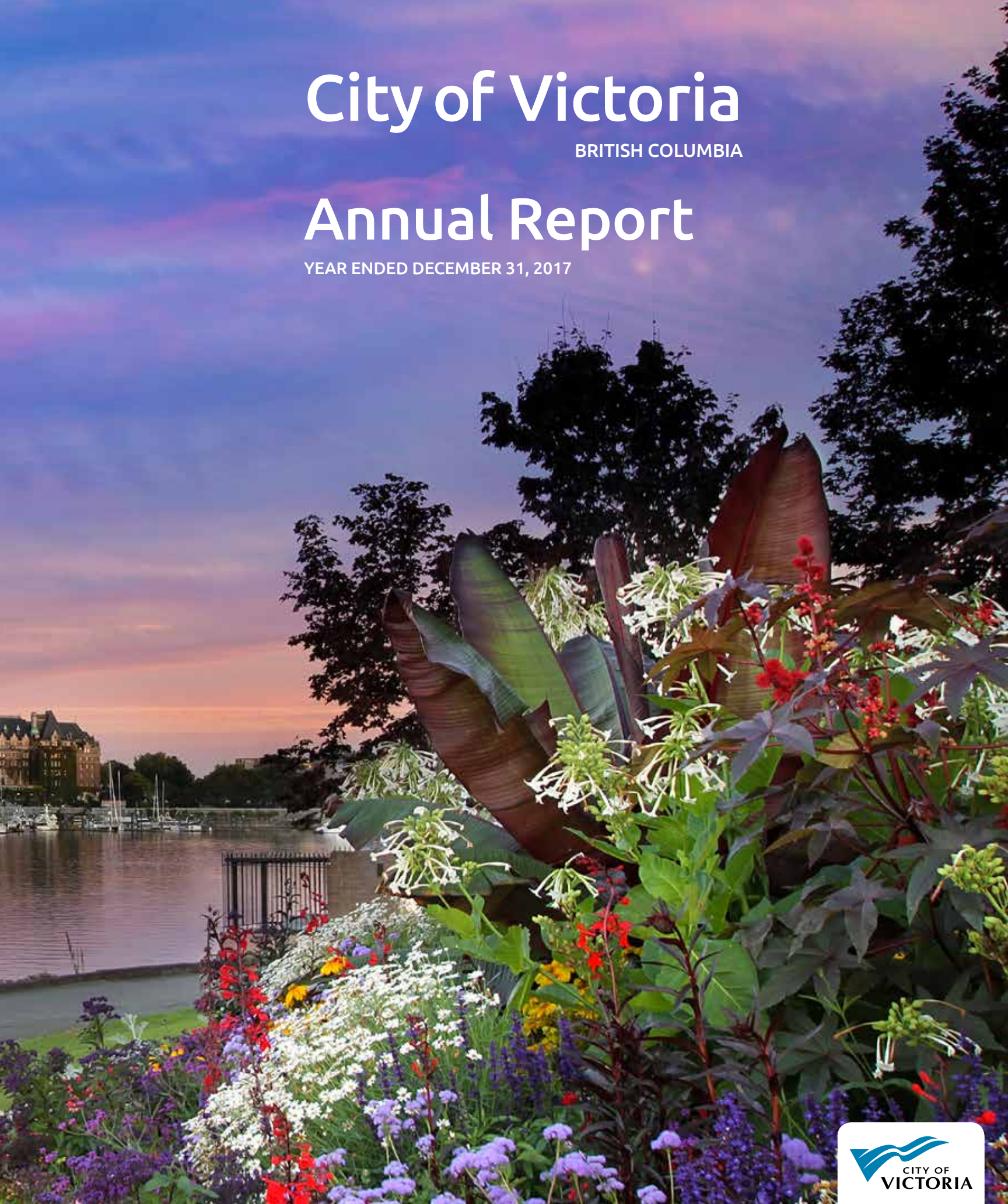


City of Victoria

BRITISH COLUMBIA

Annual Report

YEAR ENDED DECEMBER 31, 2017



Welcome to Victoria

Capital City of British Columbia



Located on the southern tip of Vancouver Island, in the traditional territory of the Lekwungen-speaking people, Victoria is a forward-thinking, active community. The city is home to a dynamic, thriving economy and vibrant arts and culture scene, with an unparalleled natural environment enjoyed by residents and visitors. It's a place where sustainability, health and well-being are the cornerstones of creating a prosperous future.





Victoria

Victoria

City Hall

Map of Victoria

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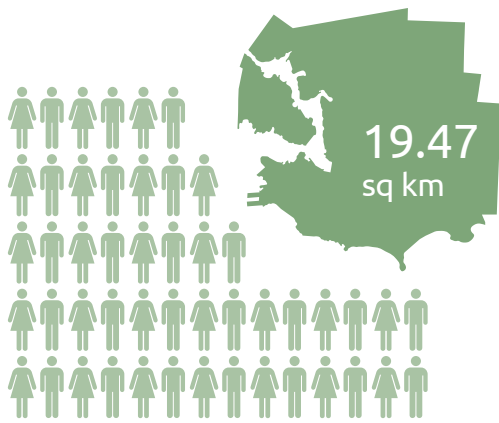
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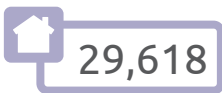
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City of Victoria at a Glance



Population **85,792***
(14th largest city in British Columbia)

Assessed Properties†

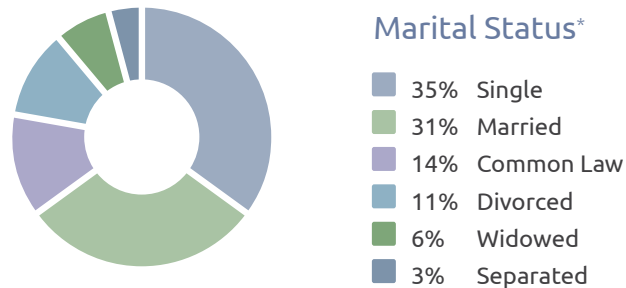
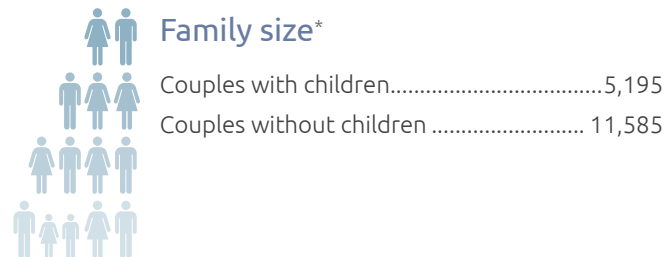
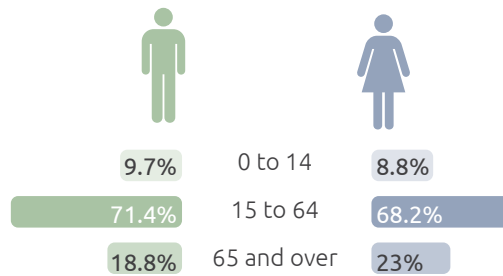


Rent vs Own*



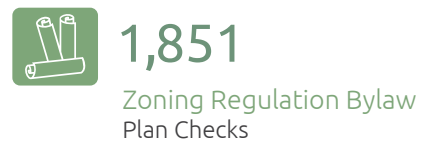
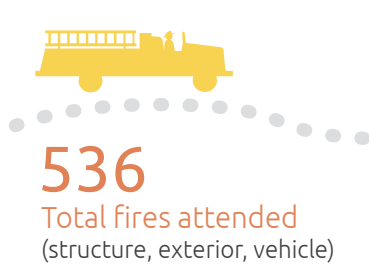
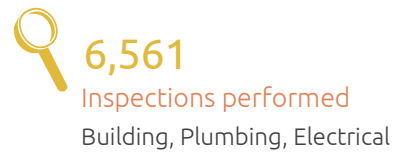
Median household income \$53,126*

Demographics by age and gender*



Source: *Stats Canada, 2016 Census
**Stats Canada, 2011 Census
†City of Victoria, 2017

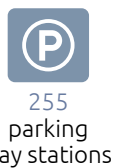
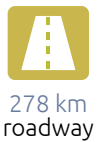
Highlights of City Services



Victoria Emergency Management



Maintain:



Mayor and City Council

The Mayor and Council of the City of Victoria were each elected for a four-year term in the municipal election held in November 2014. Each member is responsible for a particular Victoria neighbourhood. Some members of Council are also appointed to the Board of the Capital Regional District (CRD). Appointments are made by the City to external boards and committees. There are also external sub-committees or other groups to which members are appointed by those external bodies.

Council has one committee: Committee of the Whole. Committee of the Whole, comprised of the Mayor and all eight Councillors, focuses on broad policy issues that affect the community or organization as a whole, land development regulations and policy, and specific land development applications.





Message from Mayor Lisa Helps

On behalf of Council, I am proud to share our 2017 Annual Report with you. In 2017 we continued work towards achieving the City's Strategic Plan goal: "Victoria is a leading edge capital city that embraces the future and builds on the past, where human well-being and the environment are priorities, where the community feels valued, heard and understood and where City Hall is trusted. Victoria is a city that is livable, affordable, prosperous and vibrant, where we all work in partnership to create and seize opportunities and to get things done."

I'll share just a few of the many highlights.

