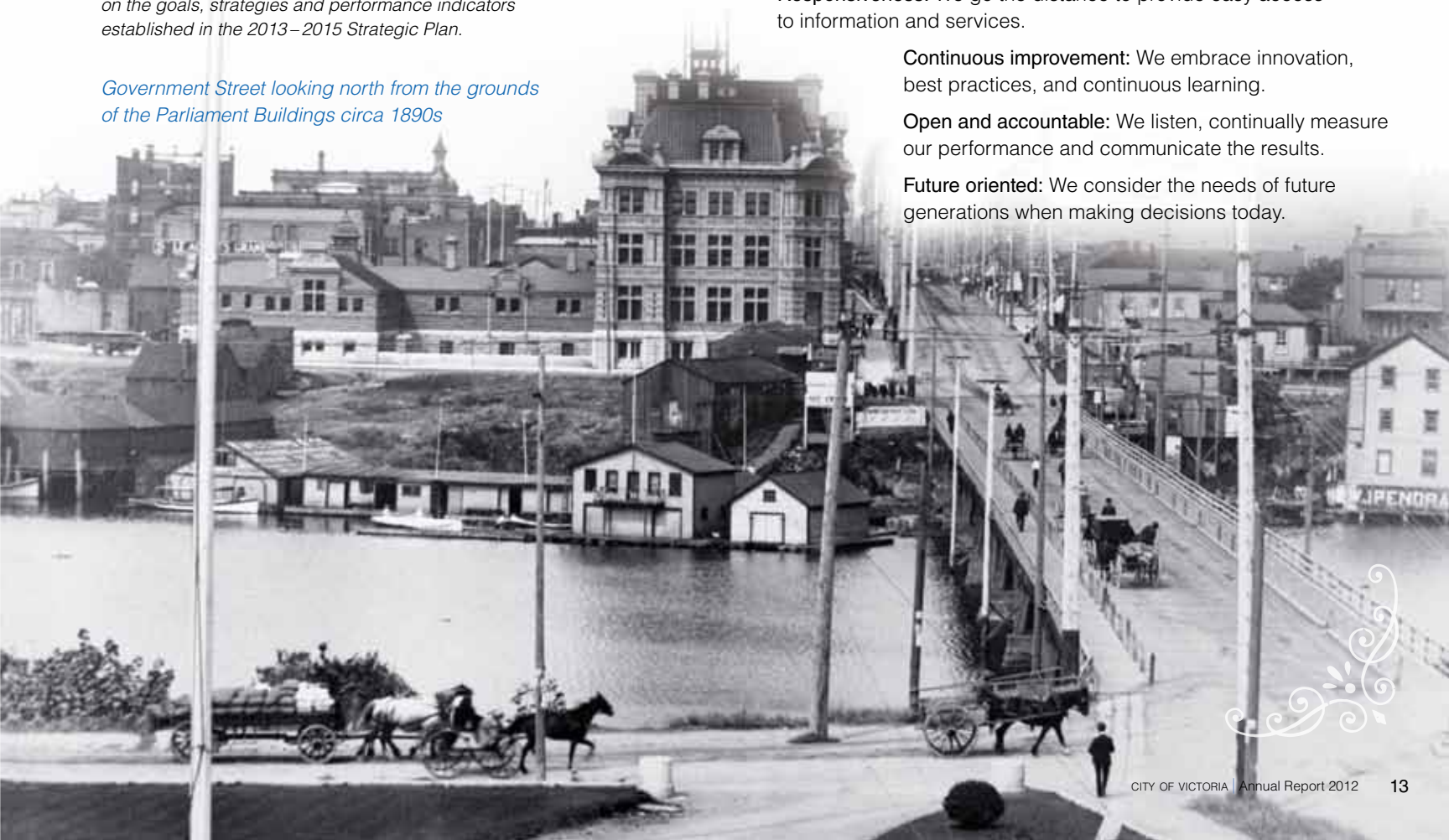
Value for money: We strive to deliver high quality services and excellent value for your tax dollars.

Responsiveness: We go the distance to provide easy access to information and services.

Continuous improvement: We embrace innovation, best practices, and continuous learning.

Open and accountable: We listen, continually measure our performance and communicate the results.

Future oriented: We consider the needs of future generations when making decisions today.



Pursuing Operational Excellence

Powered by a talented and diverse team of employees, we're fostering top performance within our City government through innovative strategies that inspire continuous improvement. We are streamlining processes, eliminating duplication and leveraging technology to improve customer service and create a great place to work. By improving access to City services and information, investing in our staff, and building strong relationships with the community, we will achieve our goals.



Installation of the northwest sewer circa 1930s

CITY OF VICTORIA ARCHIVES M07166



Fostering Informed and Balanced Decision-Making

In 2012, Council and staff engaged in a rigorous process of strategic planning and priority-setting, culminating with the approval of *Our Bright Future*, Victoria's Strategic Plan for 2013 to 2015. The Strategic Plan is the roadmap that will guide Council and staff towards our shared vision for the future, ensuring a continued focus on improving performance and results in strategic areas.

In order to share information and coordinate efforts, the City of Victoria and the District of Saanich participated in two joint Council meetings in 2012 to discuss integrated transit and land use planning on Douglas Street and climate action adaptation.

In 2012, staff obtained Council approval of a new Corporate Investment Policy to govern City grants and fee for service payments.

Strengthening Citizen Involvement

The City encourages public participation, and in 2012 facilitated discussion and feedback on a number of initiatives and projects. In addition to traditional open houses, events, and public hearings, feedback and involvement was sought through the Mayor's Open Door "On the Road" sessions held at cafes and coffee shops around town, social media interaction, online surveys, and the Connect newsletter, mailed directly to every Victoria household three times a year.

A number of open house events were held in 2012, including for the Johnson Street Bridge Replacement Project, changes to garbage and kitchen scraps collection, and for planned improvements to the Cook Street Playground in Beacon Hill Park, Pioneer Square, Fern Street Park, and Wark Street Park playground.

Pride in Public Service

The City of Victoria worked with the BC Municipal Safety Association (BCMSA) to conduct a successful audit of occupational health and safety and "return to work" practices. Staff were randomly selected from all departments, and at every position level, for safety audit interviews. The City received 92% on the Health and Safety portion and 88% on the Return-to-Work portion. The end result will not only ensure a safe and healthy work environment for City staff, but will also save the City money through an annual rebate on its WorkSafeBC premiums, with an estimated rebate of \$100,000 for 2012.

The City of Victoria was also awarded the City of Excellence "Gold Standard" award, recognizing local governments for activities that demonstrate safe excavation techniques at or around underground infrastructure. This award recognizes the significant achievement of having no underground infrastructure disturbed by City crews due to excavation or digging in 2011 – a particularly notable accomplishment considering the density of underground infrastructure contained in the city's downtown core.

In addition, the Canadian Award for Financial Reporting was awarded to the City of Victoria for its *2011 Annual Report* by the Government Finance Officers Association of the United States and Canada (GFOA). This is the eighth consecutive year the City has won this prestigious award.

Staff hosted the 13th annual Public Works Day, an open house to provide elementary school students with an opportunity to learn more about how the Engineering and Public Works Department ensures the community stays healthy, safe and sustainable.

Bylaw and Licensing Services introduced a new uniform in 2012, intended to make Bylaw Officers instantly recognizable

as they conduct checks around the community. In addition to the new uniforms, Bylaw Officers began taking on a more proactive role in monitoring use of public spaces. The goal of this proactive approach is to ensure the safe and appropriate use of public spaces for the enjoyment of all.

Focus on Customer Service

The City introduced a Customer Service Action Plan in 2012, the culmination of extensive consultation, a review of best practices, and a thoughtful look at how local government can best support customer needs. The action plan will guide our collective efforts towards improved customer service over the next five years.

In addition to the action plan, an expanded customer service excellence training program was developed, designed to foster a "customer-focused" organization.

In 2012, the City launched a completely redeveloped website at www.victoria.ca. The redevelopment transformed the site into a robust and useful tool for citizens, with improved access to information, and an increase in relevant, timely content. The new site increased citizen engagement and government transparency, improved efficiency, and saved the City money. One of the many improvements is an enhanced vendor registration system which notes successful proponents for City contract awards. More than 650,000 users accessed the site in 2012.

A new customer service survey was introduced in 2012 to evaluate the customer experience with Permits and Inspections and Business Licensing.

Also in 2012, the Finance Department introduced a series of improvements to streamline processes, use less paper and provide more online self-serve options for both internal staff and external clients.



MEASURING OUR PERFORMANCE



Enable Council to make informed and balanced decisions for long-term stability

- 22 Council meetings
- 12 Special Council meetings
- 56 Public Hearings
- 63 Council Committee meetings
- 9 Public Advisory Committee meetings
- 21 Board of Variance meetings
- 8 Advisory Design Panel meetings
- 14 Heritage Advisory Committee meetings

Net City debt per capita: **\$647**

Debt servicing as a percentage of operating expenses: **4.80%**

Non-property tax revenue as a % of total revenue: **43%**

Own source revenue as a % of total revenue (actual), excluding own purpose taxation and transfers from other governments: **35.52%**

Create a culture of performance and pride in public service



- Average hours of in-house training per employee: **5.9**, up from 5.5 in 2011
- Total hours of customer service learning taken by staff: **421**, up from 356 in 2011
- Average turnover rate for employees: **7.2%** of full-time equivalents, down from 8% in 2011
- % of performance plans completed: **52%**, up from 20% in 2011
- % of sick leave and WorkSafe BC usage: **6%**, no change from 2011
 - Overall satisfaction ranking for training and development: **85%**
 - Number of full-time equivalents (staff): **777**, up from 772 in 2011

Strengthen citizen involvement in key municipal decision-making processes

6,000



Number of Facebook "fans"

8,000



Number of Twitter followers



Responded to **97** FOI requests

14 Mayor's Open Door Sessions



182 Media releases

Added a "Have Your Say" section to the website to include all public participation opportunities in one area

Sharpen the focus on customer service



- Visits to www.victoria.ca: **1,029,000**
- Unique visitors to www.victoria.ca: **654,390**
- % of new visitors to the site monthly: **62%**

- Increased the number of online and telephone payments to **87,640**, up from 83,866 in 2011
- Online transaction amount: **\$31.5** million
- Number of in-person transactions: **64,818**
- Number of new liquor licences or changes to liquor licences: **8**



Building a Strong Community

The City of Victoria is a vibrant urban centre, with a proud history and an energetic, diverse vision for the future. Triple bottom line sustainability drives everything the City of Victoria does. This commitment is clearly charted within the *Official Community Plan* and the *Victoria Sustainability Framework*; both designed to ensure the decisions made today are in keeping with community values and consider the needs of tomorrow.



Beacon Hill Park, Dallas Road beach (date unknown)





Building a Strong Community, CONTINUED

Celebrating 150 Years

2012 was a banner year for the City of Victoria, marking the 150th anniversary of incorporation. City staff created a comprehensive brand identity for Victoria 150, and coordinated and hosted a number of events to commemorate the occasion. Events and community awareness activities included the History2Life Family Festival, 150Forward Community Celebration, the City United! Anniversary and Celebration Concert, a media awareness campaign, and a commemorative insert in the Times Colonist. The Victoria 150 edition of the *CITYVibe* guide and iPhone app were released to showcase the many spectacular summer festivals and outdoor events happening in Victoria.

The City hosted Twin City delegations led by Mayor Arnott from Napier, New Zealand and Mayor Tanifuji from Morioka, Japan, both of whom were in Victoria for the 150th anniversary celebrations. Activities included study tours, tree planting, a traditional First Nations feast and installation of a Twin City signpost in Centennial Square.

Shaping the Future

Council approved Victoria's new *Official Community Plan (OCP)* in 2012, the result of more than two years of community consultation and input. It was shaped by more than 6,000 people representing various interest groups in the community.

The new OCP provides direction for growth and change in Victoria over the next 30 years. Council, staff, and citizens will refer to the plan for guidance on decisions such as where to locate housing and businesses, when to repair and replace aging infrastructure, and how the community will respond to climate change.

The OCP highlighted the need for improved walkability, and in 2012 City staff continued to make improvements as part of the *Pedestrian Master Plan* implementation.

These improvements included sidewalk installation on Foul Bay Road, sidewalk and boulevard improvements in the Cook Street Village, and mid-block crosswalk installation in the 800 block of Johnson Street, a joint project funded through the City of Victoria and a local developer.

Accessible Arts, Culture, Recreation and Sports

Parks staff completed the new Fisherman's Wharf Park, which now includes play spaces, community gathering areas, natural play features and the City's largest rain garden. The Cook Street playground project was also completed in 2012, and the park officially opened with new and improved play structures and a new adult outdoor fitness circuit.

The City welcomed home a number of athletes in 2012, starting with Giro d'Italia champion, Ryder Hesjedal, for his first public appearance on Canadian soil. The Mayor proclaimed August 10 "Ryder Hesjedal Day" and unveiled specially designed pink "Ryder" bike racks to permanently mark his achievement in and around the city. The City also co-organized a welcome home celebration in Centennial Square for Greater Victoria's London 2012 Olympic and Paralympic athletes and coaches.

The City welcomed Janet Rogers as Victoria's third Poet Laureate, serving as a literary and cultural ambassador for a three-year term. Further demonstrating the community's commitment to art and literacy, the 9th Annual City of Victoria Butler Book Prize was awarded this year to author Madeline Sonik for her book *Afflictions and Departures*.

In May, the City honoured musician and producer David Foster, originally from Greater Victoria, for his influence on Canada's arts and culture with the naming of the Inner Harbour waterfront pathway as David Foster Way. The announcement recognized Mr. Foster's contribution to the

local Victoria community, and his continuing support and promotion of his hometown.

Two holiday events were held in downtown Victoria, a partnership between the City of Victoria and the Downtown Victoria Business Association. The 5th Annual Christmas Tree Light Up, and Snow Day in Centennial Square, brought Christmas cheer to residents and visitors to downtown.

Our Distinct Character and Heritage

New decorative lighting was installed on the stone bridge over Good Acre Lake in Beacon Hill Park, highlighting an important heritage feature in the Park. 150th Anniversary banners were also installed in Beacon Hill Park, in addition to those on display throughout downtown.

Housing for All

The Housing Action Plan was approved in 2012, designed to facilitate affordable rental housing and home ownership in Victoria.

Queens Manor, a former motel, was purchased by the City of Victoria in 2010 and was opened as 36 units of short term, "low barrier" housing. In 2012, a \$1.5 million renovation converted the 36 units into more permanent studio suites. The Queens Manor project partners include: the Government of Canada's Homelessness Partnering Strategy, BC Housing, Canada Housing and Mortgage Corporation, the CRD Housing Trust Fund, the City of Victoria, the United Way of Greater Victoria, and the Victoria Cool Aid Society.

Building Capacity

City Bylaw Officers partnered with the Victoria Police Department on a campaign to enhance compliance with rules governing skateboarders and cyclists on city sidewalks and streets. The campaign was intended to balance the needs and ensure the safety of the various user groups in downtown.



MEASURING OUR PERFORMANCE

Ensure land development patterns are compact, human-scale and efficient

- 92% of new residential development created within 400 metres of the Urban Core, a Town Centre or Large Urban Village (865 out of 941)

Preserve and enhance Victoria's visual distinctiveness, character and heritage



- New heritage designations: 8
- Heritage Alteration Permits: 1

- Ratio of City investment to private investment in heritage improvement: \$1 : \$3.30 for Victoria Heritage Foundation and \$1 : \$29.11 for Victoria Civic Heritage Trust



- Installed approximately 1,400 of Victoria's trademark hanging baskets on downtown lampposts, featuring flowers that were grown at the Beacon Hill Park nursery

Facilitate development of a wide-range of housing types, tenures and prices to meet needs of all residents

- Number of affordable housing units created: 68
- Number of rental housing units created: 266, including 45 private secondary suites



- Homeowners took advantage of the secondary suites grant program

Ensure diverse and accessible opportunities to engage in arts, culture, sports and recreation



- Attendance at Crystal Pool and Fitness Centre: 250,000
- Total attendance at Royal Athletic Park: 46,512, up from 44,587 in 2011
- Number of bookings at Royal Athletic Park: 111, up from 105 in 2011
- Number of sports field/court bookings: 4,249, up from 4,144 in 2011
- Number of event permits: 226, down from 230 in 2011
- Total attendance at City-sponsored festivals and celebrations: 522,000 over 27 events



- Partnered with the Greater Victoria Spirit Committee to announce over \$280,000 in grants to 58 community organizations to celebrate the City's 150th anniversary of incorporation

- Continued a long-standing tradition at City Hall with the 47th Annual Carolling Week, which showcases Victoria area school choirs



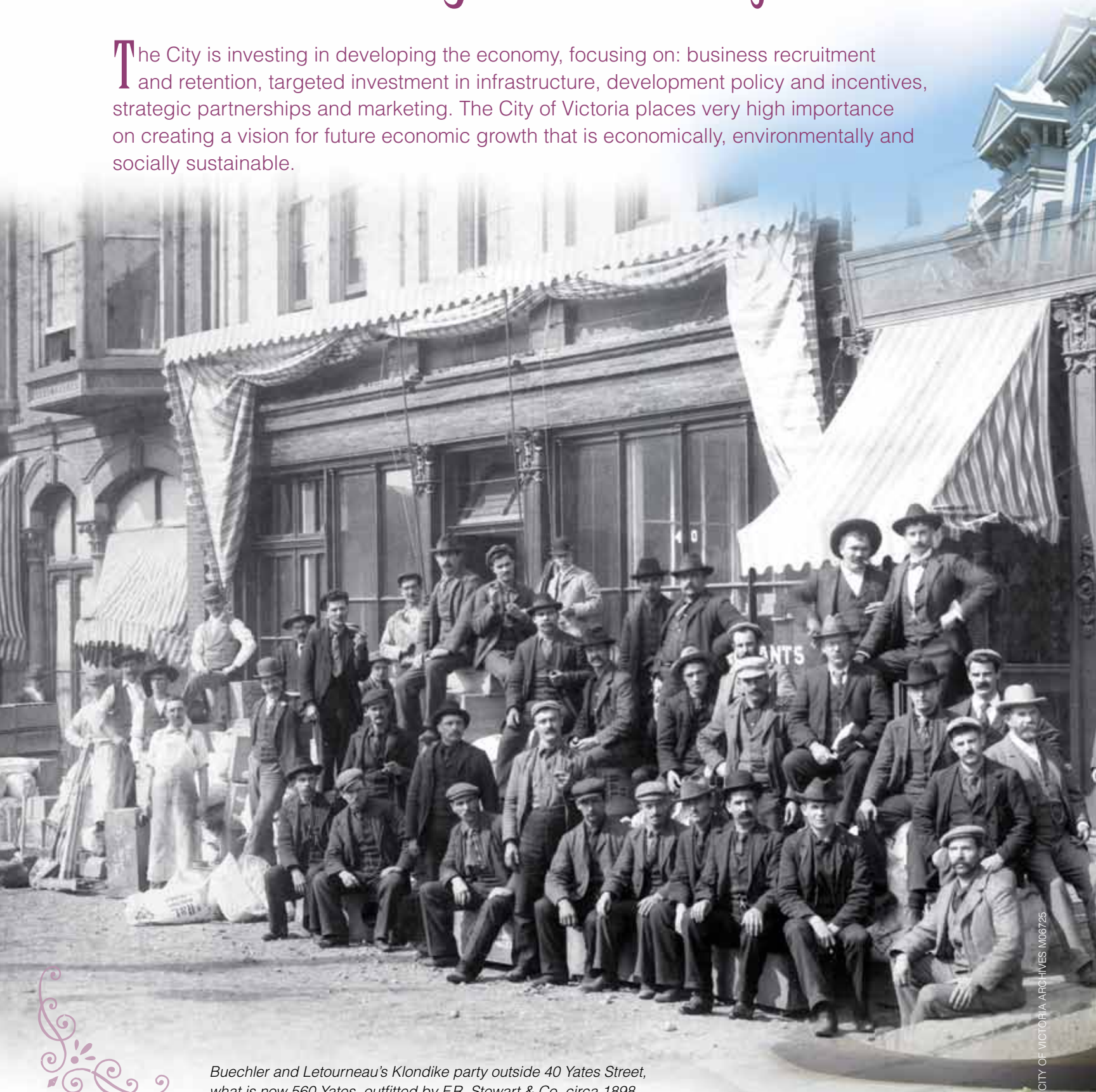
Build capacity to anticipate and adapt to critical incidents, emergencies and catastrophic events



- Conducted two Emergency Operations Centre Exercises
- Conducted a major emergency training exercise involving over 100 volunteers, including all teams within the Victoria Emergency Management Agency (VEMA), as well as St. John Ambulance, Canadian Search and Disaster Dog Association and members of the Victoria Fire Department.

Growing Our Economy

The City is investing in developing the economy, focusing on: business recruitment and retention, targeted investment in infrastructure, development policy and incentives, strategic partnerships and marketing. The City of Victoria places very high importance on creating a vision for future economic growth that is economically, environmentally and socially sustainable.



Buechler and Letourneau's Klondike party outside 40 Yates Street, what is now 560 Yates, outfitted by F.R. Stewart & Co. circa 1898

CITY OF VICTORIA ARCHIVES M06725



A Welcoming Environment

The City negotiated and awarded a fixed price contract in 2012 to build a new Johnson Street Bridge. PCL Constructors Westcoast was awarded the contract, valued at \$63,235,000 and within the approved construction budget. PCL was awarded the contract following a competitive process involving three world-class construction companies. The overall budget for the replacement of the Johnson Street Bridge is \$92.8 million.

City bylaws regulating street entertainers were amended in 2012, with the intent to increase the potential revenue for the entertainers and minimize impacts on nearby businesses.

The City provided new opportunities for sightseeing businesses by conducting a competitive process for allocation of exclusive parking stands on city streets.

The first phase of the Green and Healthy Economy Initiative was completed with support from Vancity, the GLOBE Foundation, the University of Victoria and Mitacs, a national not-for-profit research organization. This phase included developing a roadmap with options for increasing green jobs and green product/service exports in the Greater Victoria area.

A Unique Destination

A new Victoria Conference Centre website was launched in 2012, along with new social media tools and platforms to support the needs of today's conference planners and attendees. The VCC also signed a collaboration agreement with Tourism Victoria on city-wide conference marketing and sales, ensuring efforts are not duplicated and marketing dollars are leveraged.

Victoria won the bid to host Tree Canada's 11th Canadian Urban Forest Conference to be held in 2014, in collaboration with the District of Saanich, the District of Oak Bay, the Capital Regional District, the University of Victoria, and a number of private sector arboriculture and urban forestry professionals.

Staff also hosted a delegation from the City of Thai Nguyen, Vietnam as part of the City's involvement in the Federation of Canadian Municipalities (FCM) Municipal Partners in Economic Development program.

Twin City and Friendship City programs provide an atmosphere in which economic and community development has and will be strengthened.

Enhancing Downtown Vitality

In 2012 the Downtown Core Area Plan implementation strategy was approved. The Plan will guide development in the downtown area over the next 30 years, helping to ensure that downtown remains the heart of the region. The plan lays out a vision to encourage and foster the development of an attractive, vibrant, pedestrian-friendly and economically resilient downtown area. The Plan won a Downtown Merit Award from the International Downtown Association in 2012.

Recognizing the value and importance of the Victoria tourism industry, the City worked with the Downtown Victoria Business Association, downtown businesses, BC Transit and cruise ship shuttle bus operators to consolidate and improve pick-up/drop-off space for cruise ship passengers downtown.

The City's Langley Street Loo was named Canada's Best Restroom in the 3rd Annual Cintas' Canada's Best Restroom Contest. Located downtown at Bastion Square, the Langley Street Loo is a public washroom offering open design, exterior hand washing station, graffiti proof coating, a lit sign that makes it easy to find at night, and is fully accessible for people with disabilities. The Langley Street Loo was purchased from the City of Portland, Oregon and is maintained throughout the day by the City's sanitation crew.

Building on Our Strengths

The City of Victoria coordinated a 26 person trade mission to China in 2012. Establishing strategic relationships with China is an important opportunity for local tourism, education and high tech sectors, contributing significantly to the local economy.

Staying Competitive

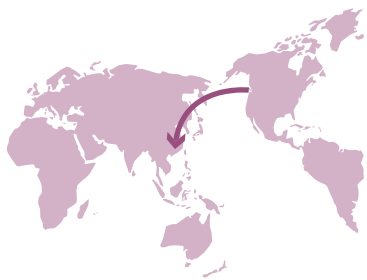
Staff negotiated an agreement with Victoria Baseball Club to bring a West Coast League baseball team (Victoria HarbourCats) to Royal Athletic Park for three years starting in June 2013. This agreement ensures an anchor tenant and related revenues for the Park, while also providing low-cost entertainment for families throughout the region.

MEASURING OUR PERFORMANCE

Grow tax base while staying competitive

- Number of sub-division and strata conversion reviews and approvals: **31**
- Total number of construction permits: **3,798**, down from 4,097 in 2011
- Total value of construction permits: **\$289** million, up from \$120 million in 2011
- Non-market change in business class assessments (new construction, demolitions, reclassifications, etc.): decrease of **\$9.7** million (2011 increase of \$75.2 million)
- Market change in business class assessment: Increase of **\$157.2** million (2011 decrease of \$73.4 million)

Build on Victoria's existing strengths in high technology and tourism



- Coordinated a **26 person** trade mission to China. Establishing strategic relationships with China is a significant opportunity for local tourism, education and high tech sectors.

Create a welcoming environment for new businesses to locate and for existing businesses to grow and expand

- Number of delegate days at the Victoria Conference Centre: **94,529**
- Number of business licence renewals: **9,252**, compared to 9,317 in 2011
- Net number of new business licences: **171**
- % and \$ of business assessment growth: **3.87%** and **\$147.5** million
- Number of sidewalk café permits: **4** new, **100** renewals



Enhance the vibrancy, economy and safety of downtown Victoria

- Economic impact of conference spending generated by Victoria Conference Centre: **\$42** million, down from \$50 million in 2011

Promote Victoria as a capable and unique destination for the arts, culture, entertainment and sporting events



- Economic impact of City-sponsored arts, culture, entertainment and sporting events: **\$5.4** million in direct spending

Respecting Our Environment

One of Victoria's greatest assets is our environment. We are taking important steps to reduce our community's greenhouse gas emissions by 2020, and ensuring our own operations are carbon neutral by 2012. We are investing in our infrastructure and inventorying our natural assets, including our urban forest of 40,000 trees and the unique ecosystems they support, to ensure they are well protected for the future.



Four-seater bicycle circa 1890s

CITY OF VICTORIA ARCHIVES M08267



Sustainable Infrastructure

City staff re-opened the Chandler Gonzales Pathway, connecting Chandler Street and Gonzales Avenue in the Fairfield neighbourhood, allowing a safe and car-free walking route for children to get to school, and for residents to travel through their neighbourhood.

The City resumed construction work in 2012 on Craigflower Road to improve pedestrian amenities, create dedicated space for cyclists, enhance green space on the corridor, and enliven sidewalk space in the Craigflower Village area.

In cooperation with BC Transit, the District of Saanich and the Ministry of Transportation and Infrastructure, staff commenced testing of the Transit Signal Priority system on the Douglas Street corridor, which will improve transit travel times and reduce greenhouse gas emissions.

Reducing Fossil Fuel Consumption

The City of Victoria implemented a number of strategies and initiatives to reduce the organization's carbon footprint in 2012, including:

- Completed energy studies for City Hall and Victoria Conference Centre and building envelope inspections of all eight community centres and VicPD headquarters
- Developed and integrated an energy management system at the Victoria Conference Centre to achieve cost and carbon footprint reductions
- In partnership with LifeCycles, installed a rooftop pollinator garden in the City Hall precinct
- Participated in Earth Hour, a global initiative organized by the World Wildlife Fund, to demonstrate what is possible when individuals take action on global warming

In partnership with the Capital Regional District, the District of Saanich and Climate Smart, the City of Victoria delivered Climate Smart training, a BC-based training program, to the first two of five local businesses.

Staff completed a risk assessment of climate change impacts for Victoria, which will inform the community-wide climate change adaptation plan being developed.

With the Capital Regional District and the University of Victoria, City staff co-hosted the Climate Action Student Innovation Expo at City Hall, featuring student ideas to increase cycling in the region and reduce energy consumption and greenhouse gases.

The City engaged over 50 local experts in areas related to sustainability and climate action (renewable energy, district energy, transportation and buildings) to prioritize greenhouse gas reduction strategies and identify opportunities and barriers related to achieving targets.

Protecting our Biodiversity

City staff from various departments participated in the creation of the new and improved Fisherman's Wharf Park, including rain gardens to clean and manage rainwater.

In partnership with the District of Saanich, District of Oak Bay and community partners, the City of Victoria accepted a CRD EcoStar Award in the Integrated Watershed Management Category for the Bowker Creek Blueprint.



MEASURING OUR PERFORMANCE

Protect the biodiversity of Victoria's urban and marine environment

- 10 new naturalized areas created in 2012, up from 7 new areas in 2011



- % of City land base dedicated to natural areas/natural habitats: **3%**, unchanged from 2011
- **250** trees planted in 2012

Provide infrastructure that supports sustainable transportation, water, sewer, storm water and solid waste management



- New bike lanes: **2.16 km**, up from 0.3 km in 2011
- **450 m** of new greenways, up from 75 m in 2011
- New sidewalks: **1,700 m**, up from 300 m in 2011



- Total water consumption: **40,112,252 litres** per day, down from 42,412,252 in 2011

- Condition rating for:

- Civic facilities: **Fair**
- Water system: **Fair**
- Drain system: **Fair**
- Sanitary sewer system: **Fair**
- Roads: **Good**
- Bike lanes: **Good**

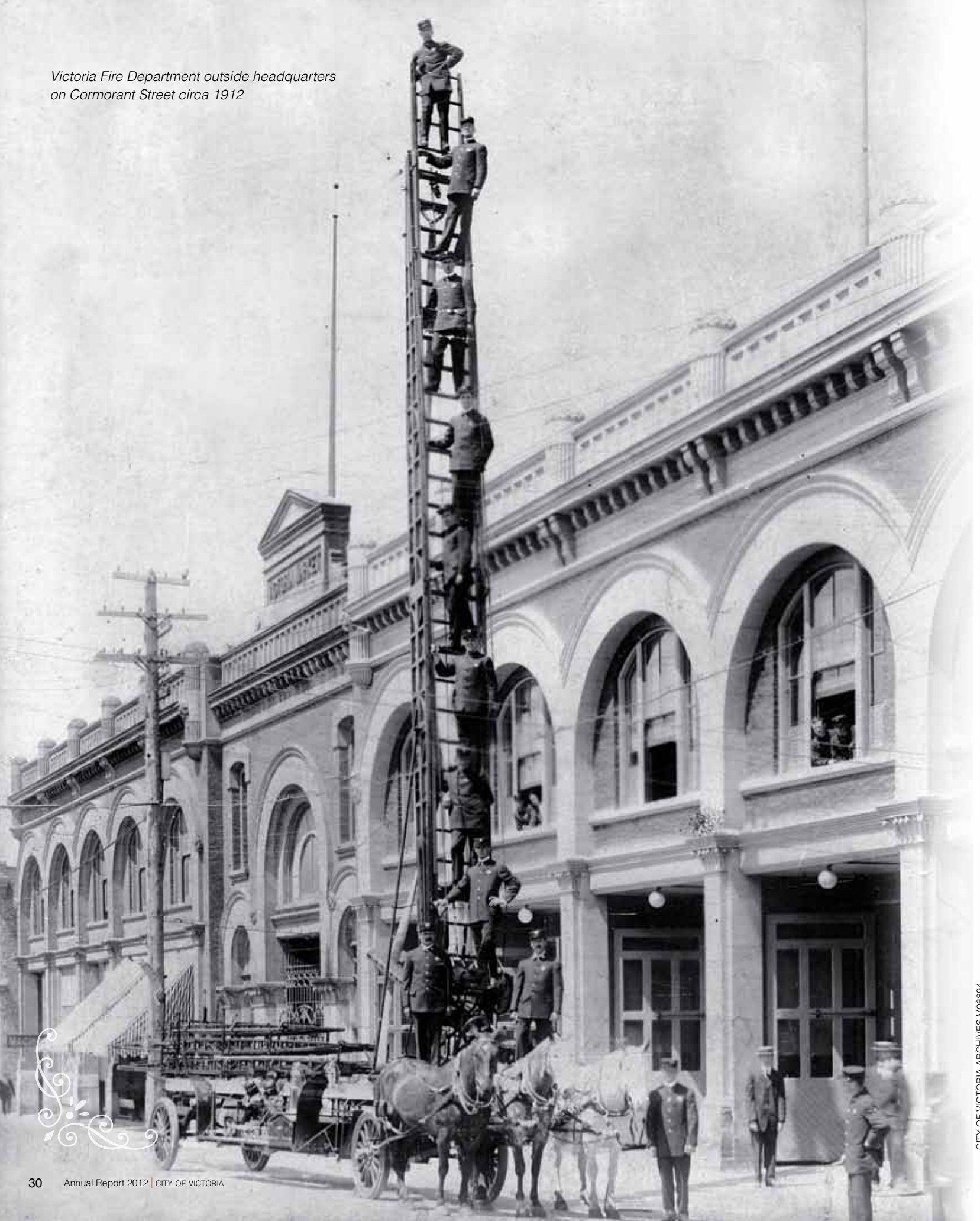
- Partnered with the Capital Regional District and City Green Solutions to deliver the Tap by Tap Program, which will install as many as **1,000** energy and water saving kits in Victoria's multi-family buildings