In 2017, Council began a process of reconciliation with the Songhees and Esquimalt Nations. Together, the City and the Nations have created a Witness Reconciliation Program reflecting Indigenous family witness ceremonies. The program brings together Indigenous Witnesses from both the Songhees and Esquimalt Nations' Councils and a City Family. The program is meant to be a fluid process and to acknowledge that reconciliation begins with listening and deepening understanding; it's a living process of collaboration, imagination and action. The Witness Reconciliation Program will focus on building and nurturing the

relationships needed to facilitate trust and demonstrate the City's ongoing commitment to doing the work for as long as it needs to be done.

In 2017 we completed a number of significant master planning exercises that began in 2016. Council approved *Create Victoria*, the City's first ever arts and culture masterplan. Based on in-depth community input and engagement, this plan guides the City's role in supporting Victoria's rich and creative arts and culture community starting with the possibility of opening an affordable arts and culture creative hub in the downtown. Council also approved *Visual Victoria*, a plan that guides significant improvements in the downtown public realm and an accompanying wayfinding strategy. Finally, Council approved the City's first ever Parks and Open Spaces Master Plan. As Victorians we cherish our parks and open spaces. This plan guides investment into the parks system and ensures that we steward our natural assets, mitigate the impacts of climate change and maintain high quality spaces for people to gather and recreate.

Council continued with implementation and planning for the All Ages and Abilities bike network. The City's first bike lane on Pandora Street opened on time and on budget in

May 2017. In October, construction began on Fort Street for the second safe east-west route through the downtown. The City is building the bike network in order to ensure safety and accessibility for all road users, to reduce green house gas emissions and to create more opportunities for health and well-being.

Once again our amazing staff team at the City of Victoria has worked incredibly hard in 2017 to deliver on Council priorities. I'd like to express sincere gratitude to them. An equal measure of gratitude goes to our very engaged citizens and business community who have worked alongside staff, mayor and council, holding us accountable and inspiring us to always be better.

A handwritten signature in black ink that reads "Lisa Helps".

Lisa Helps

Victoria Mayor

City Council

Councillor Neighbourhood Liaisons and Regional Service and Civic Committees for 2017



Marianne Alto

malto@victoria.ca

Neighbourhood Liaison:

- Oaklands Community Association

Regional Service and Civic Committees

- Canadian Capital Cities Organization Board
- Community Action Plan on Discrimination
- Te'mexw Treaty Advisory Committee
- Lead, First Nations Witness Reconciliation Program
- Capital Regional District (CRD) Board
- CRD Regional Representative to the Treaty Table
- CRD Special Task Force on First Nations Engagement
- University of Victoria Liaison, Committee
- Active Transportation Advisory Committee
- Board of Cemetery Trustees of Greater Victoria
- Island Corridor Foundation Advisory Committee
- Royal and McPherson Theatres Society



Chris Coleman

ccoleman@victoria.ca

Neighbourhood Liaison:

- Fairfield Gonzales Community Association

Regional Service and Civic Committees

- CRD Board 2nd Alternate
- CRD Regional Water Supply Commission
- Federation of Canadian Municipalities Board of Directors
- Greater Victoria Labour Relations Association
- Te'mexw Treaty Advisory Committee – Alternate
- Art in Public Places Committee
- Municipal Insurance Association of B.C.
- Victoria Parks and Recreation Foundation
- Tourism Victoria Board of Directors
- David Foster Way Fundraising Committee



Margaret Lucas

mlucas@victoria.ca

Neighbourhood Liaison:

- Downtown Residents Association, including Harris Green – *Shared appointment with Councillor Thornton-Joe*
- James Bay Neighbourhood Association

Regional Service and Civic Committees

- CRD Board 5th Alternate
- Greater Victoria Airport Authority – Airport Consultative Committee
- Greater Victoria Harbour Authority Member Representative
- Victoria Civic Heritage Trust
- City of Victoria Youth Council
- Downtown Victoria Business Association



Pamela Madoff

pmadoff@victoria.ca

Neighbourhood Liaison:

- North Jubilee Neighbourhood Association
- South Jubilee Neighbourhood Association
- Rockland Neighbourhood Association

Regional Service and Civic Committees

- CRD Board Arts Council
- CRD Board 3rd Alternate
- Victoria Civic Heritage Trust
- Victoria Heritage Foundation



Ben Isitt

bisitt@victoria.ca

Neighbourhood Liaison:

- Hillside-Quadra Neighbourhood Action Group

Regional Service and Civic Committees

- CRD Board
- CRD Board Water Supply Commission
- CRD Core Area Liquid Waste Management Committee
- CRD Transportation Committee
- CRD Regional Parks Committee
- CRD Regional Representative to the Treaty Table – Alternate
- Greater Victoria Harbour Authority Board
- Island Corridor Foundation Board
- Active Transportation Advisory Committee



Jeremy Loveday

jloveday@victoria.ca

Neighbourhood Liaison:

- North Park Neighbourhood Association
- Victoria West Community Association

Regional Service and Civic Committees

- CRD Board 1st Alternate
- CRD Arts Committee
- CRD Regional Water Supply Commission
- Inter-Municipal Climate Action Steering Committee
- Greater Victoria Family Court and Youth Justice Committee
- Community Action Plan on Discrimination



Charlayne Thornton-Joe

cthorton-joe@victoria.ca

Neighbourhood Liaison:

- Downtown Residents Association, including Harris Green – *Shared appointment with Councillor Lucas*
- Fernwood Community Association

Regional Service and Civic Committees

- Canadian Capital Cities Organization Representative
- CRD Board 4th Alternate
- Regional Housing Trust Fund Commission
- Canada Day Liaison
- Greater Victoria Harbour Authority – Member Representative
- Honorary Citizens Committee
- Downtown Victoria Business Association
- First Nations Witness Reconciliation Program



Geoff Young

gyoung@victoria.ca

Neighbourhood Liaison:

- Burnside-Gorge Community Association

Regional Service and Civic Committees

- CRD Board
- CRD Core Area Liquid Waste Management Committee
- CRD Regional Water Supply Commission
- Victoria Regional Transit Commission
- Greater Victoria Public Library Board



Message from the City Manager

The City's *Annual Report* provides an opportunity to reflect on the accomplishments of the past year. It is my pleasure this year to be able to share highlights of 2017 as we continue to make progress towards Council's *Strategic Plan* objectives. Our staff team has been working diligently on a number of key programs and initiatives to achieve our goal of being a leading-edge Capital City, one that is liveable, affordable, prosperous and vibrant.

2017 was another busy year, both in terms of private sector investment, and the City investing in capital projects to improve the lives and well-being of citizens. Applications for new commercial and residential projects came in at a record pace, demonstrating investor confidence in the future of Victoria.

The multi-year Crystal Pool and Wellness Centre Replacement Project got underway in 2017. The current Crystal Pool and Fitness Centre opened in 1971. The Crystal Pool, through much beloved, is now aging and not accessible to all users. We are actively seeking support and funding from other levels of government to help build the new facility creating a new universally-accessible aquatic and wellness centre that will serve our community for generations to come.

Planning for the Victoria of the future includes making sure that we have a way for people to move about safely and effectively. The opening of the Pandora Avenue Bike Lanes as well as the final steps to completion of the Johnson Street Bridge this year, are both components of a comprehensive mobility strategy to enhance the way people travel through the City and neighbourhoods.

We have been working closely with the community on updating neighbourhood plans to serve as guiding documents for the future. In 2017 we worked with the Fairfield, Gonzales and Victoria West neighbourhoods, and we look forward to working with these neighbourhoods to finalize those plans.

This year we supported neighbourhoods through programs delivered by our Neighbourhoods Team and our Artists in Residence. From murals and banners to performances and events, this community focus has helped to inspire conversation, enhance our public spaces, and transform where we live, work and play.

Attracting and retaining business is vital to every city's success. We are committed to making it easier to do business in Victoria.

The Business Hub continued to connect existing and start-up companies to the resources they need while reducing red tape. Over 400 businesses were assisted in 2017, creating prosperity in the community.

On behalf of City staff, we thank you for the opportunity to serve and work with you on building a strong, sustainable and connected Victoria.

Sincerely,

A handwritten signature in black ink that reads "Jocelyn Jenkyns". The signature is fluid and cursive, written in a professional but personal style.

Jocelyn Jenkyns,
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, 2017. 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 City maintains a system of internal accounting controls, including policies and procedures, designed to safeguard the assets of the corporation and provide reliable financial information. The financial statements have been audited by BDO Canada LLP, who have expressed that in their opinion these statements present fairly, in all material aspects, the financial position of the City as at December 31, 2017.

Financial reporting standards require the preparation of four statements, and notes to those statements, to ensure comparability between government organizations nationally. The format of these statements is very high level and may be difficult for the reader to interpret, however municipalities are legislated to comply with the national reporting standards. To provide a more detailed explanation of the financial activity for the year, the summary below describes significant operating results for 2017.

Operational Results

The City's net financial position continued to grow in 2017, reflecting the ongoing commitment to strengthening the City's capacity to meet financial obligations. Unlike senior government organizations, municipalities are legislated not to incur deficits and debt for operations. Debt can

only be incurred for capital purposes, and an accumulated surplus must be maintained.

The accumulated surplus grew in the year to a total of \$619.9 million. This balance reflects the accumulation of the City's increases in equity in capital assets and reserve balances since its inception. Equity in capital assets, such as roads, underground infrastructure, land, and buildings, makes up the most significant portion of the accumulated surplus balance (\$422.4 million), followed by reserve balances (\$199 million).