Build capacity to reduce fossil fuel consumption and greenhouse gas emissions

- Kilograms of plastic and metals recycled in civic buildings, including the VCC: **820**
- Tonnes of garbage collected from City operations, e.g. street cleaning, furniture pick up: **1,500**
- Tonnes of waste collected from households:  **4,800**
- Energy consumption by civic buildings and operations:
 - City Hall and surrounding municipal offices: **7,857 GJ** (gigajoules), up from 7,486 in 2011
 - Public Works Yard: **8,087 GJ**, down from 8,281 in 2011
 - Protective Services (VicPD and Fire Departments): **12,744 GJ**, down from 13,634 in 2011
 - Crystal Pool and Fitness Centre: **17,578 GJ**, down from 18,072 in 2011
 - Community Centres: **3,930 GJ**, down from 4,209 in 2011
 - Victoria Conference Centre: **9,854 GJ**, down from 11,263 in 2011
 - Parkades: **2,973 GJ**, down from 3,107 in 2011
 - Streetlights: **17,641 GJ**, no change from 2011
 - Vehicle fleet: **913,201 litres**, up 3% from 2011
- Greenhouse gas emissions from civic buildings and operations (excluding Police):
 - Civic buildings (tonnes of carbon dioxide equivalent [tCO₂e]): **1,744**, no change from 2011
 - Streetlights (tCO₂e): **122**, no change from 2011
 - Vehicle fleet (tCO₂e): **1,837**, up 5% from 2011
- Greenhouse gas emissions from Police buildings and operations:
 - Buildings (tCO₂e): **192**, down 10% from 2011
 - Fleet (tCO₂e): **506**, down 3% from 2011

*Victoria Fire Department outside headquarters
on Cormorant Street circa 1912*



Victoria Fire Department

The Victoria Fire Department (VFD) is a dynamic professional organization that has been serving the needs of the community for over 150 years. Founded in 1858, the VFD is the oldest department west of Toronto and north of San Francisco. Providing exemplary emergency response services to the Capital City, the Victoria Fire Department's professional staff delivers a wide variety of safety-based programs that serve children, seniors, businesses and the community at large.

Fire Prevention and Response

In 2012, four VFD members attained the prestigious National Fire Protection Association (NFPA) Fire Officer III rating. These credentials are achieved through the Justice Institute of BC.

The VFD realized revenue in 2012 from contracts for providing confined space rescue. These contracts ensure that trained fire professionals from the department are on call to provide rescue, if needed, for workers whose roles require them to enter confined spaces. In addition to on-call rescue services, the department also provides site inspections, and pre-planned rescues. The revenue from these contracts will be used for ongoing confined space rescue training.

The department also implemented Telestaff roster software in 2012. This software adds efficiency to scheduling, ensuring that the appropriate, qualified staff are always on hand.

2012 By the Numbers

- Number of calls for fire: 5,889, up from 5,803 in 2011
- Property saved: \$43.58 million, down from \$264.33 million in 2011
- Number of fires contained to room of origin: 49, down from 54 in 2011
- Average response time: 6 minutes or less in 88% of incidents, up from 87% in 2011
- Total fires attended: 432, up from 385 in 2011
- Dollar loss: \$10.35 million, up from \$2.55 million in 2011

Victoria Emergency Management Agency

The Victoria Emergency Management Agency (VEMA) is the City of Victoria's resource for helping our community prepare for an emergency. Responsible for training City staff and coordinating an emergency response in the event of a disaster, VEMA also educates and empowers Victoria citizens on how to be "emergency prepared".

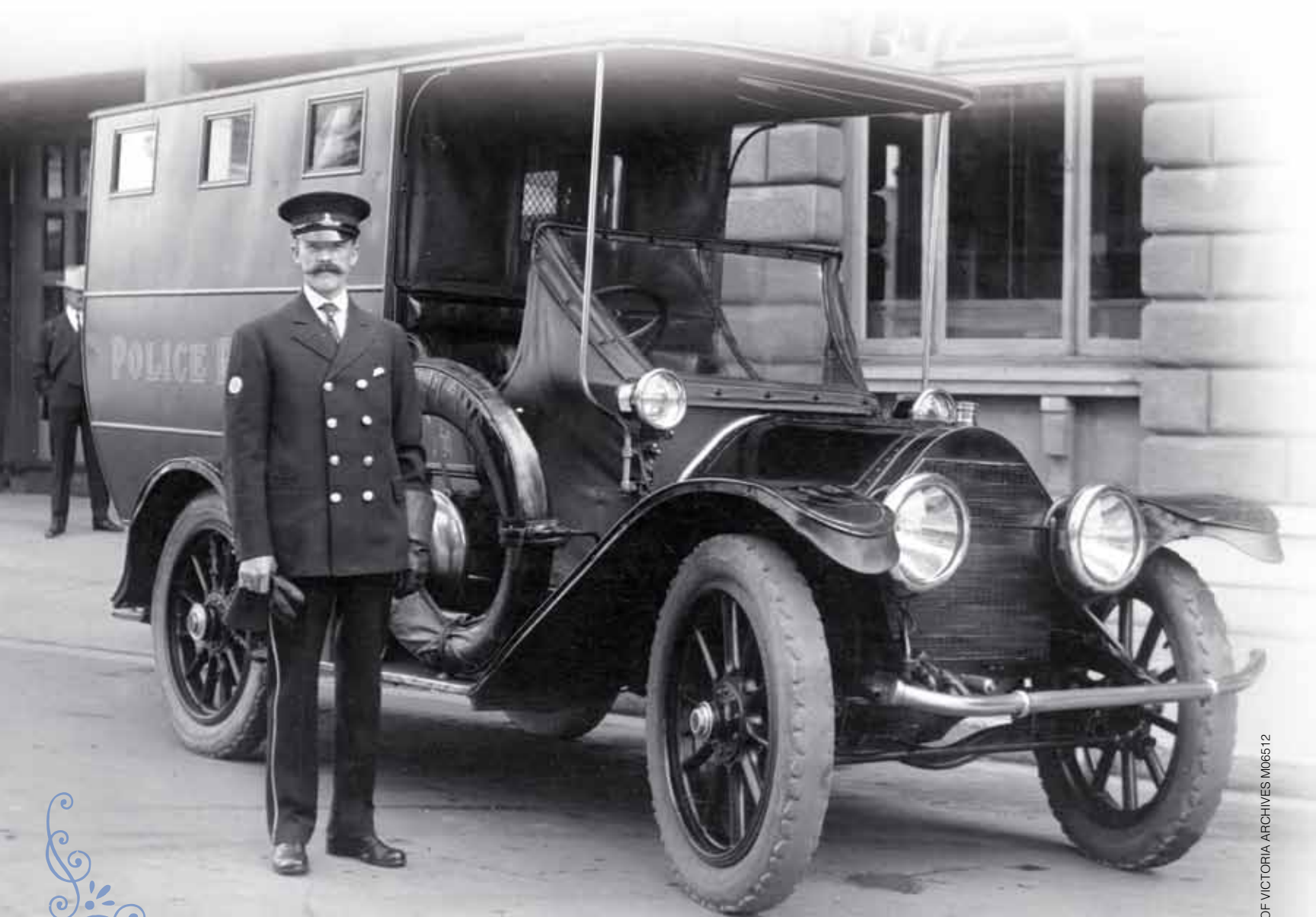
In 2012, VEMA:

- Conducted an Emergency Operations Centre exercise with participation from City staff and Victoria Emergency Management Agency volunteers
- Coordinated the City's participation in the Great British Columbia Shake-Out, a province-wide earthquake drill
- Supported 100 active VEMA volunteers who provided an estimated 8,200 volunteer hours (or 1,171 days – equivalent to \$180,400)
- Delivered 23 Emergency Preparedness talks to 509 people
- Supported 100 City staff with identified roles in the Emergency Operations Centre
- Supported 30 City staff with identified roles on the Rapid Damage Assessment Team
- Provided assistance to 84 people through 11 evacuee assistance response incidents



Victoria Police Department

Over 150 years ago, during the reign of Queen Victoria, officers of the newly-formed Victoria Metropolitan Police began walking the beat in the city that bears her name. Today, the Victoria Police Department (VicPD) is still considered a regional and national leader in law enforcement. With 243 sworn police officers, 106 civilian support staff, 62 Reserve officers and 66 volunteers, VicPD continues to pay tribute to our rich history by delivering professional, open and innovative policing services to the citizens of Victoria and Esquimalt.



Victoria City policeman with a paddy wagon (date unknown)

Improving Efficiency

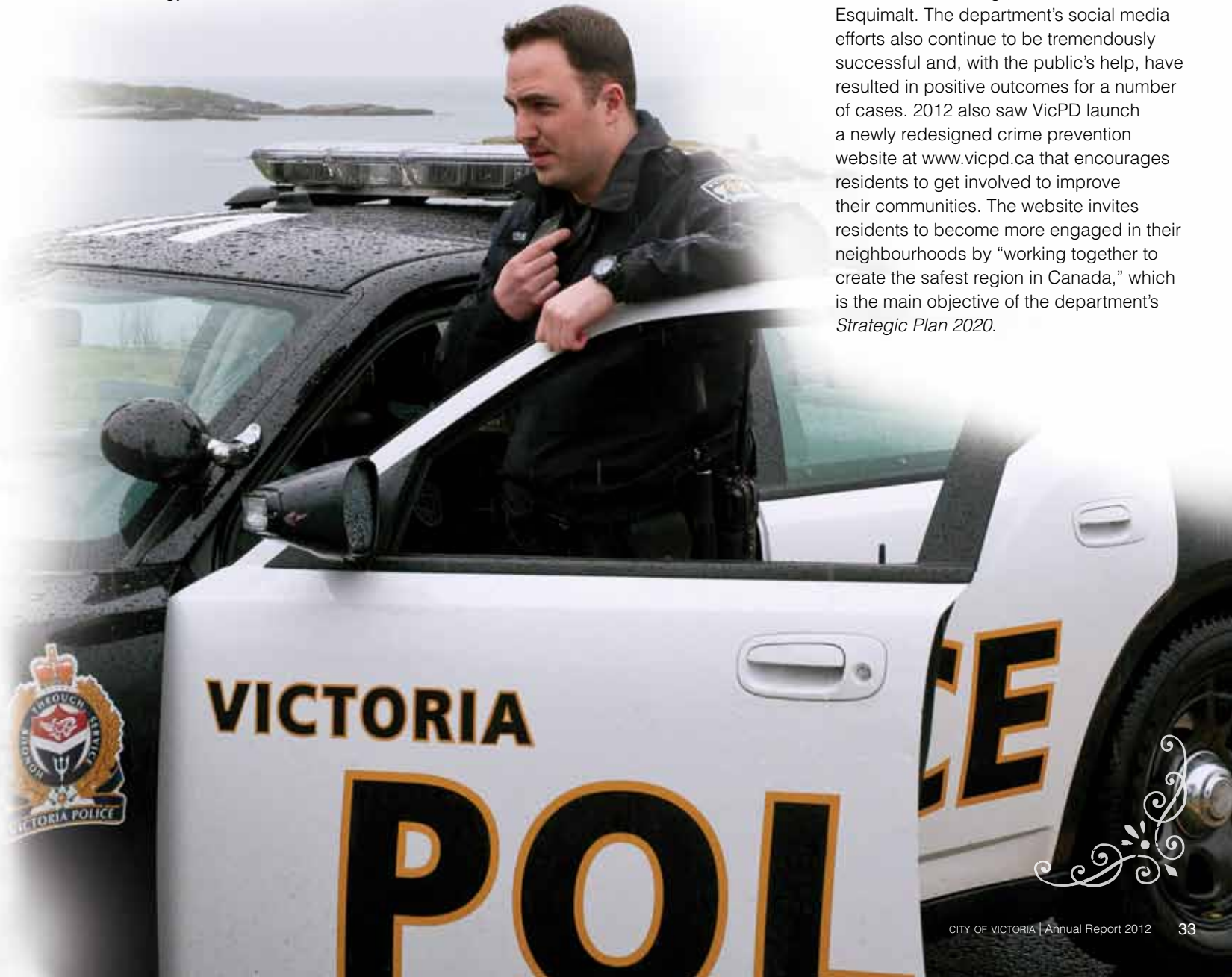
VicPD took the initiative in 2012 to engage a research team to analyze the organization from top to bottom. Dr. Darryl Plecas and his team from the Centre for Criminal Justice Research at the University of the Fraser Valley looked at every aspect of the operations, from how officers are deployed to response time for calls for service. One of the most notable results of this analysis, as outlined in the report *Setting the Stage for Improved Efficiency and Effectiveness*, was the creation of VicPD's Crime Reduction Strategy.