Consolidated revenues for 2017 were \$8 million higher than 2016, primarily due to increased revenue from parking services, Victoria Conference Centre, and utilities and increased taxes levied. Revenues in Protective Services were higher in 2017 due to recoveries from special events, however these are offset against higher expenditures. The largest expense increase was \$2.7 million in Protective Services, a result of: increased services provided, including Policing for special events and Fire and Emergency Service personnel provided to assist with natural disasters in the interior of BC; amortization of capital assets; increased cost of materials and supplies; and contractual wage and benefit increases. The net result for 2017 is a contribution to accumulated surplus of \$49.5 million for the year. This balance consists primarily of increased investment in tangible capital assets, followed by growth in reserve balances, with a small portion of general operating fund surplus which is available for future spending.

Highlights

In 2017 the City completed the replacement of its recreation management system. This project required a collaborative effort

among departments within the organization, as well as nearby municipalities, and has resulted in improved access for users of the City's recreational services.

The City of Victoria has also implemented a number of initiatives in 2017 to enhance transparency in reporting activities and metrics. In a continued effort to build on its Project Management Framework, the City incorporated the use of Business Intelligence for monthly and quarterly reporting for all key initiatives in the Operational Plan. This tool is open to both senior leadership and members of Council to provide regular project status updates, improving transparency, and will be expanded in 2018 to include major capital programs as well as corporate initiatives. Business intelligence tools have also been used to develop a Permits and Inspections reporting dashboard to track all active demolition permits. This Development Tracker tool identifies tasks in priority order to enhance efficiency and effectiveness of meeting service level objectives internally, and allows the public to be informed on developments in their neighbourhood and community.

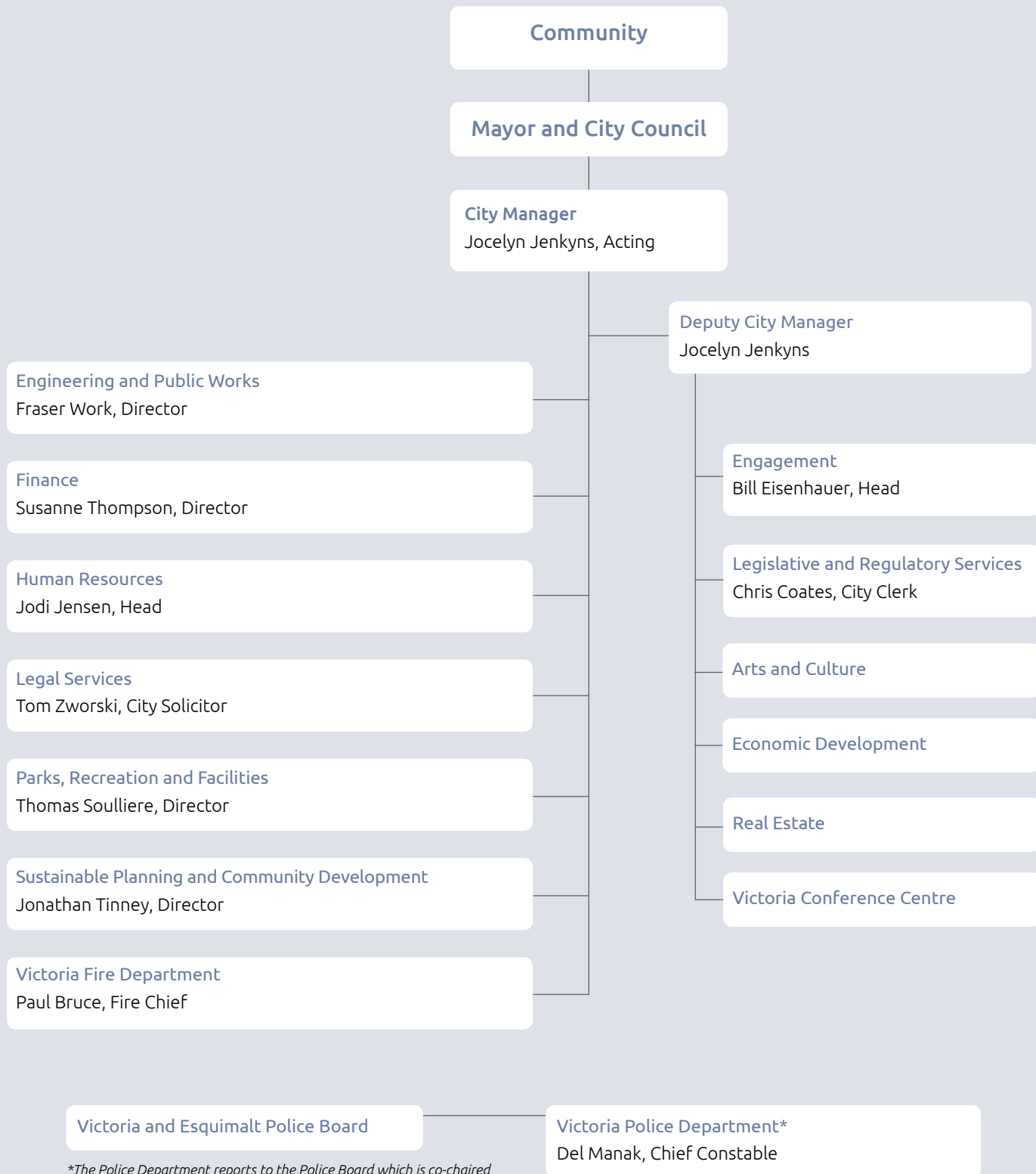
Working collaboratively, the City maintains its commitment to continuous improvement and long term financial sustainability as reflected in its service enhancements; financial policies and processes; increasing investment in capital assets and reserves; and prudent management of debt.

Sincerely,

Susanne Thompson, CPA, CGA
Director of Finance
May 3, 2018

2017 Organizational Chart

City of Victoria | as of December 31, 2017



**The Police Department reports to the Police Board which is co-chaired by the Mayor of Victoria and the Mayor of the Township of Esquimalt.*

Looking Forward

Strategic Plan 2015 – 2018



In April 2015 Mayor and Council adopted a new Strategic Plan that guides the direction for the City.

Our Goal

"Victoria is a leading edge capital city that embraces the future and builds on the past, where human well-being and the environment are priorities, where the community feels valued, heard and understood and where City Hall is trusted. Victoria is a city that is livable, affordable, prosperous and vibrant, where we all work in partnership to create and seize opportunities and get things done."

Objectives

- 1 Innovate and Lead
- 2 Engage and Empower the Community
- 3 Strive for Excellence in Planning and Land Use
- 4 Build the Financial Capacity of the Organization
- 5 Create Prosperity Through Economic Development
- 6 Make Victoria More Affordable
- 7 Facilitate Social Inclusion and Community Wellness
- 8 Enhance and Steward Public Spaces, Green Spaces and Food Systems
- 9 Complete a Multi-Modal and Active Transportation Network
- 10 Nurture Our Arts, Culture and Learning Capital
- 11 Steward Water Systems and Waste Streams Responsibly
- 12 Take Climate Action and Prepare for Emergencies
- 13 Demonstrate Regional Leadership

The City of Victoria's 2017 Annual Report provides a summary of the City's strategic objectives and major accomplishments achieved throughout the year for these objectives, as well as key performance metrics. These metrics include major service demand trends impacting municipal operations in a number of areas including, but not limited to, development permits, festival and special events, parking, facility use and calls for emergency service.

Looking toward 2018, the City of Victoria will continue to report on progress toward the 13 objectives as outlined in the City's Operational Plan that was brought forward to City Council in February 2018. Performance measures for each of these objectives will be reported quarterly and will be summarized in the 2018 Annual Report along with the Audited Financial Statement for the year.



Performance measures:

	2016	2017
# of time-loss injury claims	49	47
# of hours of sick time used per FTE	59.67	68.32
# of days lost to workplace injury	687	802



Innovate and Lead

We are constantly seeking new ways to deliver the best programs and services to our citizens, building a strong team and organizational culture to enable the City of Victoria to innovate and lead.

Outcomes the City is working towards in this area include:

Organizational culture is collaborative, supportive and empowering

Staff are organized into cross-departmental project teams with strong project management capacity

Highlights of what we achieved in 2017

Renewed the first independently-negotiated **collective agreements in more than 40 years** with Canadian Union of Public Employees (CUPE) Local 50 and International Brotherhood of Electrical Workers Local 230 for a four-year term ending December 31, 2020. These negotiations allowed all parties the opportunity to address issues specific to the City of Victoria.

Began “Mental Health Matters” sessions to support staff and raise awareness and understanding as they support their colleagues experiencing mental health challenges

Reduced the number of time-loss injury claims by 34%, total days lost to injury by 54% and cost of injuries by 43% over five years. Currently the City’s average WorkSafeBC claims duration is eight days shorter than the local government average.

Victoria Fire Department partnered with the Canadian Mental Health Association to provide resiliency training and support for first responders

Introduced the popular monthly **Lunch Time Lectures at City Hall**, exploring city-making in the 21st century





Performance measures:

	2016	2017
# of user sessions on victoria.ca	1,310,965	1,081,090
Social media audience (Facebook, Twitter and Instagram)	60,100	72,700
Social media engagement (likes, shares, retweets, comments)	30,200	101,200
# of citizens participating in City engagement activities	7,429	14,009



Held the first Neighbourhood Walkshop in the Hillside Quadra neighbourhood, providing an opportunity for City staff and residents to share information about City programs and services in their neighbourhood

Engage and Empower the Community

Effective engagement is an integral part of good government. An engaged community creates opportunities for individuals with diverse perspectives to come together and share their ideas with staff and elected officials. It's also an opportunity to listen and learn from others and to assist decision-makers as they explore ways to improve City plans, programs and services.