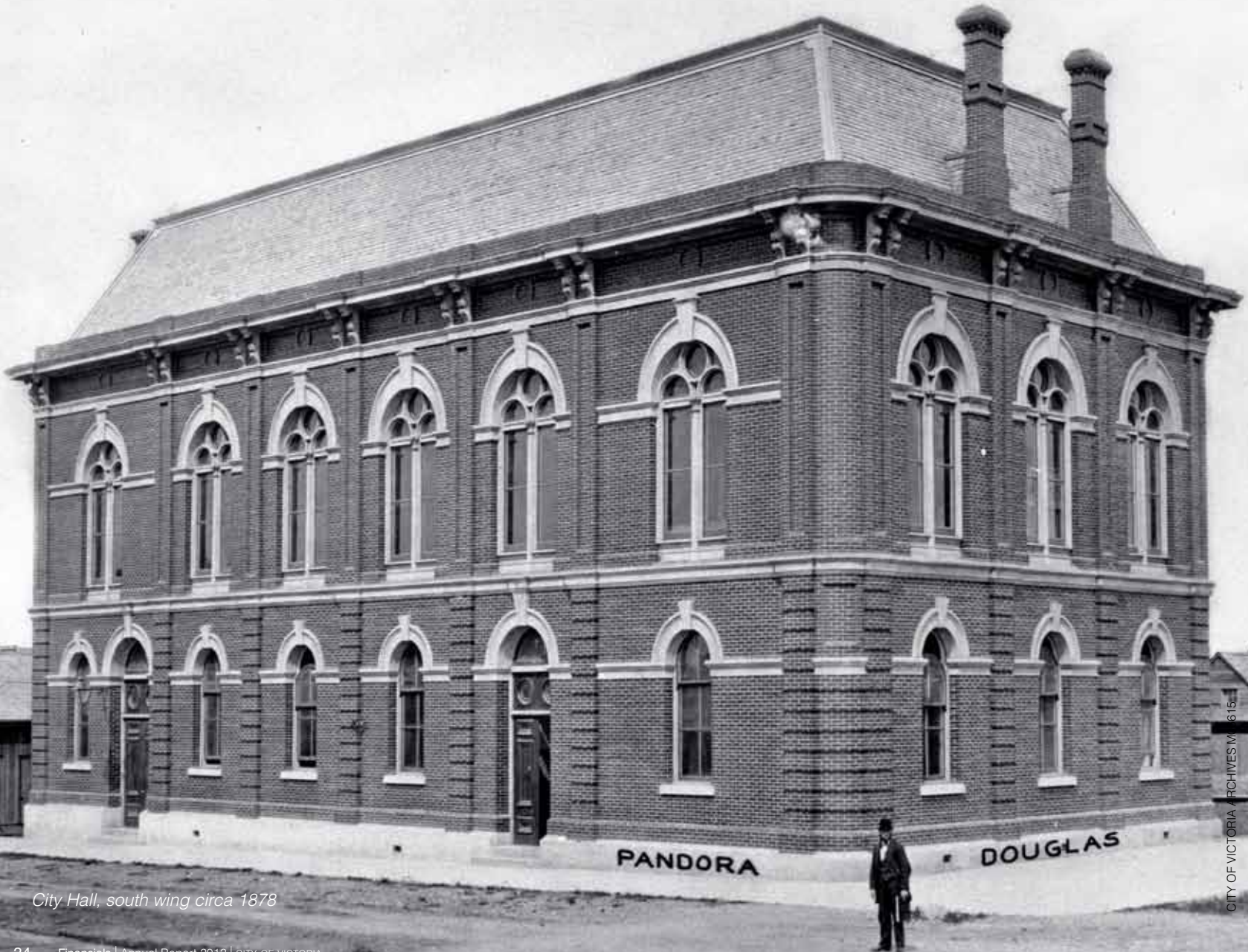
Focusing on Chronic Offenders

The new Crime Reduction Strategy calls for the more focused deployment of VicPD officers, better intelligence gathering and the creation of the Crime Reduction Unit. This unit's singular focus is to reduce property crime, violent crime and public disorder by targeting the chronic offenders who are responsible for a disproportionate number of crimes in the jurisdiction. Early successes are very encouraging and initial feedback from residents and businesses has been overwhelmingly positive.

Engaging the Community

VicPD continues to make great strides in its efforts to connect with the community through its crime prevention, public affairs, and social media efforts. The department has embraced a wide array of innovative engagement methods to make sure that neighbourhoods, businesses, and residents are being heard when they have public safety concerns or suggestions to make their communities better. VicPD also remains committed to proactively offering crime prevention information to businesses and residents throughout Victoria and Esquimalt. The department's social media efforts also continue to be tremendously successful and, with the public's help, have resulted in positive outcomes for a number of cases. 2012 also saw VicPD launch a newly redesigned crime prevention website at www.vicpd.ca that encourages residents to get involved to improve their communities. The website invites residents to become more engaged in their neighbourhoods by "working together to create the safest region in Canada," which is the main objective of the department's *Strategic Plan 2020*.





City Hall, south wing circa 1878

Consolidated Financial Statements of
The Corporation
of the City of Victoria

Year Ended December 31, 2012

Management's Responsibility for the Consolidated Financial Statements

The accompanying financial statements of The Corporation of the City of Victoria (the "City") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. 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.

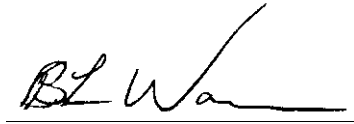
The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

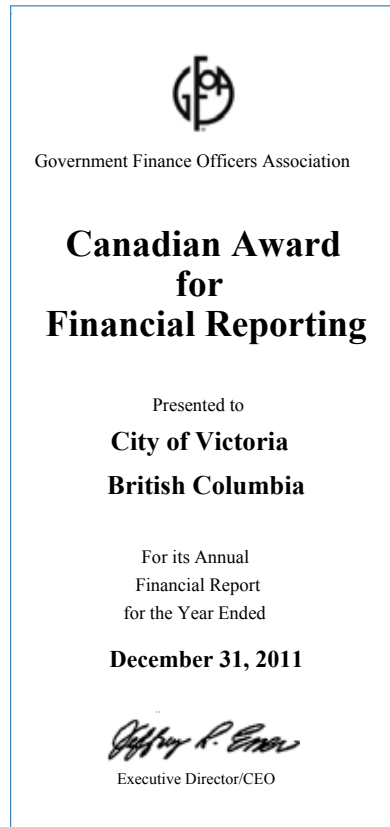
The financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's financial statements.



Chief Administrative Officer



Director of Finance



Independent Auditors' Report

To the Mayor and Councillors of The Corporation of the City of Victoria

We have audited the accompanying financial statements of The Corporation of the City of Victoria, which comprise the statement of financial position as at December 31, 2012, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Victoria as at December 31, 2012, 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.



Chartered Accountants

April 25, 2013

Victoria, Canada

KPMG LLP

Chartered Accountants

St. Andrew's Square II Telephone 250.480.3500

800-730 View Street Fax 250.480.3539

Victoria, BC V8W 3Y7 www.kpmg.ca

Statement of Financial Position

December 31, 2012, with comparative information for 2011

	2012	2011
Financial assets:		
Cash and cash equivalents (NOTE 3)	\$ 68,674,544	\$ 54,847,210
Accounts receivable:		
Property taxes	4,049,099	3,817,805
Other (NOTE 4)	20,668,188	20,718,411
Investments (NOTE 5)	67,966,042	69,154,822
Other assets	837,019	945,377
	<u>162,194,892</u>	<u>149,483,625</u>
Financial liabilities:		
Accounts payable and accrued liabilities (NOTE 6)	19,975,979	17,416,757
Deposits and prepayments	7,497,496	6,082,506
Deferred revenue (NOTE 7)	11,254,243	10,506,237
Long term debt (NOTE 8)	51,793,520	57,143,897
Obligations under capital lease (NOTE 9)	569,919	708,328
Employee future benefit obligations (NOTE 10)	13,266,418	12,297,354
	<u>104,357,575</u>	<u>104,155,079</u>
Net financial assets	57,837,317	45,328,546
Non financial assets:		
Tangible capital assets (NOTE 11)	341,183,966	320,201,958
Inventory of supplies	811,715	797,481
Prepaid expenses and deposits	760,732	527,613
	<u>342,756,413</u>	<u>321,527,052</u>
Accumulated surplus (NOTE 12)	\$ 400,593,730	\$ 366,855,598

Commitments (NOTE 16)

Contingent liabilities (NOTE 17)

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

On behalf of the City:



Director of Finance

Statement of Operations

Year ended December 31, 2012, with comparative information for 2011

	Budget	2012	2011
	(NOTE 18)		
Revenue:			
Net taxes available for municipal purposes (NOTE 13)	\$ 113,521,305	\$ 113,627,445	\$ 109,857,885
Net grants in lieu of taxes available for municipal purposes	5,552,000	5,694,671	5,577,856
Sale of goods and services	37,104,904	39,126,028	37,462,087
Sale of water	16,570,180	15,734,163	16,046,630
Licences and permits	3,795,500	3,553,329	3,890,101
Fines	5,080,000	5,274,661	5,084,736
Rentals and leases	710,000	995,575	1,119,745
Other penalties and interest	1,900,000	3,284,492	3,124,088
Government transfers (NOTE 14)	10,466,716	11,851,067	7,830,714
Actuarial adjustment on debt	–	608,236	501,657
Miscellaneous	4,411,011	4,911,545	5,244,013
Total revenue	199,111,616	204,661,212	195,739,512
Expenses:			
General government	33,327,383	39,122,389	40,539,798
Protective services	60,896,826	61,021,975	59,011,957
Transportation services	17,096,531	20,326,562	18,775,091
Environmental and public health services	7,714,464	6,079,537	6,239,483
Community planning	3,442,630	3,128,821	3,069,777
Parks recreation and community development	25,594,790	25,346,991	24,386,249
Water utility	12,170,148	12,549,516	12,918,020
Sewer utility	3,447,352	3,347,289	2,980,089
Total expenses	163,690,124	170,923,080	167,920,464
Annual surplus	35,421,492	33,738,132	27,819,048
Accumulated surplus, beginning of year	366,855,598	366,855,598	339,036,550
Accumulated surplus, end of year	\$ 402,277,090	\$ 400,593,730	\$ 366,855,598

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

Statement of Change in Net Financial Assets

Year ended December 31, 2012, with comparative information for 2011

	Budget	2012	2011
	(NOTE 18)		
Annual surplus	\$ 35,421,492	\$ 33,738,132	\$ 27,819,048
Acquisition of tangible capital assets	57,967,813	(29,713,991)	(24,043,369)
Amortization of tangible capital assets	–	8,666,776	8,010,786
Loss (gain) on disposal of tangible capital assets	–	(4,798)	356,661
Proceeds on disposal of tangible capital assets	–	70,005	42,685
	57,967,813	(20,982,008)	(15,633,237)
Consumption of inventory of supplies	–	(14,234)	16,601
Purchase of prepaid expenses and deposits	–	(233,119)	(8,008)
	–	(247,353)	8,593
Change in net financial assets	93,389,305	12,508,771	12,194,404
Net financial assets, beginning of year	45,328,546	45,328,546	33,134,142
Net financial assets, end of year	\$ 138,717,851	\$ 57,837,317	\$ 45,328,546

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

Statement of Cash Flows

Year ended December 31, 2012, with comparative information for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 33,738,132	\$ 27,819,048
Items not involving cash:		
Amortization of tangible capital assets	8,666,776	8,010,786
Loss (gain) on disposal of tangible capital assets	(4,798)	356,661
Change in employee benefits and other liabilities	969,064	465,832
Actuarial adjustment on debt	(608,236)	(501,657)
Change in non cash operating assets and liabilities:		
Accounts receivable other	50,223	(1,521,829)
Property taxes receivable	(231,294)	(394,706)
Other financial assets	108,358	(182,553)
Accounts payable and accrued liabilities	2,559,222	(34,562)
Deposits and prepayments	1,414,990	186,021
Deferred revenue	748,006	591,272
Inventory of supplies	(14,234)	16,601
Prepaid expenses and deposits	(233,119)	(8,008)
	47,163,090	34,802,906
Capital activities:		
Cash used to acquire tangible capital assets	(29,713,991)	(24,043,369)
Proceeds on disposal of tangible capital assets	70,005	400,108
	(29,643,986)	(23,281,124)
Investing activities:		
Decrease in investments	1,188,780	2,768,502
Financing activities:		
Debt issued	–	10,200,000
Debt repaid	(4,742,141)	(3,459,022)
Capital lease repaid	(138,409)	(11,232)
	(4,880,550)	6,729,746
Increase in cash and cash equivalents	13,827,334	21,020,030
Cash and cash equivalents, beginning of year	54,847,210	33,827,180
Cash and cash equivalents, end of year	\$ 68,674,544	\$ 54,847,210
Supplemental cash flow information:		
Assets acquired under capital lease	\$ –	\$ 719,560

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

Notes to Financial Statements

Year ended December 31, 2012

The Corporation of the City of Victoria (the "City") is incorporated and operates under the provisions of the Local Government Act and the Community Charter of British Columbia.

The City provides municipal services such as police, fire, public works, engineering, planning, parks, recreation, community development, conference facilities and other general government operations.

1. Significant accounting policies:

The financial statements of The Corporation of the City of Victoria (the "City") are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the City are as follows:

(a) Reporting entity:

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

(i) Consolidated entities

The City does not control any significant external entities and accordingly no entities have been consolidated in the financial statements.

(ii) Funds held in trust

The financial statements exclude trust assets that are administered for the benefit of external parties (NOTE 15).

(b) Basis of accounting:

The City 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 revenues 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) Deferred revenue:

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 or the services are performed.

(e) Deposits and prepayments:

Receipts restricted by third parties are deferred and reported as deposits and are refundable under certain circumstances. Deposits and prepayments are recognized as revenue when qualifying expenditures are incurred.

(f) Investment income:

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 investment and included in deferred revenue.

(g) Cash and cash equivalents:

Cash equivalents include short term highly liquid investments with a term to maturity of 90 days or less at acquisition. Cash equivalents also include investments in the Municipal Finance Authority of British Columbia ("MFA") Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

(h) Long term debt:

Long term debt is recorded net of related sinking fund balances.

Notes to Financial Statements

Year ended December 31, 2012

(i) **Employee future benefits:**

- (i) The City and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

- (ii) The costs of multi employer defined contribution pension plan benefits, such as the Municipal Pension Plan, are the employer's contributions due to the plan in the period.

(j) **Non financial capital 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:

Asset	Useful life – years
Buildings	20 – 50
Furniture, equipment, technology and motor vehicles	5 – 25
Roads, bridges and highways	10 – 80
Water infrastructure	35 – 100
Sewer infrastructure	50 – 100
Drainage infrastructure	50 – 100

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

Amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) **Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) **Natural resources**

Natural resources are not recognized as assets in the financial statements.

(iv) **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.

(v) **Interest capitalization**

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) **Leased tangible capital assets**

Leases which transfer substantially all of 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.

(vii) **Inventories of supplies**

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

Notes to Financial Statements

Year ended December 31, 2012

1. Significant accounting policies (CONTINUED):

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and 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, estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

(l) Foreign currency:

Monetary items denominated in U.S. dollars are converted to Canadian dollars for financial statement purposes at exchange rates in effect at the reporting date. 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 and losses on foreign currency translations are included as revenue (expenses).

2. Change in accounting policy:

The City has elected to adopt the new Public Sector Accounting Standard 3410 Government Transfers on a prospective basis effective January 1, 2012. The standard requires governments to recognize receipt of a government transfer with stipulations as revenue in the period the transfer is authorized and all 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. In prior years, government transfers have been deferred according to judgement reflecting the substance of the underlying events without regard to whether the transfer met the criteria of a liability.

This change has been applied prospectively and prior periods have been not been restated. A balance of \$3,631,126 was included in deferred revenue at December 31, 2011 that has been recognized in the current year annual surplus. Had the policy not been adopted in the current year, an additional \$5,137,696 would have been included in deferred revenue at December 31, 2012.

3. Cash and cash equivalents:

	2012	2011
Cash and cash equivalents:		
Bank overdraft	\$ -	\$ (148,939)
Cash	6,101,033	-
MFA Money Market Funds	62,573,511	54,996,149
	\$ 68,674,544	\$ 54,847,210

4. Accounts receivable:

	2012	2011
Sewer	\$ 1,888,841	\$ 1,720,241
Water	9,017,370	8,705,736
Grants	2,208,058	2,389,728
Miscellaneous	8,315,328	8,537,198
Valuation allowance	(761,409)	(634,492)
	\$ 20,668,188	\$ 20,718,411

5. Investments:

Investments consist of government bonds and government guaranteed investments and have costs that approximate market values. They have stated interest rates of 1.35% – 4.46% and various maturity dates to June 3, 2018.