Outcomes the City is working towards in this area include:

City Hall is engaged in a meaningful, two-way conversation with the public

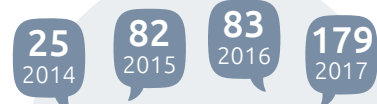
Regional leader in Open and Transparent Government

Empowered neighbourhood residents, place makers and others to lead and implement projects

Highlights of what we achieved in 2017

Adopted an **Engagement Framework and Engagement Roadmap** outlining the City's approach to public participation, including how and when the community will be consulted as part of City decision-making

Nearly 2,000 people provided input on the **2018 Draft Financial Plan** through a survey, Town Hall and other feedback



Number of Engagement Activities



Continued to use **social media** as a two-way communication tool with the community, both sharing information and responding to questions and input

Adopted a **three-year Youth Strategy**, written by a team of 10 youth between the ages of 12 and 25, with practical and creative initiatives that will help the City strengthen its relationship with youth and involve them in City activities

Held the first **Participatory Budgeting process**, asking the community how they would spend \$50,000 to improve life in Victoria, building on increased public participation



Held the *Name that Library* campaign for the new Greater Victoria Public Library Branch in James Bay. Council selected *sxʷenxʷəŋ təŋəxʷ* *James Bay Branch* following consultation with the Songhees and Esquimalt Nations. *sxʷenxʷəŋ təŋəxʷ* is the Lekwungen word for the land now called James Bay.





Performance measures:

	2016	2017
Construction permits issued	3,994	3,759
\$ value of construction permits	\$246 M	\$308 M



Worked with the VicWest, Fairfield and Gonzales communities on developing their Neighbourhood Plans

Strive for Excellence in Planning and Land Use

Excellence in planning and land use is demonstrated through efforts to bolster housing diversity and quality of life, community-focused planning initiatives, protection of heritage buildings, public-realm initiatives, and streamlined policies and processes.

Outcomes the City is working towards in this area include:

Reduced processing time for all types of applications from building permits to rezoning

Streamlined land use policies

Enlivened public spaces

Highlights of what we achieved in 2017

Continued efforts to streamline bylaws

to encourage development in the city including the updated Building and Plumbing Bylaw and Land Use Procedures Bylaw

Introduced new Zoning Bylaw for the Downtown Core

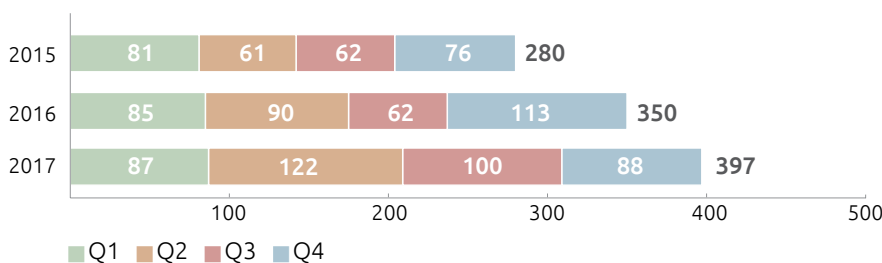
Held the **4th annual Development Summit** and approved a Development Summit action plan based on the feedback, including focused actions to improve processes related to building, electrical and plumbing permits, the engineering plan review stage and the building construction and completion process. Feedback was positive and included recognition of the City's ongoing success in streamlining processes.

Held "Planning 101" sessions with community associations throughout the City

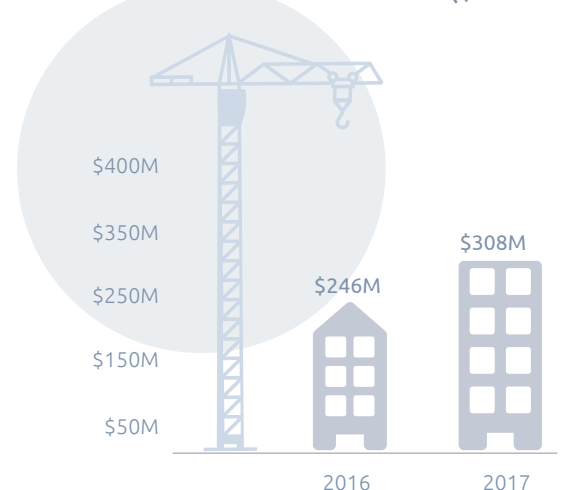
Adopted the Downtown Public Realm Plan

establishing a renewed vision, design framework and set of principles, strategies and standards for ensuring a unique, walkable, high-quality environment for public space and streetscape improvements

Application Volume (2015 – 2017)



Total Construction Permit Value (\$Millions)





Performance measures:

	2016	2017
ParkVictoria app transactions	418,204	605,798
On street parking transactions	2,764,525	2,663,621
City parkade transactions	1,434,342	1,531,533
Grants received	\$ 1.229 M	\$ 2.965 M
Value of investment	\$ 10.1 M	\$ 3.43 M
Value of investment interest earned	1.4%	1.60%
Value of growth/new property tax assessment revenue	\$ 425,000	\$ 2.583 M



Build the Financial Capacity of the Organization

As stewards of public funds, the City is accountable to the community to ensure value for tax dollars.

Outcomes the City is working towards in this area include:

Maximized and where possible consolidated City-owned assets, put to best and highest use including market rate commercial leases

Increased revenue from property

Highlights of what we achieved in 2017

Received the Distinguished Budget Presentation Award from the Government Financial Officers Association (GFOA) for the 2017 – 2021 Financial Plan for the third consecutive year, and the GFOA **Award for Excellence in Financial Reporting** for the 12th consecutive year

An **external grant review committee** was established to promote a merit-based evaluation process for City grant programs

Awarded \$2.4 million grant funding for Point Ellice Bridge repairs from the New Building Canada Fund – Small Communities Fund

Increased use of the **City's online payment options** for property taxes; 2% increase in the pre-authorized withdrawal program, over 50% of Home Owner Grant claims online, and more than 80% of installment payments were made online

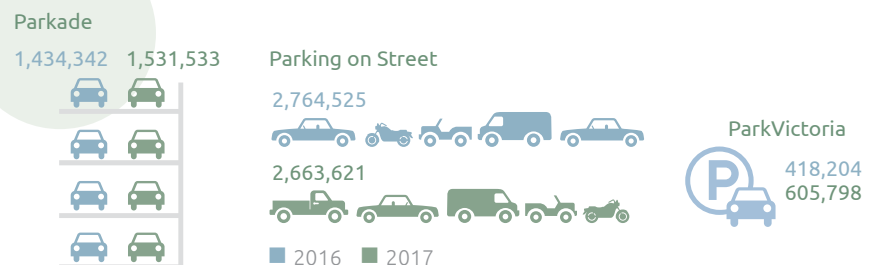
Awarded a \$6 million grant from the Federal Gas Tax Strategic Priorities Fund for the Crystal Pool and Wellness Centre Replacement Project

Increased total parkade transactions by 6.8% and **ParkVictoria transactions** increased by 45% over 2016

Innovative procurement practices for used vehicles resulted in increased savings for the City



Number of Parking Transactions





Performance measures:

	2016	2017
Business Hub Inquiries	344	433
Events held at the Victoria Conference Centre	209	190
Delegate days at the Victoria Conference Centre	106,808	108,836
Value of events at the Victoria Conference Centre*	\$48,063,600	\$48,976,200

*based on delegate days at average delegate spend



Create Prosperity Through Economic Development

The strength of our economy is the foundation for supporting our entire community.

Outcomes the City is working towards in this area include:

Reduced retail and commercial vacancies downtown

Improved health, consumer purchasing power, and social solidarity with implementation of Municipal Incomes Strategy

Highlights of what we achieved in 2017

Changed the **Home Occupation Bylaw** to increase permitted home-based business licences from one to three in any one dwelling

Rolled out a new Mobile Bike Vendor Pilot Program during the summer

344
(2016)

433
(2017)

Number of Business Hub Inquires
Inquires at the Business Hub increased by approximately 26% over 2016

Led a successful **China/Japan Trade Mission** in partnership with BC Trade and Investment, South Island Prosperity Project, Canadian Consulate, Tourism Victoria, and the City of Morioka, Japan

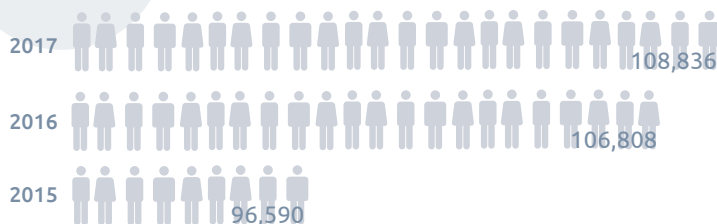
Hosted 12 networking and education sessions at City Hall with the Business Hub

Finalist for the Canadian Federation of Independent Business (CFIB) national "Golden Scissors Award" for red tape reduction

VCC Delegate Days

Delegate days at the Victoria Conference Centre at end of 2017 increased over 2016

The Business Hub hosted several successful Small Business Information Sessions at City Hall



Partnered with the Federal Office of Small & Medium Enterprises to host an Innovation Forum



Partnered with the University of Victoria, Camosun College and Royal Roads University on courses where students co-create, design and launch projects on the ground through CityStudio



Home-based businesses were the most common inquiry to the Business Hub in 2017 at 31%, followed by retail store (17%) and restaurant (16%)



Performance measures:

# of new housing units	733
Total dwelling unit conversions	24
Total secondary suites (new construction and conversions)	40
Demolitions (units)	43
# of rental units (affordable rental) created by Housing Reserve Fund	0

2016

2017

Performance measures:

# of purpose-built rental units approved through building permits issued	241	41
% of overall vacancy rate	0.5	0.7
Average sale price for single family homes	\$ 801,513	\$ 905,556
Average sale price for condominiums	\$ 387,262	\$ 452,732
Average sale price for townhouses	\$ 568,094	\$ 636,456

2016

2017

Make Victoria More Affordable

We are committed to developing innovative housing policy solutions, including measures that will improve housing affordability and increase the supply of affordable housing units in partnership with the private and non-profit sectors, the Capital Regional District, and the provincial and federal governments.