Notes to Financial Statements

Year ended December 31, 2012

6. Accounts payable and accrued liabilities:

	2012	2011
Trade accounts payable	\$ 12,888,644	\$ 10,851,690
Payroll accounts payable	4,219,856	3,383,476
Contract holdbacks	277,354	462,577
School authorities	875,909	864,354
Capital Regional District	365,982	359,746
Legal settlements	967,911	1,123,104
Integrated recreation	108,799	109,400
BC Transit	142,791	138,380
Regional Hospital District	102,929	98,443
BC Assessment Authority	25,804	25,587
	\$ 19,975,979	\$ 17,416,757

7. Deferred revenue:

Deferred revenue includes the following:

	2012	2011
Miscellaneous	\$ 1,454,190	\$ 746,407
Building permit fees	2,092,533	700,942
Federal Gas Tax funds	–	3,631,126
Conference Centre prepayments	196,434	117,591
Development cost charges	6,673,707	4,245,766
RG Properties leasing and naming rights	736,600	983,268
Unearned recreation fees	100,779	81,137
Total deferred revenue	\$ 11,254,243	\$ 10,506,237

Schedule of Development Cost Charges

	2012	2011
Opening balance of unspent funds	\$ 4,245,766	\$ 3,851,614
Add:		
Development cost charges received during year	2,657,178	395,322
Interest earned	48,145	48,830
	2,705,323	444,152
Less amount spent on projects and recorded as revenue	(277,382)	(50,000)
	\$ 6,673,707	\$ 4,245,766

Development Cost Charges include the following:

	2012	2011
Water and environment	\$ 890,418	\$ 879,561
Streets	19,508	68,051
Transportation	2,598,109	1,563,735
Water	248,914	132,669
Drainage	152,005	83,954
Sewage	851,617	560,846
Parkland acquisition	1,429,198	738,845
Parkland development	483,938	218,105
	\$ 6,673,707	\$ 4,245,766

There were no waivers and/or reductions in development cost charges during 2012 or 2011.

Notes to Financial Statements

Year ended December 31, 2012

8. Long-term debt:

The City issues debt instruments through the MFA, pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. Sinking fund balances, managed by the MFA, are used to reduce long term debt.

Interest rates on long term debt range from 3.89% to 5.85%. The weighted average interest rate for 2012 was 4.96% (2011 – 4.26%).

(a) Gross amount of debt and the amount of the sinking fund assets available to retire the debt are as follows:

	Gross debt	Sinking Fund assets	Net debt 2012	Net debt 2011
General Capital Fund	\$ 61,714,785	\$ 9,921,265	\$ 51,793,520	\$ 57,131,980
Sewer Utility Capital Fund	–	–	–	11,917
	\$ 61,714,785	\$ 9,921,265	\$ 51,793,520	\$ 57,143,897

(b) Current period and future aggregate payments of net outstanding debenture debt, including sinking fund payments, over the next five years are as follows:

	General Capital Fund
2013	\$ 2,636,284
2014	1,850,286
2015	1,864,832
2016	1,879,944
2017	1,895,644

Scheduled debt repayments may be suspended in the event of excess sinking fund earnings within the MFA. Principal paid during the year was \$4,742,141 (2011 – \$3,459,022). Interest paid during the year was \$3,470,638 (2011 – \$3,091,010).

9. Obligations under capital lease:

The City has financed a fire truck by entering into capital leasing arrangements with the MFA. The City will acquire ownership of the equipment at the end of the lease term. Repayments are due as shown:

2013	\$ 151,347
2014	151,347
2015	151,347
2016	138,974
	593,015
Less amount representing interest (at a rate of 2%)	23,096
Present value of net minimum capital lease payments	\$ 569,919

Notes to Financial Statements

Year ended December 31, 2012

10. Employee future benefit obligations:

The City provides sick leave and certain benefits to its employees. These amounts will require funding in future periods and are recorded as follows:

	Fire and other	Police	Total 2012	Total 2011
Employee benefit obligations:				
Vested benefits	\$ 2,843,763	\$ 5,559,904	\$ 8,403,667	\$ 7,532,137
Non vested benefits	3,619,637	1,243,114	4,862,751	4,765,217
Accrued employee benefit obligation	6,463,400	6,803,018	13,266,418	12,297,354
Less funded amount	(4,173,467)	(5,230,270)	(9,403,737)	(8,181,333)
Unfunded employee benefit obligation	\$ 2,289,933	\$ 1,572,748	\$ 3,862,681	\$ 4,116,021

Vested benefits represent the actuarially determined value of the City's liability for future employee benefits which the City is contractually obligated to pay upon retirement to an employee, independent of his or her future employment. These benefits include sick leave and vacation in year of retirement for Police and Firefighters, deferred vacation for Police, and lump sum retirement payments.

Non-vested benefits represent the actuarially determined value of the City's liability for future employee benefits which the City is not contractually obligated to pay upon retirement to an employee, but is instead conditional on future employment. These benefits include sick leave, long service leave, personal leave program and benefit continuation while disabled.

Information about the City's benefit plans is as follows:

	2012	2011
Accrued benefit obligation:		
Balance, beginning of year	\$ 12,297,354	\$ 11,831,522
Service cost	1,116,600	842,700
Interest cost	505,000	541,800
Benefits payments	(837,000)	(1,292,800)
Past service cost	–	323,300
Actuarial loss	103,232	40,295
Pension over contributions	81,232	10,537
Accrued benefit liability, end of year	\$ 13,266,418	\$ 12,297,354

The accrued benefit obligations and the net periodic benefit cost were estimated by actuarial valuation as of December 31, 2011.

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

	2012	2011
Discount rates	3.50%	3.50%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.58% to 4.63%	2.58% to 4.63%

The difference between the actuarially determined accrued benefit obligation as at December 31, 2012 of \$12,956,267 and the accrued benefit liability of \$13,266,417 is pension over contributions of \$310,150. There is an unamortized actuarial loss of \$1,507,433 at December 31, 2012. The actuarial loss is being amortized over a period equal to the employee's average remaining service lifetime of 11 years.

Notes to Financial Statements

Year ended December 31, 2012

10. Employee future benefit obligations (CONTINUED):

Other pension plans

The City 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 defined. The plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available later in 2013.

The City of Victoria paid \$8,226,452 (2011 – \$8,658,147) for employer contributions and City of Victoria employees paid \$6,494,360 (2011 – \$6,635,444) for employee contributions to the plan in fiscal 2012.

GVLRA – CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employees representing a number of CUPE locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. Employers and employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2011. At December 31, 2012, the total plan provision for approved and unreported claims was \$16,019,500 with a net deficit of \$4,097,874. The actuary does not attribute portions of the unfunded liability to individual employers. The City paid \$343,443 (2011 – \$240,250) for employer contributions and City employees paid \$343,443 (2011 – \$240,250) for employee contributions to the plan in 2012.

Notes to Financial Statements

Year ended December 31, 2012

11. Tangible capital assets:

	Land and land improvements	Buildings	Furniture, equipment, technology and motor vehicles	Roads, bridges and highways	Water infrastructure	Sewer infrastructure	Drainage infrastructure	Assets under construction	Total 2012	Total 2011
Cost:										
Balance, beginning of year	\$134,100,987	\$82,935,319	\$46,805,632	\$80,724,461	\$48,459,408	\$15,102,205	\$11,234,838	\$14,631,556	\$433,994,406	\$411,702,812
Additions	1,683,284	2,210,191	4,403,293	3,097,432	2,800,062	1,006,048	843,602	16,333,862	32,377,774	38,775,109
Disposals/transfers	-	-	(324,171)	(136,443)	-	-	-	(2,663,783)	(3,124,397)	(16,483,515)
Balance, end of year	135,784,271	85,145,510	50,884,754	83,685,450	51,259,470	16,108,253	12,078,440	28,301,635	463,247,783	433,994,406
Accumulated amortization:										
Balance, beginning of year	46,175	31,595,502	27,741,805	40,394,751	6,795,217	4,824,531	2,394,467	-	113,792,448	107,134,091
Disposals	-	-	(313,498)	(81,909)	-	-	-	-	(395,407)	(1,352,429)
Amortization	34,000	1,905,700	3,904,226	2,010,850	532,256	163,476	116,268	-	8,666,776	8,010,786
Balance, end of year	80,175	33,501,202	31,332,533	42,323,692	7,327,473	4,988,007	2,510,735	-	122,063,817	113,792,448
Net book value, end of year	\$135,704,096	\$51,644,308	\$19,552,221	\$41,361,758	\$43,931,997	\$11,120,246	\$9,567,705	\$28,301,635	\$341,183,966	\$320,201,958

Notes to Financial Statements

Year ended December 31, 2012

11. Tangible capital assets (CONTINUED):

(a) Assets under construction

Assets under construction totaling \$28,301,635 (2011 – \$14,631,556) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

There were no contributed assets recognized during 2012 or 2011.

(c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset has been recognized at a nominal value.

(d) Works of art and historical treasures

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

(e) Write-down of tangible capital assets

No write-down of tangible capital assets occurred during 2012 or 2011.

12. Accumulated surplus:

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

	2012	2011
Surplus:		
Equity in tangible capital assets	\$ 288,820,527	\$ 262,349,733
Operating Fund	1,095,338	882,844
Unfunded employee benefit obligations	(3,832,682)	(4,116,021)
Total surplus	286,083,183	259,116,556
Reserves:		
Financial Stability Reserves	3,227,324	2,329,060
Equipment and Infrastructure Replacement Fund	53,037,267	57,943,122
Gas Tax	5,137,696	–
Economic Development	725,378	716,423
Debt Reduction	13,335,722	11,524,811
Self Insurance	3,687,282	3,641,760
Working Capital Fund	3,789,711	3,742,924
Tax Sale Lands Fund	10,326,723	9,953,974
Parks and Greenways Acquisition Fund	2,241,446	2,134,761
Local Amenities	100,784	99,540
Affordable Housing	2,051,341	2,870,460
Climate Action	253,415	263,421
Water Utility	1,844,385	787,482
Sewer Utility	13,434,671	10,442,880
Tree conservation	306,403	285,435
Art in public places	234,205	124,000
Total reserves	113,733,753	106,860,053
Other assets:		
MFA Debt reserve fund	776,794	878,989
	\$ 400,593,730	\$ 366,855,598

Notes to Financial Statements

Year ended December 31, 2012

13. Taxation:

Taxation revenue, reported on the statement of operations, is comprised of the following:

	2012	2011
General taxation:		
Property and business taxes	\$ 187,960,454	\$ 183,287,368
Utility 1% tax	1,341,869	1,321,146
Special assessments:		
Boulevard frontage	575,736	577,900
Local improvement	1,071	1,071
Specified area improvement	129,053	129,053
Sewer frontage	738,135	669,736
Hotel tax:		
Tourism Victoria – Destination Marketing Commission	1,828,573	1,905,641
Victoria Conference Centre	576,016	563,066
	193,150,907	188,454,981
Less taxes levied for other authorities:		
Capital Regional District	12,083,313	11,839,224
School Authorities	50,579,860	50,249,144
Regional Hospital District	6,916,888	6,728,280
Municipal Finance Authority	4,808	4,722
BC Assessment Authority	1,597,657	1,616,144
BC Transit	7,398,205	7,235,645
Business Improvement Association	942,731	923,937
	79,523,462	78,597,096
	\$ 113,627,445	\$ 109,857,885

14. Government transfers:

The City recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the statement of operations and accumulated surplus are:

	2012	2011
Traffic fine revenue sharing	\$ 3,439,150	\$ 3,373,554
Jail	73,998	66,896
Gas Tax	5,778,867	1,449,338
Infrastructure grants:		
General capital	28,349	63,500
Sewer	–	–
Water	–	1,396,193
Johnson Street Bridge	2,485,703	1,357,233
Cost sharing:		
General capital	45,000	124,000
	8,411,917	4,457,160
Total revenue	\$ 11,851,067	\$ 7,830,714

Notes to Financial Statements

Year ended December 31, 2012

15. Trust funds:

Trust funds administered by the City have not been included in the statement of financial position nor have their operations been included in the statement of operations and accumulated surplus.

	2012	2011
Ross Bay Cemetery	\$ 840,761	\$ 819,836
Nature Interpretation Centre	582,668	575,475
Bastion Square Revitalization	223,356	220,599
	\$ 1,646,785	\$ 1,615,910

The Ross Bay Cemetery Trust is a fund for the non-commercial Ross Bay Cemetery and is used for perpetual maintenance. The Nature Interpretation Centre is a trust for the construction of a nature interpretation center in Beacon Hill Park. The Bastion Square Revitalization Trust is a trust received from the Bastion Square Association Society for the sole purpose of improving Bastion Square.

16. Commitments:

In the normal course of business, the City enters into commitments for both capital and operational expenses. These commitments have been budgeted for within the appropriate annual budget and have been approved by Council.

In 2010 residents authorized the City, by referendum, to borrow up to \$49,200,000 for the planning, study, design, and construction of a bridge to replace the Johnson Street Bridge and to decommission the existing bridge. The City has assumed a \$10,200,000 low interest loan from the CMHC under the Municipal Infrastructure Lending Program in respect of the authorized borrowing for this project. The estimated cost for the Johnson Street Bridge is \$92.8 million and completion is expected by March 2016. At December 31, 2012 major construction contracts of \$75,360,349 were in process with estimated costs to complete of \$68,658,900.

On March 23, 2011, the City signed a contribution agreement with the Federal Government agreeing to financial assistance towards the project of \$21 million through the Building Canada Fund. On March 3, 2012, the Federal Government announced an additional commitment of \$16.5 million towards the project through the Federal Gas Tax Fund.

17. Contingent liabilities:

The City is a defendant in various lawsuits. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. Included in accumulated surplus is an insurance reserve of \$3,687,282 (2011 – \$3,641,760) which is maintained to offset settlements and insurance coverage has been maintained to provide for insurable claims should they exceed the liability deductible of \$1,000,000 in any year. In 2008, the City joined the Municipal Insurance Association and all insurable claims from that date forward are subject to a liability deductible of \$250,000 in any year.

New condominium construction in British Columbia over the last 15 years has resulted in significant construction deficiencies. Liability for these deficiencies is presently being addressed by the courts. The full impact of the courts' decisions and their effect on the City are unknown at this time. The City has received various statements of claim with respect to alleged construction deficiencies. Statements of defense have been made on behalf of the City by the City's solicitors and certain of the claims have been settled or dropped. For a number of the continuing claims, no determination of the City's liability, if any, has been made and no estimate of potential loss can be made or recorded at this time. Any liability will be recorded when a settlement is likely and the amounts are determinable.

Under borrowing arrangements with the Municipal Finance Authority, the City 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 included in the City's financial assets as other assets and 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 City. At December 31, 2012 the balance of the deposits was \$776,794 (2011: \$878,989). At December 31, 2012 there were contingent demand notes of \$1,794,839 (2011 – \$2,102,143) which are not included in the financial statements of the City.

Notes to Financial Statements

Year ended December 31, 2012

Capital Regional District debt, under provisions of the Local Government Act, is a direct, joint and several liability of the Capital Regional District and each member municipality within the Capital Regional District, including the City.

The City is reviewing environmental objectives and potential liabilities for its activities and properties including potential site reclamation obligations. The amount of any such obligations is not presently determinable.

The City 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.

18. Budget data:

The budget data presented in these financial statements is based upon the 2012 operating and capital budgets approved by Council on May 10, 2012. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Revenues:	
Operating budget	\$ 272,584,202
Capital budget	57,967,813
	330,552,015
Less:	
Transfers from other funds	(53,616,207)
Collections for other Governments	(77,824,192)
Total revenue	199,111,616
Expenses:	
Operating budget	272,584,202
Capital budget	57,967,813
	330,552,015
Less	
Capital expenditures	(51,239,997)
Transfer to other funds	(34,829,938)
Debt principal payments	(2,967,764)
Collections for other Governments	(77,824,192)
Total expenses	163,690,124
Annual surplus	\$ 35,421,492

Notes to Financial Statements

Year ended December 31, 2012

19. Segmented information:

The City of Victoria is a diversified municipal organization that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. City services are provided by departments and their activities reported within these funds. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) **General Government:**

The General Government operations provide the functions of Building Services and Maintenance, Corporate Administration, Finance, Human Resources, Legislative Services and any other functions categorized as non-departmental.