Outcomes the City is working towards in this area include:

Increased range of affordable housing not only for those in need of supports but also for working people, families and youth

Appropriate solutions in place, including adequate housing, for all individuals experiencing chronic homelessness

Highlights of what we achieved in 2017

Updated the Victoria Housing Reserve Fund Guidelines to a new grant structure where funds will be allocated through a tiered model – on a per bedroom basis – to encourage larger, family-sized affordable housing units

Held workshops with landlords and renters to support completing the **Market Retention and Revitalization Strategy**

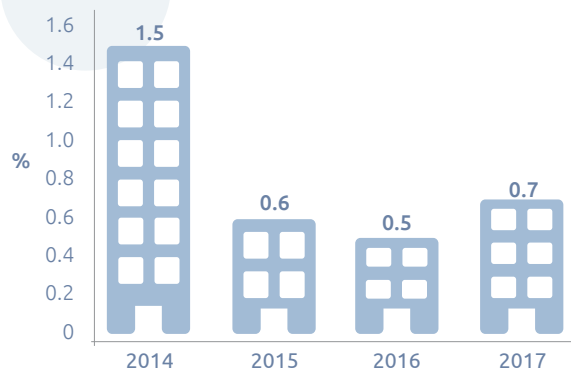
Adopted new regulations for Short Term Rentals, including removing this use from transient accommodation zones

Made it easier for homeowners to build secondary suites by removing restrictions in zoning that limited the amount of exterior changes that could be made to a building containing a secondary suite

Created a standard minimum unit size in multi-unit zones across Victoria in order to increase housing supply and diversity

Approved a \$500,000 Victoria Housing Reserve Fund grant for Pacifica Housing to assist in the retention of 62 units of no/low income housing

Victoria Apartment Rental Vacancy Rate %



Changed the Zoning Regulation Bylaw to allow garden suites outright in single-family zones across the City, making it significantly easier and less costly for homeowners to build new garden suites



Performance measures:

	2016	2017
Crystal Pool and Fitness Centre:		
# of visits	385,201	388,665
% of total registrations online	17.4	20.1
# of camp registrants	1,581	1,934
# of drop-in aquatic and fitness participants	23,599	21,268
# of children who learned to swim	1,881	1,352
Bookings of Royal Athletic Park	71	75
People attending Royal Athletic Park	74,510	75,000



Facilitate Social Inclusion and Community Wellness

The City of Victoria is a healthy and inclusive community, committed to the well-being of all citizens.

Outcomes the City is working towards in this area include:

Public recreation and cultural facilities are first rate

City infrastructure and facilities are more accessible for everyone

Enhanced quality of life

Highlights of what we achieved in 2017

Initiated the Witness Reconciliation Program, bringing together representatives from the Songhees and Esquimalt Nations and the City in a new family. The program builds and nurtures the relationships needed to facilitate trust and demonstrate the City's ongoing commitment to doing the work for as long as it needs to be done.

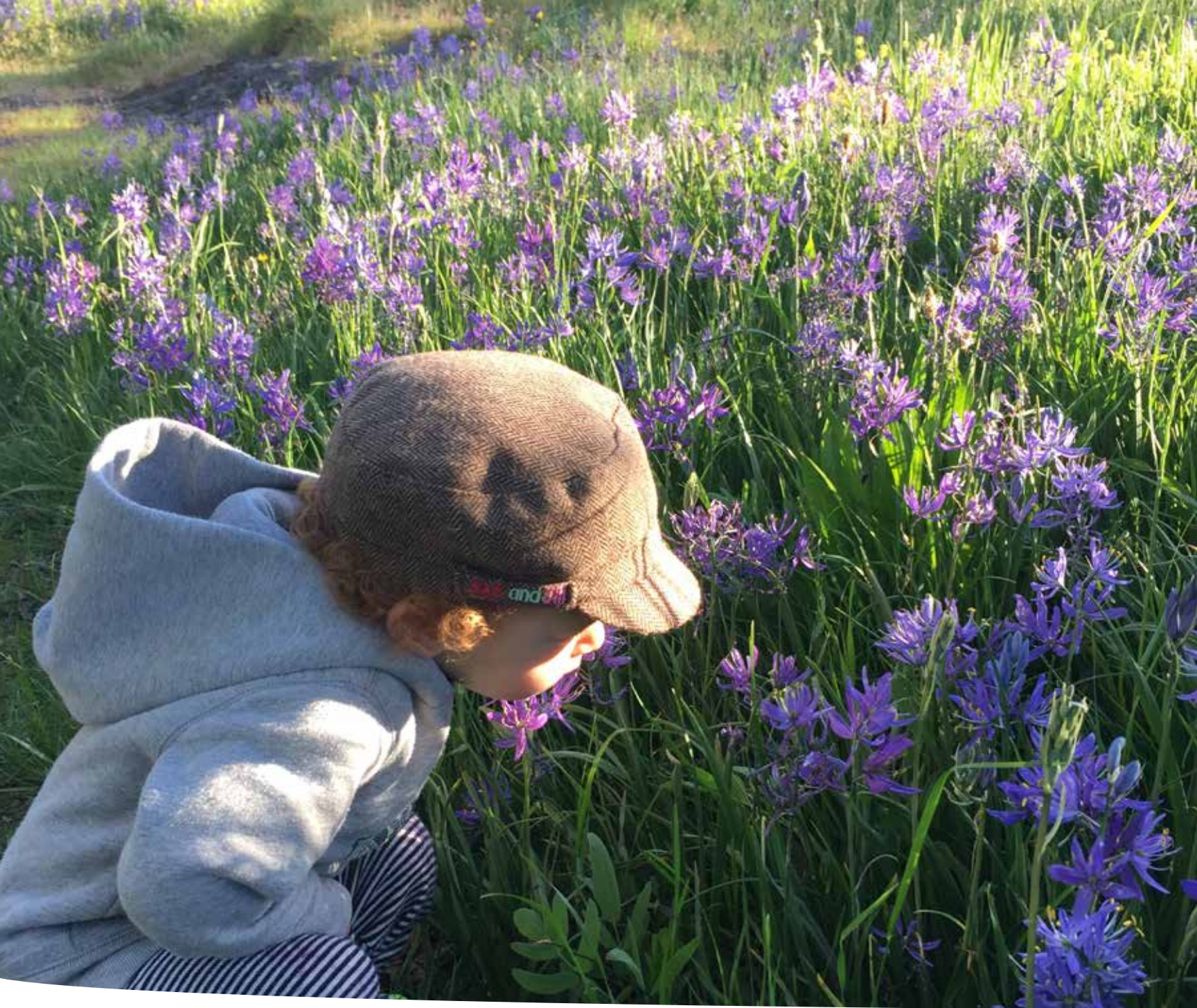
Launched the Crystal Pool and Wellness Centre Replacement Project

Trained City Council and front line staff on the **We Speak app**, utilizing Google Translate to better communicate with those whose first language is not English

Participated in the annual **Anti-Bullying Film Festival** in partnership with the Boys and Girls Club of Greater Victoria and the Community Centre Network

Partnered with Bridges for Women Society to support the **Orange Shirt Day: Every Child Matters** grassroots initiative on September 30 at Centennial Square, organized by a residential school survivor to acknowledge the harm that Canada's residential school system had on generations of Indigenous families and communities





Performance measures:

	2016	2017
Trees removed from public property	214	150
Trees planted on public property	318	328
City-owned trees	32,857	33,035
City parks and green spaces	137	137



Enhance and Steward Public Spaces, Green Spaces and Food Systems

In the City of Gardens, residents are connected to their public and green spaces.

Outcomes the City is working towards in this area include:

Greenspace, parks and food systems that are enhanced, well-maintained and fully utilized

David Foster Harbour Pathway is celebrated for its wayfinding that links all harbour front developments

Highlights of what we achieved in 2017

Approved the **Parks and Open Spaces Master Plan**, a long-term strategic document that lays our priorities for investment over the next 25 years

Adopted the Visual Victoria wayfinding strategy which aims to contribute to a memorable and positive image of Victoria based on its rich history and vision for the future, while enhancing its unique identity and supporting walkability, accessibility and usability

Celebrated Canada 150 with a splash of red and white in Victoria's iconic hanging baskets

To provide more spaces for people to enjoy with their furry friends the City implemented one-year dog off-leash area pilots at Fisherman's Wharf and Oaklands Park

Improved the public washroom in Centennial Square

Aquired property in Burnside Gorge to expand Cecelia Ravine Park to provide residents more access to natural and green spaces

Made improvements to Raynor and Reeson Parks



Installed *Following the Pod*, the winner of the pop-up design competition for Centennial Square. The design features a pod of orcas, designed to raise awareness of the threatened southern resident killer whale population by enabling visitors to interact with the life-sized sculptures.





Performance measures:

	2016	2017
Km of road paved	2.3	1.35
New crosswalks installed	3	4
Sidewalk projects completed	4	2
Metres of new sidewalk installed	440	365
Metres of new bike lane	230	2,400

Performance measures:

	2016	2017
Bus shelters installed	2	4
New LED pedestrian countdown signals	6	2
Major street rehabilitation projects completed	5	3
Local street rehabilitation projects completed	6	6

Complete a Multi-Modal and Active Transportation Network

We are building new infrastructure and transforming our transportation system to improve safety for people who walk, bike, take the bus and drive.

Outcomes the City is working towards in this area include:

Public transit is accessible to all and rivals private automobile trip duration

Pedestrian travel is safe, comfortable and enjoyable for all ages and abilities

Victoria is a national leader for cycling infrastructure and complete streets planning

Highlights of what we achieved in 2017

Opened the City's first two-way protected bike lanes on **Pandora Avenue**, and began construction on Fort Street. When complete, the new active transportation network will encourage people of all ages and abilities to ride, skate and rollerblade throughout the city.

Completed road rehabilitation on Cook Street between Pandora Avenue and Caledonia Avenue, including sidewalk improvements, storm drain main replacement, an upgraded crosswalk at Grant Street, a new crosswalk at North Park Street, new pavement, new trees and North Park Village banners and artwork

Continued construction on the new Johnson Street Bridge

Constructed the newest section of the **David Foster Harbour Pathway in Reeson Park**, including a new paved, wheelchair-accessible pathway with guardrails and lighting, connecting the park with neighbouring properties

Partnered with the Downtown Victoria Business Association to sponsor Transportation Mode-Shift EcoStar Award with the Synergy Sustainability Institute. The new award category recognizes businesses and other organizations that incentivize or encourage staff and/or customers to shift modes and arrive at their location by sustainable transportation.

Participated in the Capital Regional District's **Active and Safe Routes to School** program with Sir James Douglas and South Park schools





Photo: Atomique Productions

Performance measures:

	2016	2017
# of public art applicants applying to competitions	73	17
Public art pieces	91	102
Block parties	31	31
Special event and film permits issued	277	289
Attendees at Canada Day celebrations	50,000	100,000
Number of free, city-organized arts and culture programs and events	168	164



Partnered with the Greater Victoria Spirit Committee to produce the Spirit of Victoria 150 events culminating in a record breaking gathering in the Inner Harbour on Canada Day with more than 100,000 people attending

Nurture our Arts, Cultural and Learning Capital

Victoria is the heart of the region's arts and culture, a creative city that is the hub for festivals and events.

Outcomes the City is working towards in this area include:

Increased number of funding partners for the McPherson Theatre

Support for arts and culture is increased, inclusive and strategic

Highlights of what we achieved in 2017

Welcomed Lindsay Delaronde into the role of Indigenous Artist in Residence

The new position provides the opportunity for a local artist to develop artistic works and engage the community in dialogue, workshops, events, and activities throughout a two-year term

Recognized local authors at the Victoria Book Prize Society Awards Gala

Invested in **32 festivals and celebrations** to enhance Victoria's vitality, vibrancy and diversity this summer

Celebrated National Poetry Month in April

Introduced Maita Cienska as the City's 2017 Youth Poet Laureate. Serving as a champion for youth and literary arts, Victoria's Youth Poet Laureate seeks to inspire and engage local youth to share their stories through both the written and spoken word.

Hosted a busy summer season of events

Highlights include: 164 concerts, events and programs in Centennial Square and Cameron Bandshell, RCMP Musical, Pride Parade, Symphony Splash, Caravan Festival and the Rifflandia Festival.

Selected emerging artist Kai Choufour to create the fifth artwork installation for the Commercial Alley Outdoor Art Gallery

Approved the **Create Victoria Arts and Culture Master Plan**, designed to guide the City's investment in arts and culture over the next five years



Worked with Artist in Residence Luke Ramsey on a multitude of projects around the city including community murals; a collaboration with a group of Indigenous and non-Indigenous grade 6 – 8 students to create a set of four banners that will decorate Victoria's lampposts downtown and in Beacon Hill Park over the next two summers. Ramsey also developed the new Vic West Skate Park sign and created new artwork for the City's annual publication CityVibe, Victoria's Guide to Festival and Outdoor Events.



KI Peruzzo



Performance measures:

	2016	2017
Km of sewer upgrades	2.22	1.83
Km of stormwater system upgrades	2.80	3.31
Km of water system upgrades	1.32	2.24
Properties participating in stormwater utility rebates	14	11
Properties participating in stormwater utility credits	38	72
Tonnes of residential garbage collected	4,079	4,080
Tonnes of residential organics collected	2,125	2,183



Steward Water Systems and Waste Streams Responsibly

Acting as stewards for our physical and marine environment helps ensure the sustained health of our community.

Outcomes the City is working towards in this area include:

The City handles waste in a responsible way

Construction of a sewage treatment plant

Highlights of what we achieved in 2017

Approved the CRD's application to upgrade and expand the Clover Point Pump Station and install the Clover Forcemain as part of the Core Area Wastewater Treatment Project. Public realm improvements include a new plaza, walking paths, a cycle track from the Ogden Point breakwater to Clover Point, and a \$100,000 one-time contribution for community amenities, among other enhancements.

Obtained a Supreme Court injunction which enables the City to enforce regulations on the Gorge Waterway. These regulations limit anchoring for a period of up to 48 hours, but not exceeding 72 total hours in a 30-day period

Community and stakeholder engagement on new regulations to reduce single-use plastic checkout bags

Completed initial environmental investigation at Laurel Point Park and started work on the next stage of investigation including a risk assessment and remediation plan

Applied for a grant through the **Infrastructure Planning Grant Program** to fund a daylighting feasibility study of Bowker Creek in partnership with the CRD, District of Saanich and the District of Oak Bay

Completed work to replace aging cast iron water mains along Government Street, Chatham Street and Caledonia Street

Completed construction on Belleville Street to replace a water main from Menzies Street to Oswego Street and upgrade the cast iron water supply main that was constructed over 60 years ago



Held the 18th annual Public Works Day, an open house to provide elementary students an opportunity to learn more about how City staff work to ensure the community is healthy, safe and sustainable. This year, 30 classes, totalling 730 students from 10 schools participated in 20 interactive stations, including opportunities to learn about the City's kitchen scraps and garbage program, asphalt recycling, street cleaning, underground utility operations, sidewalk maintenance, traffic and street lights and how the storm water system is managed.



Performance measures:

2016	2017
7,602	8,064
52	36
38	32
2,662	3,170
146	292
202	212
2,024	2,123

Performance measures:

2016	2017
9,168	10,867
16,384	19,831
11	10
128	107
102	112

Victoria Fire Department calls for service	7,602	8,064
Structure fires	52	36
Fires contained to room of origin	38	32
Inspections and re-inspections	2,662	3,170
Calls to hoarding hotline	146	292
Life safety education sessions	202	212
Aggregate hours attending emergency events	2,024	2,123

People who attended public workshops/talks	9,168	10,867
Firefighter aggregate training hours	16,384	19,831
Evacuee assistance – team activations	11	10
Evacuee assistance – people assisted	128	107
Volunteer training sessions	102	112

Take Climate Action and Prepare for Emergencies

The City is resilient in the face of emergencies and disasters, encouraging everyday readiness in ways that support individual, family and neighbourhood resilience.

Outcomes the City is working towards in this area include:

City and community have reduced greenhouse gas emissions

A new Fire Station in downtown Victoria

Highlights of what we achieved in 2017

Participated in **Fire Prevention Week** with the theme “Every Second Counts, Plan Two Ways Out.” Presented fire safety messaging to 15 schools and approximately 4,000 students and teachers during Fire Prevention Week.

Draft Climate Leadership Plan approved for public input. This plan outlines the goals, targets and actions to reach an 80% reduction in greenhouse gas emissions and transition to 100% renewable energy by 2050.

Launched a new e-bike program to give staff a more sustainable and active option for travelling to work appointments

Hosted the 2017 ICLEI Liveable Cities Forum at the Victoria Conference Centre, focused on climate change mitigation and adaptation strategies from across Canada and around the world

Partnered with BC Hydro, FortisBC, the Province and CRD to enhance the Home Renovation Rebate and Oil to Heat Pump Programs for the community. These programs continue to have multiple benefits such as lowering bills, reducing household emissions, removing environmental and financial risk of spills, increase in comfort as well as making a healthier home.

Assisted with the Okanagan flooding and wildfires by working in the Regional District of the Central Okanagan Emergency Operations Centre in the Interior as well as assisting wildfire evacuees who made their way to the Island with Emergency Social Services. The Victoria Fire Department deployed fire crews and an engine and tanker to provide structural fire protection to the communities of Loon Lake and Cache Creek.

Launched Vic-Alert, the City’s emergency notification system

Victoria Fire Department responded to an increase in opioid overdose calls. The department has been trained to administer the lifesaving antidote “Naloxone” since May of 2016, in response to this crisis.

Converted all streetlights on City owned metal poles to LED lights





Demonstrate Regional Leadership

As the regional commercial hub, and as the Capital City, Victoria is well-positioned to play a leadership role in the Capital Region

Outcomes the City is working towards in this area include:

Enhanced governance is in place in the Region, especially with respect to emergency services dispatch

Highlights of what we achieved in 2017

Hosted a **Provincial All-Candidates listening session**, and later an **All-Candidates** meeting at the Victoria Conference Centre in advance of the provincial election, in partnership with the Downtown Victoria Business Association, Tourism Victoria, The Chamber, Greater Victoria Harbour Authority and the Urban Development Institute (Pacific Region). The candidates from all South Island ridings were invited to participate.