(ii) **Protective Services:**

Protective Services is comprised of four different functions, including the City's Emergency Management Agency, Fire, Police and Regulatory and Development Services. The Emergency Management Agency prepares the City to be more prepared and able to respond to, recover from, and be aware of, the devastating effects of a disaster or major catastrophic event that will impact the community. The Fire Department is responsible for providing critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies. The Police Department ensures the safety of the lives and property of Victoria as well as Esquimalt citizens through the enforcement of municipal bylaws, criminal laws and the laws of British Columbia, the maintenance of law and order, and the prevention of crime. The mandate of the Regulatory and Development services is to promote, facilitate and enforce general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community and provide a full range of planning services related to zoning, development permits, variance permits, and current regulatory issues.

(iii) **Transportation Services:**

Transportation Services is responsible for a wide variety of transportation functions such as Parking, Engineering Operations and Streets. Services provided include infrastructure development and maintenance, traffic control, transportation planning, review of land development impacts on transportation, traffic management, pedestrian and cycling issues, on-street parking regulations, including street signs and painting as well as traffic signal timing.

(iv) **Environmental and Public Health Services:**

The Environmental and Public Health Services is comprised of four sections in the areas of Solid Waste Services, Storm Drains, Street Cleaning and Public Works. The Solid Waste Collection and Recycling Operations Section is responsible for the collection of household garbage. Storm Drains section provides the design, inspection and technical supervision of civil engineering projects related to the construction and maintenance of the storm drain collection systems to protect public health. The Street Cleaning Section is responsible for the collection and disposal of litter and debris from streets, sidewalks and squares. The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

(v) **Community Planning:**

Community Planning works to achieve the City's community planning goals through the official community plan, neighbourhood plans, special sector and precinct plans urban design and other policy initiatives. The division is also responsible for the heritage program, downtown vitality and public use of space.

(vi) **Parks, Recreation and Community Development:**

Parks is responsible for the maintenance, planning and development of all park facilities such as ornamental gardens, natural ecosystems, sport and entertainment venues and playgrounds for recreational and cultural enjoyment in a beautiful and safe environment; preserves and enhances green spaces on public lands. Recreation services facilitates the provision of recreation and wellness programs and services through the City's pool, arena, Royal Athletic Park, Community and Seniors' Centres. Community Development coordinates and leads efforts to enhance our neighbourhoods, foster arts and culture, and work to create a City that is vibrant and people centred. This function also includes the Victoria Conference Centre which is one of the largest conference facilities in BC and plays a significant economic impact on the local economy.

Notes to Financial Statements

Year ended December 31, 2012

(vii) **Water and Sewer Utilities:**

The Sewer Utility protects the environment and human health from the impacts of liquid wastes generated as a result of human occupation and development in the City. The Water Utility delivers clean, safe and aesthetically pleasing potable water, in accordance with the Provincial Drinking Water Protection Act, to the citizens of the City of Victoria and Township of Esquimalt. The water is for the purpose of domestic consumption and fire fighting.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The General Fund reports on municipal services that are funded primarily by taxation such as property taxes and other tax revenues. Taxation and payments in lieu of taxes are apportioned to the General Fund services based on budgeted taxation revenue as presented in the financial plan.

The allocation to other expenses includes the interdepartmental recoveries of asset charges which results in negative expense balances for certain departments.

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

Notes to Financial Statements

Year ended December 31, 2012

19. Segmented information (CONTINUED):

2012	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Community Planning	Parks Recreation and Community Development	Water Utility	Sewer Utility	Total
Revenue:									
Taxation	\$ 39,345,700	\$ 50,001,348	\$ 5,133,652	\$ 6,556,098	\$ 2,539,765	\$ 15,007,418	\$ –	\$ 738,135	\$ 119,322,116
Goods and services	1,718,401	7,301,093	10,415,051	2,880,019	183	9,509,303	16,441,463	6,594,678	54,860,191
Government transfers	8,411,917	3,439,150	–	–	–	–	–	–	11,851,067
Other	7,009,633	2,286,834	6,363,089	141,251	283,247	2,323,163	205,982	14,639	18,627,838
Total revenue	56,485,651	63,028,425	21,911,792	9,577,368	2,823,195	26,839,884	16,647,445	7,347,452	204,661,212
Expenses:									
Salaries and wages	13,496,188	54,239,322	10,701,402	3,733,038	2,821,364	11,973,864	2,121,429	1,537,880	100,624,487
Materials, supplies and services	4,668,782	3,627,322	8,434,118	2,212,213	140,853	8,462,034	9,234,343	588,268	37,367,933
Interest and other	16,494,637	2,780,189	(1,580,620)	(3,547)	166,604	4,687,468	661,488	1,057,665	24,263,884
Amortization	4,462,782	375,142	2,771,662	137,833	–	223,625	532,256	163,476	8,666,776
Total expenses	39,122,389	61,021,975	20,326,562	6,079,537	3,128,821	25,346,991	12,549,516	3,347,289	170,923,080
Annual surplus (deficit)	\$ 17,363,262	\$ 2,006,450	\$ 1,585,230	\$ 3,497,831	\$ (305,626)	\$ 1,492,893	\$ 4,097,929	\$ 4,000,163	\$ 33,738,132

Notes to Financial Statements

Year ended December 31, 2012

19. Segmented information (CONTINUED):

2011	General Government	Protective Services	Transportation Services	Environmental and Public Health Services		Parks Recreation and Community Development		Water Utility	Sewer Utility	Total
				Community Planning	Community Development	Community Planning	Community Development			
Revenue:										
Taxation	\$ 36,586,504	\$ 48,744,222	\$ 6,077,815	\$ 6,144,264	\$ 2,508,083	\$ 14,705,117	\$ -	\$ 669,736	\$ 115,435,741	
Goods and services	319,970	7,163,959	10,479,873	2,795,745	140	9,586,948	16,592,400	6,569,682	53,508,717	
Government transfers	3,060,967	3,373,554	-	-	-	-	1,396,193	-	7,830,714	
Other	7,789,252	2,721,080	5,839,732	141,251	252,201	2,027,961	178,844	14,019	18,964,340	
Total revenue	47,756,693	62,002,815	22,397,420	9,081,260	2,760,424	26,320,026	18,167,437	7,253,437	196,739,512	
Expenses:										
Salaries and wages	12,972,267	52,391,217	9,968,777	3,878,853	2,788,228	11,492,764	2,039,201	1,355,605	96,886,912	
Materials, supplies and services	4,674,082	3,827,468	8,228,414	2,311,508	193,223	8,470,343	9,550,913	517,752	37,773,703	
Interest and other	19,070,268	2,155,336	(2,072,509)	(77,818)	88,326	4,240,771	878,086	966,603	25,249,063	
Amortization	3,823,181	637,936	2,650,409	126,940	-	182,371	449,820	140,129	8,010,786	
Total expenses	40,539,798	59,011,957	18,775,091	6,239,483	3,069,777	24,386,249	12,918,020	2,980,089	167,920,464	
Annual surplus (deficit)	\$ 7,216,895	\$ 2,990,858	\$ 3,622,329	\$ 2,841,777	\$ (309,353)	\$ 1,933,777	\$ 5,249,417	\$ 4,273,348	\$ 27,819,048	

20. Comparative information:

Certain 2011 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Statistical Information

The Corporation of the City of Victoria

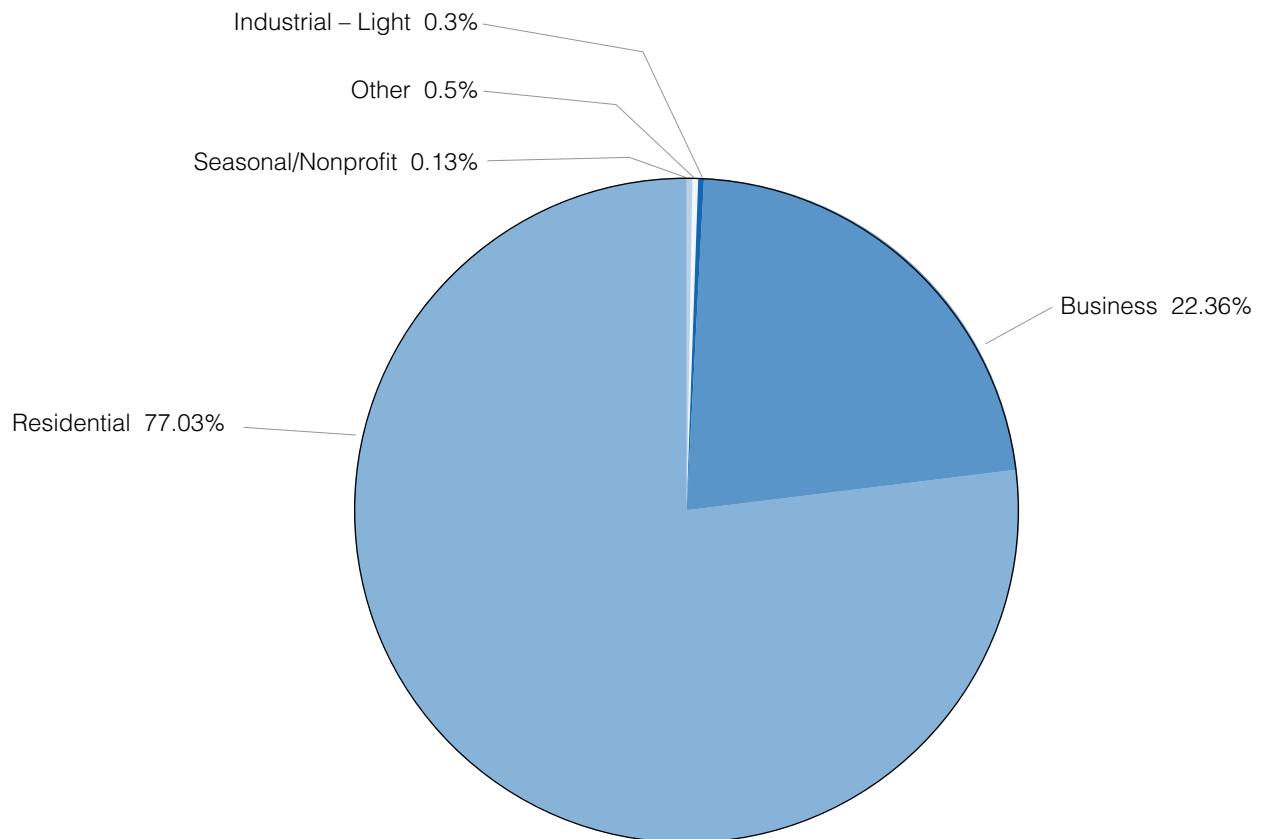
Year Ended December 31, 2012

STATISTICAL INFORMATION

Taxable Assessments of Land and Improvements 2008 – 2012 (IN MILLIONS)

PROPERTY CLASS	2008	2009	2010	2011	2012
Residential	\$ 12,269	\$ 12,524	\$ 13,002	\$ 13,651	\$ 13,645
Utilities	19	19	20	20	21
Industrial – Major	4	4	4	4	10
Industrial – Light	33	33	40	41	53
Business	3,636	3,645	3,811	3,813	3,960
Seasonal/Non-profit	21	19	20	21	24
	\$ 15,982	\$ 16,244	\$ 16,898	\$ 17,550	\$ 17,713

2012 Assessments by Property Class



STATISTICAL INFORMATION

Property Tax Rates 2008–2012

	2008	2009	2010	2011	2012
Municipal (\$ PER 1000 ASSESSMENT)					
Residential	3.3428	3.5519	3.6581	3.7731	3.9536
Utilities	30.6915	33.0061	31.4411	33.0729	32.9529
Supportive Housing	0.0000	3.5519	3.6581	3.7731	3.9536
Industrial – Major	15.8396	13.0021	13.1471	13.5454	13.3089
Industrial – Light	15.8396	13.0021	13.1471	13.5454	13.3089
Business	12.2766	13.0021	13.1471	13.5454	13.3089
Seasonal	8.7390	9.6101	9.0819	9.3538	7.9917
Total – Including School, Region, etc. (\$ PER 1000 ASSESSMENT)					
Residential	5.9398	6.1859	6.3060	6.2999	6.5009
Utilities	50.6841	53.0236	50.8938	51.8868	51.8776
Supportive Housing	0.0000	4.3143	4.4263	4.6808	4.8200
Industrial – Major	29.0352	23.4468	23.4345	23.5854	23.1375
Industrial – Light	26.2509	23.1543	23.1281	23.2636	22.8105
Business	22.0409	22.9316	22.8481	22.9902	22.5344
Recreation Non-Profit	13.8540	14.7573	13.8808	13.9174	12.4785
Municipal Tax Billings by Property Class (IN THOUSANDS)					
Residential	\$ 41,012	\$ 44,482	\$ 47,564	\$ 51,506	\$ 53,946
Utilities	578	623	631	678	682
Industrial – Major	69	48	54	56	138
Industrial – Light	519	431	527	561	708
Business	44,644	47,394	50,102	51,644	52,707
Seasonal	181	185	184	197	190
Total	\$ 87,003	\$ 93,164	\$ 99,062	\$ 104,641	\$ 108,371

New Construction 2008–2012

	2008	2009	2010	2011	2012
Construction Permits	3,412	3,608	3,917	4,097	3,798
Construction Value (\$ Million)	\$ 178	\$ 319	\$ 140	\$ 120	\$ 289
Taxes Generated from New Growth	\$ 1,376,419	\$ 1,958,701	\$ 1,878,822	\$ 1,659,973	\$ 328,105

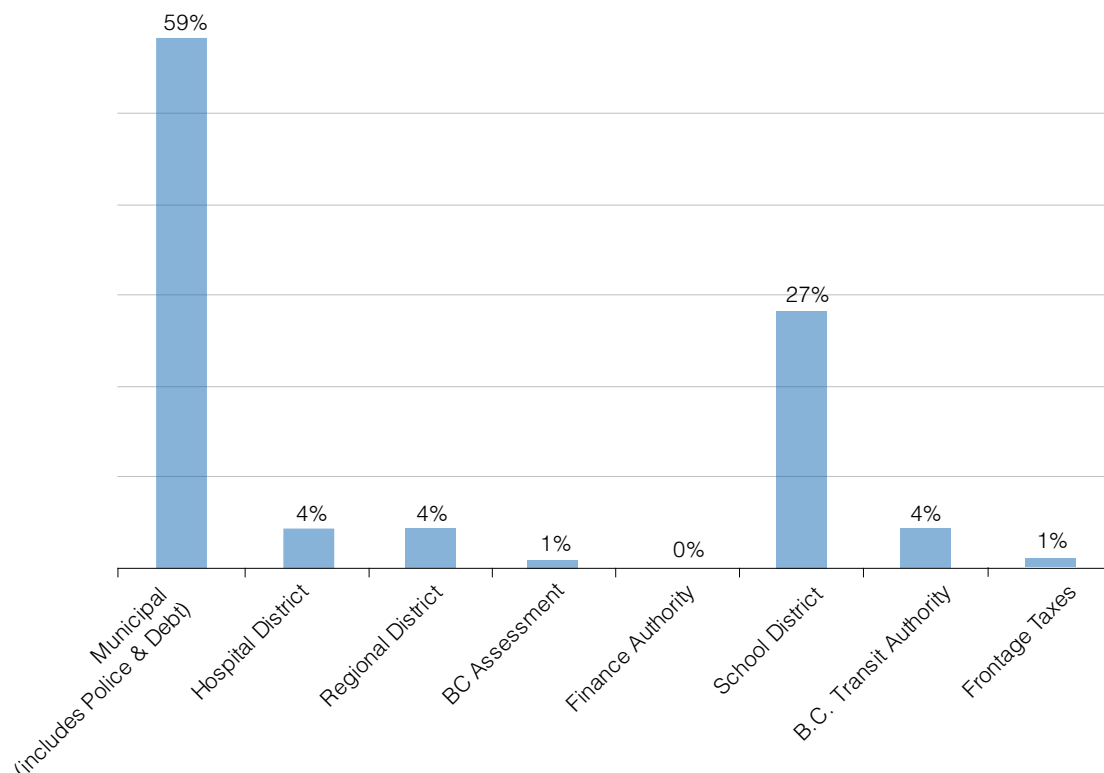
SOURCE: CITY OF VICTORIA FINANCE DEPARTMENT