Adopted a resolution to request the Government of British Columbia and BC Transit work with the Capital Regional District to **introduce an effective Regional Transportation Authority**

Continued to support the South Island Prosperity Project (SIPP), along with several other municipalities and First Nations. SIPP works with companies that want to grow in or relocate to Victoria, promoting the development of a strong, diversified economy on South Vancouver Island, creating a more collaborative region and a vibrant place to work.

Endorsed a work plan for the Royal McPherson Theatre Society that will encourage more municipal participation in the regional partner's project group

Requested the **Capital Regional District's Core Area Wastewater Treatment Project Board** ensure mitigation measures be put in to place to protect the Dallas Road bluffs during construction of facilities related to the wastewater treatment plant





Victoria Police Department

The Victoria Police Department (VicPD) is the oldest police department west of the Great Lakes and has been proudly serving the City of Victoria since 1858 and the Township of Esquimalt since 2003.

In 2017, VicPD strengthened its connection to the community, most notably through the successful 2017 **VicPD Community and Business Survey** project. In total, 1,841 community and business surveys were hand-delivered with a response rate of 42% for the community survey and 33% for the business survey. Citizens indicated an 88% satisfaction rate with the service provided by VicPD.

56,321 calls for service



45,303 9-1-1 calls

VicPD worked with a number of community partners to ensure public safety at major events, especially the Canada 150 celebrations that drew tens of thousands of citizens to events in downtown Victoria

VicPD officers and staff connected with the citizens we serve at over 500 community events and meetings

VicPD Crime Watch, Front Desk and Reserve **volunteers gave more than 17,000 hours to our communities**

In 2017, 15 deserving citizens were recognized with **VicPD Civic Service Awards** for stepping up to contribute to their community's safety





FINANCIAL STATEMENTS OF

The Corporation of the City of Victoria

Year Ended December 31, 2017

Management's Responsibility for the 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 accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada. A summary of the significant accounting policies are described in 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.

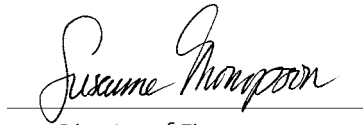
Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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



Jocelyn Denton

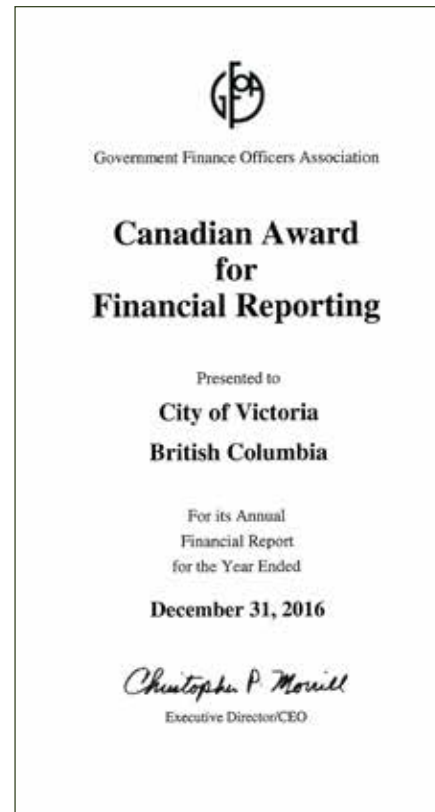
City Manager



Susanne Thompson

Director of Finance

May 3, 2018



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, 2017, and the Statements of Operations, Changes in Net Financial Assets and Cash Flow for the year then ended, and 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.

Auditor's 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 consolidated financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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, 2017 and its results of operations, cash flows and changes in net financial assets for the year then ended, in accordance with the Canadian public sector accounting standards.



Chartered Professional Accountants

Victoria, British Columbia

May 3, 2018

BDO Canada LLP	T 250.383.0426
Suite 500	F 250.383.1091
1803 Douglas Street	victoria@bdo.ca
Victoria, BC V8T 5C3	bdo.ca

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Statement of Financial Position

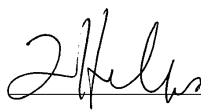
December 31	2017	2016
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 110,003,479	\$ 88,214,735
Accounts receivable		
Property taxes	1,816,637	2,679,561
Other (Note 3)	31,000,807	27,965,007
Portfolio investments (Note 4)	137,900,025	136,900,025
Mortgage receivable (Note 5)	865,687	839,007
Other assets	1,798	2,264
Restricted cash (Note 17)	1,243,414	1,124,988
	282,831,847	257,725,587
Liabilities		
Accounts payable and accrued liabilities (Note 6)	29,406,143	27,075,850
Deposits and prepayments	15,664,116	13,607,090
Deferred revenue (Note 7)	24,876,181	19,336,948
Long-term debt (Note 8)	73,250,606	67,123,425
Employee future benefit liability (Note 9)	17,688,187	17,051,123
	160,885,233	144,194,436
Net Financial Assets	121,946,614	113,531,151
Non-Financial Assets		
Tangible capital assets (Note 10)	495,784,736	454,762,429
Inventory of supplies	1,045,591	964,213
Prepaid expenses and deposits	1,145,524	1,179,575
	497,975,851	456,906,217
Accumulated Surplus (Note 11)	\$619,922,465	\$570,437,368
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



Mayor

Statement of Operations

For the year ended December 31	Financial Plan 2017	2017	2016
	(Note 18)		
Revenue			
Taxation (Note 12)	\$ 127,667,268	\$ 127,697,471	\$ 126,112,506
Net grants in lieu of taxes	5,984,140	6,328,534	5,864,539
Sale of goods and services	46,372,942	51,152,653	48,788,424
Sale of water	19,158,507	20,516,753	19,687,181
Licences and permits	4,123,000	4,417,980	5,117,573
Fines	3,295,000	3,399,598	3,393,807
Rentals and leases	1,470,000	1,489,176	1,348,593
Other penalties and interest	1,790,000	658,474	738,026
Investment income	1,700,000	3,493,023	2,743,165
Government transfers (Note 13)	15,651,000	10,464,097	9,845,760
Actuarial adjustment on debt	–	781,729	663,669
Miscellaneous (Note 14)	4,522,218	8,337,747	6,246,349
	231,734,075	238,737,235	230,549,592
Expenses			
General government	17,536,822	16,868,104	17,476,596
Protective services	74,857,124	75,128,184	72,407,533
Transportation services	24,798,238	25,980,557	24,381,515
Environmental and public health services	8,152,793	7,614,739	8,050,402
Social services and housing	1,566,802	1,550,606	711,508
Planning and development	15,625,106	15,353,385	17,059,341
Parks, recreation and culture	27,121,857	28,937,509	29,419,773
Water utility	14,205,822	14,257,562	14,405,615
Sewer utility	4,179,886	3,561,492	4,104,322
	188,044,450	189,252,138	188,016,605
Annual Surplus	43,689,625	49,485,097	42,532,987
Accumulated Surplus, beginning of year	570,437,368	570,437,368	527,904,381
Accumulated Surplus, end of year	\$ 614,126,993	\$ 619,922,465	\$ 570,437,368

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

Statement of Change in Net Financial Assets

For the year ended December 31	Financial Plan 2017	2017	2016
	(Note 18)		
Annual Surplus	\$ 43,689,625	\$ 49,485,097	\$ 42,532,987
Net acquisition of tangible capital assets	(95,744,000)	(52,894,881)	(39,488,467)
Amortization of tangible capital assets	10,000,000	11,872,574	11,282,374
Gain on disposal of tangible capital assets	–	(112,225)	(73,940)
Proceeds on disposal of tangible capital assets	–	112,225	84,900
	(42,054,375)	8,462,790	14,337,854
Net consumption of inventory of supplies	–	(81,378)	(123,225)
Net acquisition (use) of prepaid expenses and deposits	–	34,051	(330,793)
Change in Net Financial Assets	(42,054,375)	8,415,463	13,883,836
Net Financial Assets, beginning of year	\$ 113,531,151	\$ 113,531,151	\$ 99,647,315
Net Financial Assets, end of year	\$ 71,476,776	\$ 121,946,614	\$ 113,531,151

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

Statement of Cash Flows

For the year ended December 31	2017	2016
Cash provided by (used in):		
Operating Transactions		
Annual surplus	\$ 49,485,097	\$ 42,532,987
Items not involving cash	11,872,574	11,282,374
Gain on disposal of tangible capital assets	(112,225)	(73,940)
Change in future employee benefits and other liability	637,064	1,415,128
Actuarial adjustment on debt	(781,729)	(663,669)
Changes in non-cash operating assets and liabilities		
Accounts receivable other	(3,035,800)	2,304,315
Property taxes receivable	862,924	10,144
Mortgage receivable	(26,680)	(26,163)
Other assets	466	(349)
Restricted cash	(118,426)	(77,564)
Accounts payable and accrued liabilities	2,330,293	(54,366)
Deposits and prepayments	2,057,026	1,344,907
Deferred revenue	5,539,233	3,536,473
Inventory of supplies	(81,378)	(123,225)
Prepaid expenses and deposits	34,051	(330,793)
	68,662,490	61,076,259
Capital Transactions		
Acquisition of tangible capital assets	(52,894,881)	(39,488,467)
Proceeds on disposal of tangible capital assets	112,225	84,900
	(52,782,656)	(39,403,567)
Investing Transactions		
Net increase in portfolio investments	(1,000,000)	(35,199,753)
Financing Transactions		
Debt issued	9,600,000	5,500,000
Debt repayments	(2,691,090)	(2,470,703)
Capital lease repayments	–	(137,175)
	6,908,910	2,892,122
Increase (Decrease) in Cash and Cash Equivalents	21,788,744	(10,634,939)
Cash and Cash Equivalents, beginning of year	88,214,735	98,849,674
Cash and Cash Equivalents, end of year	\$ 110,003,479	\$ 88,214,735

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

Notes to Financial Statements

December 31, 2017

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: protective services, transportation services, environmental and public health services, community planning, parks, recreation and community development, water utility, sewer utility and other general government operations.