STATISTICAL INFORMATION

Property Tax Levied and Collected 2008–2012 (IN THOUSANDS)

	2008	2009	2010	2011	2012
Municipal (incl Police & Debt)	\$ 87,001	\$ 93,164	\$ 99,061	\$ 104,640	\$ 108,371
Hospital District	4,459	5,112	6,699	6,728	6,917
Regional District	10,991	9,544	8,317	6,673	6,990
BC Assessment	1,503	1,583	1,666	1,616	1,598
Finance Authority	3	4	4	5	5
School District	48,106	49,782	51,055	50,249	50,580
B.C. Transit Authority	4,412	5,133	5,722	7,236	7,398
Frontage Taxes	2,159	2,175	2,243	2,291	2,376
	\$ 158,634	\$ 166,499	\$ 174,768	\$ 179,438	\$ 184,234
Total Current Taxes Levied	\$ 158,634	\$ 166,499	\$ 174,768	\$ 179,438	\$ 184,234
Current Taxes Collected	151,752	165,443	172,923	178,254	183,453
Percentage	95.66%	92.52%	96.70%	99.34%	99.58%
Outstanding at Beginning of Year	\$ 5,320	\$ 7,892	\$ 7,226	\$ 6,850	\$ 7,601
Arrears Collected	4,311	6,790	6,643	6,293	6,475
Percentage	81.03%	86.04%	91.93%	91.86%	85.19%
Total Tax Collections	\$ 156,063	\$ 172,233	\$ 179,566	\$ 184,547	\$ 189,928

2012 Taxes by Jurisdiction



STATISTICAL INFORMATION

2012 Principal Corporate Tax Payers

Registered Owner	Primary Property	Taxes Levied
4239440 Canada Inc	Shopping Centre	\$ 4,041,861
Hillside Centre Holdings Inc	Shopping Centre	2,813,354
TBC Nominee Inc	Shopping Centre	2,087,763
Jawl Investment Corporation	Office Bldg	1,657,427
Jawl Holdings Ltd	Office Bldg	1,602,554
Legacy Empress Title Corp	Hotel	1,291,674
Columbus Real Estate Inc	Office Bldg	916,902
596961 BC Ltd	Retail/Office Bldg	855,578
Canadian Imperial Bank of Commerce/ Standard Life Assurance Company of Canada	Retail/Office Bldg	792,722
Sussex Place Equities Ltd	Retail/Office Bldg	783,545
Pacific Sun Hotel Inc	Hotel	664,893
Greater Victoria Harbour Authority	Waterfront/Retail	656,660
655 Tyee Property Ltd	Office Bldg	604,624
Telus Communications Inc	Office Bldg	604,027
Grampian Holdings Ltd	Retail/Office Bldg	596,685
Victoria Downtown Hotel Estates Ltd	Hotel	534,605
Westside Village Shopping Centre Ltd	Shopping Centre	528,799
Delta Hotels No 40 Holdings Ltd	Hotel	502,452
Ruth Singer Investments Ltd	Shopping Centre	481,559
Saratoga Investments Ltd	Retail/Office Bldg	468,167
Kanco James Bay Properties Ltd	Shopping Centre/Retail	451,685
Wilson Kool Ltd	Shopping Centre-Neighborhood	441,289
Canada Safeway Ltd	Shopping Centre-Neighborhood	415,441
Standard Life Assurance Company of Canada	Retail/Office Bldg	408,517
Investors Group Trust Co Ltd	Office Bldg	406,401
BC Transit	Bus Depot	402,253
Royal Trust Corp of Canada	Stores/Offices	390,030
Wottrich Holdings Ltd	Stores/Offices	385,889
Gill-Am Investments Ltd	Office Bldg	381,954
Concert Real Estate Corporation	Stores/Offices	371,751
		\$ 26,541,061

STATISTICAL INFORMATION

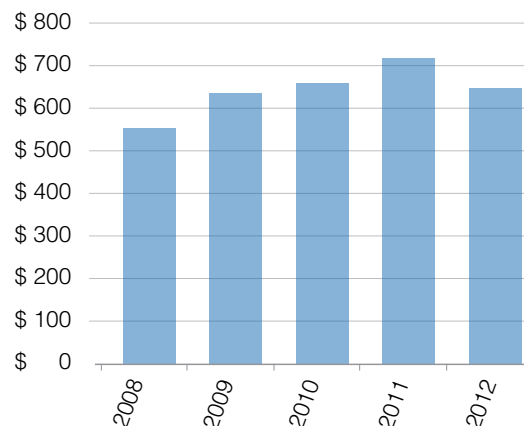
Debenture Debt 2008–2012 (IN THOUSANDS)

	2008	2009	2010	2011	2012
Gross Outstanding Debt	\$ 82,329	\$ 90,769	\$ 81,169	\$ 69,969	\$ 61,715
Less: Sinking Fund Payments	38,694	41,382	30,264	12,825	9,921
Net Debt	\$ 43,635	\$ 49,386	\$ 50,905	\$ 57,144	\$ 51,794
General	\$ 43,457	\$ 49,279	\$ 50,880	\$ 57,132	\$ 51,794
Sewer	178	107	25	12	–
	\$ 43,635	\$ 49,386	\$ 50,905	\$ 57,144	\$ 51,794
Debt Servicing Costs					
Property Tax Supported	\$ 6,107	\$ 6,071	\$ 7,024	\$ 6,498	\$ 8,193
Specified Area and Other	–	–	–	–	–
Sewer Utility	135	112	112	15	14
Total Debt Servicing Costs	\$ 6,242	\$ 6,183	\$ 7,136	\$ 6,513	\$ 8,207
Population	78,057	78,057	78,057	80,017	80,017
Net Debt per Capita	\$ 559	\$ 633	\$ 652	\$ 714	\$ 647
Debt Servicing per Capita	\$ 79	\$ 91	\$ 88	\$ 81	\$ 103
Debt Service as % of Expenses	4.29%	4.63%	4.22%	3.88%	4.80%
# of Households	44,783	44,783	44,783	47,691	47,691
Gross Debt Servicing Limit	\$ 41,840	\$ 43,951	\$ 44,696	\$ 47,079	\$ 47,971
Debt Capacity Available	\$ 34,664	\$ 36,117	\$ 37,759	\$ 36,139	\$ 36,254

Consolidated Statement of Financial Position (IN THOUSANDS)

Financial Assets	\$ 116,796	\$ 127,782	\$ 129,133	\$ 149,484	\$ 162,195
Financial Liabilities	\$ 86,275	\$ 96,595	\$ 95,999	\$ 104,155	\$ 104,358
Net Financial Assets/(Net Debt)	\$ 30,521	\$ 31,188	\$ 33,134	\$ 45,329	\$ 57,837

Per Capita Net Debt



STATISTICAL INFORMATION

Labour Force Activity 2008 – 2012

	2008	2009	2010	2011	2012
Unemployment Rate	3.3%	6.4%	6.3%	6.1%	5.4%
Number of City Employees	1,190	1,207	1,210	1,169	1,194

SOURCE: MUNICIPAL FINANCE AUTHORITY, SOURCE: POPULATION: STATISTICS CANADA, SOURCE: LABOUR FORCE SURVEY: STATISTICS CANADA

Revenue and Expenses 2008–2012 (IN THOUSANDS)

Revenue	2008	2009	2010	2011	2012
Property Taxes	\$ 92,393	\$ 98,147	\$ 104,199	\$ 109,858	\$ 113,627
Payment In Lieu of Taxes	4,805	5,066	5,455	5,578	5,695
Sales of Services	35,297	36,326	35,798	37,462	39,126
Sale of Water	12,715	14,592	14,174	16,047	15,734
Licences and Permits	5,216	5,145	\$4,690	3,890	3,553
Fines	5,206	5,199	5,127	5,085	5,275
Rentals and Leases	979	971	1,103	1,120	996
Interest and Penalties	4,489	3,072	3,943	3,124	3,284
Unconditional Government Transfers	2,576	4,058	1,293	3,374	3,439
Other	8,253	7,621	7,272	5,746	5,520
Conditional Government Transfers	3,857	4,329	5,145	4,457	8,412
Gain on Sale of Capital Assets	–	–	–	–	–
	\$ 175,784	\$ 184,527	\$ 188,197	\$ 195,740	\$ 204,661

Expenses by Function

General Government	\$ 25,178	\$ 28,613	\$ 36,606	\$ 40,540	\$ 39,122
Protective Services	54,007	56,736	58,732	59,012	61,022
Transportation Services	17,134	17,724	18,820	18,775	20,327
Environmental/Public Health	6,159	6,122	6,268	6,239	6,080
Community Planning	2,166	2,267	2,890	3,070	3,129
Parks Recreation and Cultural	28,281	28,405	23,093	24,386	25,347
Water Utility	9,488	11,216	12,736	12,918	12,550
Sewer Utility	1,722	2,977	2,969	2,980	3,347
	\$ 144,135	\$ 154,060	\$ 162,113	\$ 167,920	\$ 170,923

Expenses by Object

Salaries Wages and Benefits	\$ 89,335	\$ 89,259	\$ 96,465	\$ 96,887	\$ 100,624
Materials Supplies and Services	32,414	36,810	37,638	37,774	37,368
Interest and Other	17,115	22,207	21,000	25,249	24,264
Amortization	5,271	5,785	7,011	8,011	8,667
	\$ 144,135	\$ 154,060	\$ 162,113	\$ 167,920	\$ 170,923

SOURCE: CITY OF VICTORIA FINANCE DEPARTMENT

STATISTICAL INFORMATION

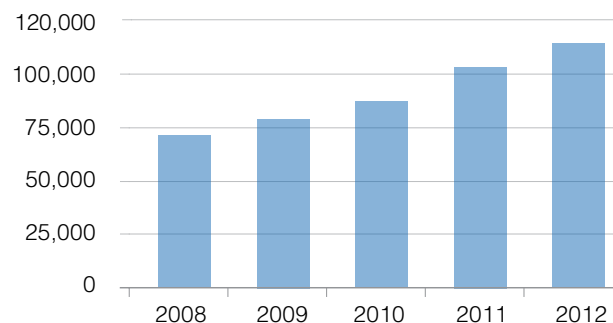
Reserve Funds and Statement of Surplus 2008–2012 (IN THOUSANDS)

Description	2008	2009	2010	2011	2012
Reserve Funds					
Equipment and Infrastructure	\$ 30,140	\$ 34,569	\$ 44,813	\$ 57,943	\$ 58,175
Economic Development	695	703	707	716	725
Financial Stability	714	723	728	2,329	3,227
Debt Reduction	7,938	8,694	7,494	11,525	13,336
Self Insurance	4,452	4,507	4,534	3,642	3,687
Working Capital	3,629	3,674	3,696	3,743	3,790
Tax Sale Lands	8,196	8,996	10,104	9,954	10,327
Local Amenities	–	49	98	100	101
Parks and Greenways Acquisition	1,629	1,850	2,009	2,135	2,241
Affordable Housing	1,656	3,643	3,004	2,870	2,051
Fringe Benefit Rate Stabilization	577	684	788	–	–
Climate Action	–	–	187	263	253
Water Utility	7,211	2,993	336	787	1,844
Sewer utility	3,464	5,772	7,179	10,443	13,435
Tree Conservation	–	–	–	285	306
Art in Public Places	–	–	–	124	234
Restricted Cash	–	1,112	748	879	777
	\$ 70,299	\$ 77,969	\$ 86,427	\$ 107,739	\$ 114,511
Statement of Unappropriated Surplus (Deficit)					
General Operating Surplus	\$ 4,870	\$ 10,661	\$ 3,392	\$ 1,016	\$ 1,228
Water Operating Surplus	–	–	–	–	–
Sewer Operating Surplus	–	–	–	–	–
	\$ 4,870	\$ 10,661	\$ 3,392	\$ 1,016	\$ 1,228
Reserves Plus Unappropriated Surplus	\$ 75,169	\$ 88,630	\$ 89,820	\$ 108,755	\$ 115,739

Consolidated Statement of Operations (IN THOUSANDS)

	2008	2009	2010	2011	2012
Accumulated Surplus, Beginning of Year	\$ 250,837	\$ 282,486	\$ 312,953	\$ 339,037	\$ 366,856
Annual Surplus/(Deficit)	31,649	30,466	26,084	27,819	33,738
Accumulated Surplus, End of Year	\$ 282,486	\$ 312,953	\$ 339,037	\$ 366,856	\$ 400,594

Reserves



STATISTICAL INFORMATION

2008–2012 Capital Expenditures and Funding Sources (IN THOUSANDS)

	2008	2009	2010	2011	2012
Expenditures					
Civic Facilities	\$ 10,871	\$ 3,828	\$ 9,281	\$ 4,129	\$ 8,470
Equipment	3,249	8,232	5,592	4,285	6,043
Streets	4,793	4,368	3,668	2,721	2,402
Transportation and Development	934	1,662	2,421	7,156	9,277
Civic Services	40	44	49	–	42
Storm Drains	1,750	2,767	2,013	2,952	2,191
Parks	1,253	1,291	2,209	3,067	2,734
Planning and Development	37	138	394	–	32
Shoreline Protection	0	0	15	108	10
Revitalization	36	237	282	–	16
Downtown Revitalization	570	1,722	332	243	311
Environmental Remediation	436	184	142	165	274
Water Utility	2,812	8,509	6,746	4,614	2,666
Sewer Utility	1,908	5,293	2,501	1,328	1,891
Victoria Conference Centre	217	408	41	115	154
	\$ 28,906	\$ 38,681	\$ 35,686	\$ 30,883	\$ 36,513
Funding Sources					
Capital Tax Levy	\$ 9,185	\$ 9,885	\$ 8,609	\$ 9,892	\$ 10,502
Connection Fees	214	242	194	196	236
Equipment and Infrastructure	3,840	5,324	6,013	6,583	8,053
Tax Sale Land Reserve	1,127	1,152	372	1,228	522
Development Cost Charges	–	10	–	50	277
Economic Development Reserve	3,000	–	–	–	–
Parks and Recreation Facility Reserve	–	41	98	–	–
Parking Reserve	–	4,327	1,889	590	557
Trust Funds	103	19	45	–	7
Grants and Partnerships	2,582	1,279	2,330	882	3,903
Gas Tax	1,250	3,680	1,282	1,449	677
Debt	1,338	739	4,609	2,937	5,779
Water Utility	2,812	8,509	6,746	4,614	2,631
Sewer Utility	1,908	2,150	2,501	1,328	1,664
Victoria Conference Centre	217	421	56	146	–
Police Equipment and Infrastructure	1,329	904	943	988	1,208
Affordable Housing Reserve	–	–	–	–	360
Other	–	–	–	–	136
	\$ 28,906	\$ 38,681	\$ 35,686	\$ 30,883	\$ 36,513

SOURCE: CITY OF VICTORIA FINANCE DEPARTMENT

STATISTICAL INFORMATION

2012 Grants

Organization	Grants	City In-Kind Services	Exemption from Property Taxes	Total
2013 Ford World Men's Curling Championship – Victoria	\$ 25,000	\$	\$	\$ 25,000
5th (BC) Field Regiment, RCA		145		145
Aalders, James and Judy (Secondary Suites)	5,000			5,000
Acumen Communications		1,143		1,143
Amelia Artists Inc		120		120
Anawim Companions Society			3,254	3,254
Anglican Synod of the Diocese of BC			74,608	74,608
Apostolic Trustees of Friars Minor			3,669	3,669
Art Gallery of Greater Victoria	12,500	6,950	64,539	83,989
Attractions Victoria	15,000			15,000
B Wilson Building (Heritage)			13,294	13,294
BC Association of Seventh Day Adventists			2,142	2,142
BC Dom Operations Canadian Forces		532		532
BC Governing Council of the Salvation Army in Canada			4,451	4,451
BC Lions Society for Children		144		144
BC Muslim Association			1,716	1,716
BC Professional Firefighters Association		201		201
BC SPCA			32,208	32,208
Beacon Community Services	30,000		13,588	43,588
Belfrey Theatre Society			28,401	28,401
Bipolar Disorder Society of British Columbia	10,000			10,000
Bishop of Victoria			93,824	93,824
Black Hat Building (Heritage)			48,431	48,431
Blanshard Community Centre	49,254	143		49,397
Boys' and Girls' Club of Greater Victoria			25,713	25,713
British Columbia Healthy Communities – City of Victoria Youth Council	20,000			20,000
Burnside Gorge Community Association	71,059	515		71,574
Bush, Chelsea Connie Laconetti (Secondary Suites)	5,000			5,000
Bush, Tamara and Gregory and Kathleen (Secondary Suites)	5,000			5,000
Canadian Cancer Society			46,089	46,089
Canadian National Institute for the Blind			33,459	33,459
Canadian Pacific Lawn Bowling Club			23,888	23,888
Canadian Red Cross Society			47,633	47,633
Canadian Scottish Regiment		362		362
Capital Mental Health Association			28,202	28,202
Casa Maria Emergency Housing Society			2,760	2,760
Centennial United Church			12,405	12,405
Central Baptist Church			25,101	25,101
Cheung, Stephen (Secondary Suites)	5,000			5,000
Chinese Consolidated Benevolent Association		1,660	6,854	8,514
Chinese Settlement House Building (Heritage)			11,263	11,263
Christian and Missionary Alliance			2,421	2,421
Church of Latter Day Saints		147		147
Churchill Building (Heritage)			52,910	52,910
Clover Point Anglers' Association			2,555	2,555
Coffin, Adam and Stone, Courtenay (Secondary Suites)	5,000			5,000
Community Living Society		49		49
Community of Christ Inc			2,677	2,677
Community Social Planning Council	16,590			16,590

STATISTICAL INFORMATION

2012 Grants

Organization	Grants	City In-Kind Services	Exemption from Property Taxes	Total
Cook St Village Activity Centre Society	\$ 36,666	\$	\$	\$ 36,666
Cornerstone Christian Fellowship			2,299	2,299
Craigdarroch Castle Historical Museum Society			88,288	88,288
Creatively United Planet		96		96
Cridge Centre for the Family			29,324	29,324
Crisis Intervention and Public Information Society of Greater Victoria	20,103			20,103
Dart Coon Club Event		168		168
Deuces Northwest		1,004		1,004
Dogwood Building (Heritage)			120,206	120,206
Downtown Residents' Association	2,310			2,310
Downtown Victoria Business Association		783	6,122	6,905
Earth Walk Committee		1,115		1,115
Emanuel of Victoria Vancouver Island			1,151	1,151
Fairfield Community Association	100,398			100,398
Fernwood Community Association	3,013		6,668	9,681
Fernwood Community Association (Heritage)			1,035	1,035
Fernwood Neighbourhood Resource Group Society	57,742	338	3,301	61,381
Fire Fighters Burn Fund Victoria			2,016	2,016
First Church of Christ Scientist			9,678	9,678
First Church of the Truth			3,333	3,333
First Open Heart Society of BC Inc			2,471	2,471
Foursquare Gospel Church of Canada			1,446	1,446
Girl Guides of Canada			5,718	5,718
Glad Tidings Pentecostal Church			50,579	50,579
Glenlyon-Norfolk School Society			36,294	36,294
Go Rowing & Paddling Association			19,152	19,152
Good Shepherd Lutheran Church			2,637	2,637
Governing Council Salvation Army in Canada			50,703	50,703
Grace Evangelical Lutheran Church			9,862	9,862
Great Canadian Beer Festival Society		215		215
Greater Victoria Bike to Work Society	2,500	96		2,596
Greater Victoria Chamber of Commerce	50,000			50,000
Greater Victoria Citizens Counselling Centre			10,887	10,887
Greater Victoria Coalition to End Homelessness	100,000			100,000
Greater Victoria Compost Education Centre, The	23,530	240		23,770
Greater Victoria Festival Society	18,000	16,722		34,722
Greater Victoria Film Commission	45,000			45,000
Greater Victoria Harbour Authority	7,500			7,500
Greater Victoria Housing Society	680,000			680,000
Greater Victoria Volunteer Society	11,439			11,439
Greater Victoria Women's Shelter Society			7,152	7,152
Gurdwara Singh Sabha			14,878	14,878
Hands on Summer Camp Society – Elizabeth Buckley School	2,750			2,750
Help Fill A Dream Foundation of Canada			528	528
Henderson, Jeff and Pridmore, Kerry (Secondary Suites)	5,000			5,000
Hotel Rialto Building (Heritage)			32,460	32,460
Hudson Building (Heritage)			152,666	152,666
India Canada Cultural Association	2,000			2,000
InnovativeCommunities.Org Foundation			4,357	4,357

STATISTICAL INFORMATION

2012 Grants

Organization	Grants	City In-Kind Services	Exemption from Property Taxes	Total
Intrepid Theatre Company	\$ 18,500	\$	\$	\$ 18,500
Island Corridor Foundation			2,519	2,519
Island Equipment Owners Association		4,727		4,727
James Bay Anglers' Association			628	628
James Bay Community Project	20,000			20,000
James Bay Community School Centre	51,769			51,769
James Bay Health and Community Services Society			31,172	31,172
James Bay New Horizons	55,902			55,902
John Howard Society of Victoria			5,088	5,088
Kalghidhar Shromani Society			4,068	4,068
Keystone Victoria Christian Ministries Inc			2,485	2,485
Khalsa Diwan Society of Victoria			6,850	6,850
Kiwanis Club of Victoria			8,643	8,643
Knights of Columbus		776		776
Laren House Society			4,381	4,381
Leiser Building (Heritage)			69,219	69,219
LifeCycles Project Society	2,500			2,500
Maharishi Age of Enlightenment School Society			2,342	2,342
Maplewood Gospel Hall			4,931	4,931
Maritime Museum	20,000			20,000
Mazza, Michael and Amie (Secondary Suites)	5,000			5,000
McKamey, Mindy and Josh (Secondary Suites)	5,000			5,000
McPherson Playhouse Foundation			84,418	84,418
Mexican Canadian Community Association of Victoria	1,000			1,000
Morley's Soda Factory Building (Heritage)			10,609	10,609
Multiple Sclerosis Society of Canada			33,166	33,166
Mustard Seed Street Church			3,972	3,972
North Jubilee Neighbourhood Association	2,005			2,005
North Park Community Association	16,310	96		16,406
Oak Bay Gospel Assembly			5,370	5,370
Oaklands Chapel		257	4,164	4,421
Oaklands Community Association	64,976	242	13,694	78,912
Oaklands Elementary		96		96
Old Carriage House Parking Ltd, The (Heritage)			13,977	13,977
Open Space Arts Society			18,579	18,579
Oriental Hotel Building (Heritage)			54,248	54,248
Our Place	25,000			25,000
Pacific Montessori Society		96		96
Pacific United Artists Foundation	2,500			2,500
Pacifica Housing Advisory Association	10,000		33,491	43,491
Palladian, The (Heritage)			44,476	44,476
Parkdale Evangelical Free Church			2,723	2,723
Passion for Tango Society	1,000			1,000
PEERS Victoria Resources Society		77		77
Penner, Kurt J (Secondary Suites)	5,000			5,000
Pentecostal Assemblies of Canada			3,365	3,365
Perera, D and F, Juteau, C and Moser, G and D (Secondary Suites)	5,000			5,000
Phoenix Human Society			5,865	5,865

STATISTICAL INFORMATION

2012 Grants

Organization	Grants	City In-Kind Services	Exemption from Property Taxes	Total
President of Lethbridge Stake	\$	\$	\$ 6,601	\$ 6,601
Prior Building (Heritage)			67,447	67,447
Ready to Rent BC Association	10,000			10,000
Recreation Integration Victoria	28,764			28,764
Redeemed Christian Church of God			6,603	6,603
Renaissance Building (Heritage)			37,321	37,321
Rockland Neighbourhood Association	2,220	148		2,368
Rogers Chocolates Building (Heritage)			7,027	7,027
Royal Roads University		120		120
Royal Victoria Yacht Club		2,243		2,243
Saint Germain Foundation of Canada			2,765	2,765
Saint Sophia Parish of the Russian Orthodox Church			2,813	2,813
Scout Properties (BC/Yukon) Ltd			7,764	7,764
Shaw, David and Lorraine (Secondary Suites)	5,000			5,000
Shekinah Homes Society Inc			3,218	3,218
Silver Threads Victoria	36,666			36,666
Societe Francophone de Victoria, La	4,000			4,000
South Jubilee Neighbourhood Association	1,405			1,405
South Park School Pac		74		74
SportHost	7,500			7,500
St. John's Court Society			7,057	7,057
St. Joseph's Hospital X Wing Building (Heritage)			25,339	25,339
St. Vincent de Paul Society of Victoria			35,748	35,748
St. John Ambulance	2,221			2,221
Suddenly Dance Theatre Society	6,000			6,000
Terry Fox Foundation		1,066		1,066
Theatre SKAM	4,000			4,000
Times Colonist Cycling Festival		1,325		1,325
TLC (The Land Conservancy of BC)			22,278	22,278
Tour de Victoria		17,706		17,706
Tourism Victoria	47,500			47,500
Trustees of James Bay United Church			9,414	9,414
Trustees of Our Lord's Church			12,995	12,995
Trustees of the Chinese Presbyterian Church			7,704	7,704
Trustees of the Congregation of Fairfield United Church			3,706	3,706
Trustees of the Congregation of St Andrew's Presbyterian Church			14,289	14,289
Trustees of the Congregation of the Jubilee Congregation of Jehovah's Witness			4,132	4,132
Trustees of the Congregation of the Open Door Spiritualist Church			1,454	1,454
Trustees of the Religious Society of Friends			5,658	5,658
Tweed Ride Victoria		1,310		1,310
Ukrainian Catholic Eparchy of the New Westminster			895	895
United Church of Canada			24,040	24,040
United Way of Greater Victoria			17,673	17,673
Unity Church of Victoria			2,666	2,666
University of Victoria Native Student Union		592		592
UVIC Persian Club UVSS	1,000			1,000

STATISTICAL INFORMATION

2012 Grants

Organization	Grants	City In-Kind Services	Exemption from Property Taxes	Total
Van de Mortel, Peter (Secondary Suites)	\$ 5,000	\$	\$	\$ 5,000
Vancouver Island Addiction Recovery Society			1,795	1,795
Vancouver Island Health Authority			59,374	59,374
Vancouver Island Public Research Interest Group (VIPRIG)	4,500			4,500
VI Alleycat Racing Association		1,232		1,232
Vic West Community Association		145		145
Victoria Advanced Technology Council	22,500			22,500
Victoria AM Association	2,000			2,000
Victoria Association for Community Living			5,377	5,377
Victoria BC SKA Society	7,000			7,000
Victoria Brain Injury Society	5,000			5,000
Victoria Civic Heritage Trust	523,470			523,470
Victoria Community Micro Lending Society	10,000			10,000
Victoria Conservatory of Music	3,000		71,203	74,203
Victoria Cool Aid Society			6,338	6,338
Victoria Cool Aid Society – Aids Vancouver Island			21,268	21,268
Victoria Curling Club, The			49,735	49,735
Victoria Cycling Series		1,862		1,862
Victoria Dragon Boat Festival Society	12,500	4,861		17,361
Victoria Foundation	12,500			12,500
Victoria Harbour Celebration Society		214		214
Victoria Heritage Foundation	189,368			189,368
Victoria Highland Games Association	5,000	2,372		7,372
Victoria Hospitality Award Program	950			950
Victoria Independent Film & Video Festival Society	8,500			8,500
Victoria International Buskers Festival Society	9,000	1,500		10,500
Victoria International Chalk Art Society		144		144
Victoria International Cycling Festival		508		508
Victoria International Running Society		5,883		5,883
Victoria Jazz Society	18,000	2,370		20,370
Victoria Marathon Society		23,480		23,480
Victoria Native Friendship Centre	5,000		6,322	11,322
Victoria Pride Society	2,000	4,913		6,913
Victoria Shambhala Centre & Southside Christian Group			1,878	1,878
Victoria Single Parent Resource Centre Society			7,905	7,905
Victoria Symphony Society	11,500	9,917		21,417
Victoria Theatre Guild and Dramatic School			20,536	20,536
Victoria Truth Centre Inc			24,239	24,239
Victoria West Community Association	81,527			81,527
Victoria Women in Need Community Co-Op			9,676	9,676
Victoria Women's Transition House Society			11,339	11,339
Victoria Youth Empowerment Society	17,000		17,009	34,009
Weilder, Sacha and Anderson, Patrick (Secondary Suites)	5,000			5,000
Wilson Dalby/Mc & Mc Building (Heritage)			152,691	152,691
Women's Sexual Assault Centre		760		760
YMCA – YWCA of Greater Victoria			85,253	85,253
Total	\$ 2,870,406	\$ 124,001	\$ 2,746,250	\$ 5,740,657

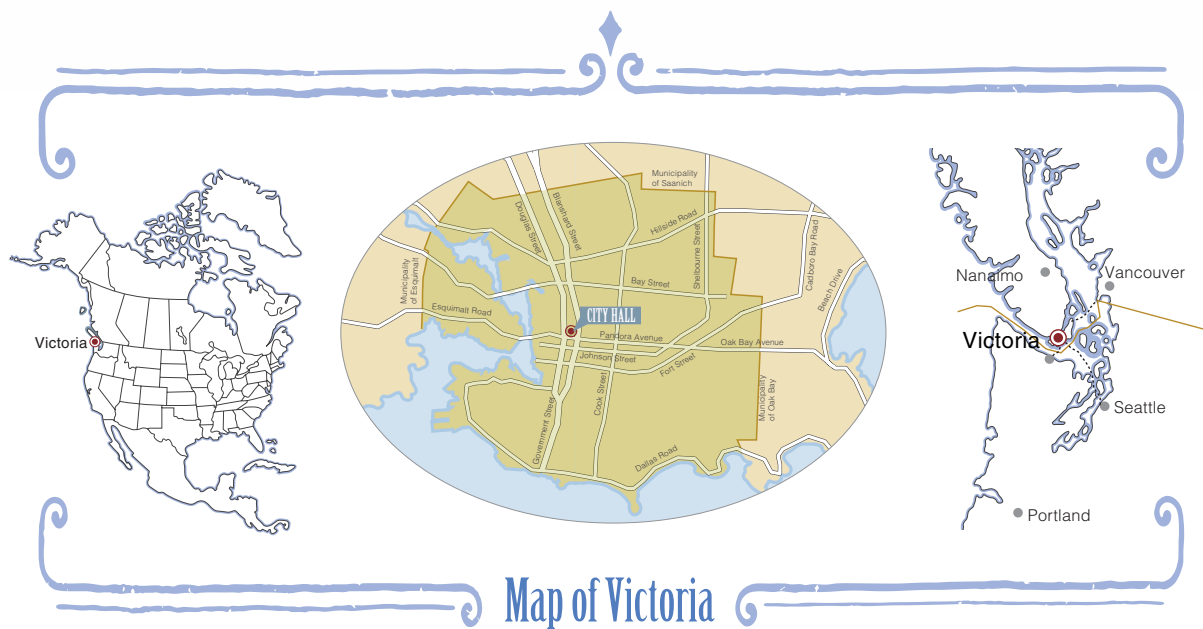


CITY OF VICTORIA ARCHIVES M04340

Queen Elizabeth II in Centennial Square with Mayor Courtney Haddock for the centennial of BC's entry into Canadian Confederation circa 1971













**Proud history.
Bright future.**





Our commitment to the environment

The environmental savings below were achieved by printing the Annual Report using post-consumer recycled fibre in place of virgin fibre:

-  2 trees preserved for the future
-  3 kg water-borne waste not created
-  3,643 litres wastewater flow saved
-  48 kg solid waste not generated
-  95 kg net greenhouse gases prevented
-  1,604,808 BTUs energy not consumed
-  48 kg ghg emissions not generated
-  25 cubic metres natural gas unused
-  Equivalent to not driving **170 km** in an average car
-  Equivalent to planting **7 trees**



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