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 as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the City are as follows:

1. Significant accounting policies

(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.

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 accounted for 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 and are recognized over the period that the liability is settled.

(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 for future services or repayment 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) Taxation Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal services in the year they are levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Through the British Columbia Assessment’s appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded.

(g) Investment Income

Investment income is reported as revenue in the period earned. When required by the funding agreement, investment income earned on deferred revenue is deferred and forms part of the deferred revenue balance.

(h) 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.

(i) Long-Term Debt

Long-term debt is recorded net of related sinking fund balances and actuarial earnings.

Notes to Financial Statements

December 31, 2017

(j) Employee Future Benefits

- (i) The City and its employees make contributions to the GVLRA-CUPE Long Term Disability Trust and Municipal Pension Plan. As these are multi-employer pension plans, contributions are expensed as incurred.
- (ii) Sick leave and other retirement benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on years of 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.

(k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

	Useful life in years
Land improvements	15 – 50
Buildings	20 – 50
Furniture, equipment, technology and motor vehicles	5 – 25
Roads, bridges and highways	10 – 80
Water infrastructure	20 – 125
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. Assets under construction are not amortized until the asset is available for service. The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(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) 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.

(vi) Inventories of Supplies

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

(vii) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made upon adoption of accounting standard PSAS 3150 – Tangible Capital Assets, the tangible capital asset was recognized at a nominal value.

Notes to Financial Statements

December 31, 2017

1. Significant accounting policies: (CONTINUED)

(l) 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 useful lives of tangible capital assets, estimating provisions for accrued liabilities, estimates related to contaminated sites and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

(m) Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Authority is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the mediation strategy for a contaminated site. No liability for contaminated sites exists as at December 31, 2016 or 2017.

2. Cash and Cash Equivalents:

	2017	2016
Cash	\$ 25,475,696	\$ 10,227,662
MFA Money Market Funds	69,527,783	59,987,073
Guaranteed investment certificate	15,000,000	18,000,000
	\$ 110,003,479	\$ 88,214,735

Guaranteed investment certificates have interest rates of 1.70% to 1.80% (2016 – 1.25% to 1.45%) and are redeemable after 90 days.

3. Accounts Receivable

	2017	2016
Sewer	\$ 3,468,768	\$ 2,936,348
Water	14,800,754	12,540,291
Grants	4,741,274	4,175,509
GST and carbon tax	772,560	628,642
Investment interest income	923,120	986,209
Parks, recreation and community development	2,304,463	1,980,307
Municipal tickets	1,411,054	1,326,350
Victoria police department	875,504	1,024,764
Rental properties	69,053	61,172
Permits	334,811	946,014
Garbage	505,837	455,098
Third party billing	406,507	230,066
Miscellaneous	1,182,507	1,359,823
Valuation allowance	(795,405)	(685,586)
	\$ 31,000,807	\$ 27,965,007

Notes to Financial Statements

December 31, 2017

4. Portfolio Investments

Portfolio investments are comprised of Guaranteed Investment Certificates of Canadian Banks and Credit Unions with yields of 1.88% to 2.25% (2016 – 1.28% to 1.95%), and maturity date of December 17, 2018.

5. Mortgage Receivable

In 2011, the Federal Government of Canada entered into an agreement with the Capital Regional District to provide a financial contribution for new permanent, safe, transitional and supportive housing. Subsequently, the Capital Regional District entered into a sub project funding agreement in which \$1,200,000 was contributed to the City towards the purchase of two properties within the City. The agreement states that if the properties are not operated for their intended purpose or are sold and the proceeds of disposition are not applied to providing similar services then the City will be required to repay the contribution amount. The amount of the required repayment is dependent on the length of time that the intended purpose of the contribution is met and extends to March 31, 2026 at which point no further repayment is required.

In 2013, one of the properties was purchased by Provincial Rental Housing Corporation. In 2015, the remaining property was purchased by a not-for-profit housing society and a mortgage of \$1,300,000 was issued by the City. The mortgage bears no interest and is secured by the property. Payment is not due until the mortgage matures on September 15, 2029. The balance represents the present value of the payment, using the City's estimated cost of borrowing.

Both purchases include transfer of the funding agreement repayment obligation applicable to each property.

6. Accounts Payable and Accrued Liabilities

	2017	2016
Trade account payable	\$ 10,800,926	\$ 11,031,714
Capital projects	3,366,062	1,945,350
Payroll accounts payable	6,572,255	6,592,566
Contract holdbacks	6,192,934	4,816,003
School authorities	686,706	1,056,181
Capital Regional District	445,004	412,995
Legal settlements	1,003,683	880,762
Integrated recreation	81,830	79,455
BC Transit	140,112	145,697
Regional Hospital District	96,469	94,842
BC Assessment Authority	20,162	20,285
	\$ 29,406,143	\$ 27,075,850

Notes to Financial Statements

December 31, 2017

7. Deferred Revenue

	2017	2016
Building permit fees	\$ 5,612,043	\$ 3,958,073
Development cost charges	15,973,761	13,534,862
General operating deferred revenue	3,290,377	1,844,013
	<u>\$ 24,876,181</u>	<u>\$ 19,336,948</u>
Building permit fees		
Opening balance of building permit fees	\$ 3,958,073	\$ 2,867,315
Add: fees and contributions received	3,666,196	3,847,440
Less: revenue earned and/or fees refunded	(2,012,226)	(2,756,682)
	<u>\$ 5,612,043</u>	<u>\$ 3,958,073</u>
Development cost charges		
Opening balance of unspent funds	\$ 13,534,862	\$ 11,337,517
Add: development cost charges received during year	2,474,357	2,117,491
Add: interest earned	216,357	79,854
Less: amount spent on projects and recorded as revenue	(251,815)	–
	<u>\$ 15,973,761</u>	<u>\$ 13,534,862</u>
Development cost charges include the following:		
Water and environment	\$ 748,809	\$ 930,730
Streets	–	20,391
Transportation	6,614,537	5,257,231
Water	676,462	546,774
Drainage	393,136	316,614
Sewage	2,720,171	2,150,145
Parkland acquisition	3,396,524	3,138,906
Parkland development	1,424,122	1,174,071
	<u>\$ 15,973,761</u>	<u>\$ 13,534,862</u>

There are no waivers and/or reductions in development cost charges during 2017 or 2016.

Notes to Financial Statements

December 31, 2017

8. Long-Term Debt

The City issues debt instruments through the Municipal Finance Authority ("MFA"), pursuant to security issuing bylaws under authority of the Local Government Act, 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 2.10% to 4.90%. The weighted average interest rate for 2017 was 3.03% (2016 – 3.10%).

(a) Gross amount of debt and the repayment and actuarial earnings to retire the debt are as follows:

	Rate	Gross debt	Repayment & actuarial earnings	Net debt 2017	Net debt 2016	Year of Maturity
Issue 79	2.10%	10,000,000	(3,035,139)	6,964,861	7,256,882	2033
Issue 80	2.40%	10,000,000	(2,985,840)	7,014,160	7,301,438	2033
Issue 81	2.40%	10,000,000	(2,758,457)	7,241,543	7,521,213	2034
Issue 102	2.25%	4,509,000	(2,712,477)	1,796,523	2,118,084	2022
Issue 103	4.65%	1,800,000	(977,602)	822,398	948,822	2023
Issue 105	4.90%	5,240,015	(2,467,047)	2,772,968	3,125,300	2024
Issue 110	4.50%	5,200,000	(2,111,154)	3,088,846	3,427,056	2025
Issue 115	3.89%	10,200,000	(2,291,726)	7,908,274	8,327,573	2031
Issue 130	3.00%	23,200,000	(2,452,817)	20,747,183	21,597,057	2034
Issue 139	2.10%	5,500,000	(206,150)	5,293,850	5,500,000	2036
Issue 142	3.15%	9,600,000	–	9,600,000	–	2037
		<u>\$ 95,249,015</u>	<u>\$ (21,998,409)</u>	<u>\$ 73,250,606</u>	<u>\$ 67,123,425</u>	

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

2018	\$ 3,936,716
2019	4,096,716
2020	4,263,363
2021	4,436,940
2022	4,617,740
Thereafter	51,899,131
Total	<u>\$ 73,250,606</u>

(c) Scheduled debt repayments may be suspended in the event of excess sinking fund earnings within the MFA. Principal paid during the year was \$2,691,090 (2016 – \$2,470,703). Interest paid during the year was \$2,668,366 (2016 – \$2,528,197).

Notes to Financial Statements

December 31, 2017

9. Employee Future Benefit Liability

Information about liabilities for the City's employee obligation is as follows:

	2017	2016
Accrued benefit obligation		
Balance, beginning of year	\$ 18,093,001	\$ 17,729,501
Service cost	1,389,300	1,387,100
Interest cost	618,700	571,400
Benefits payments	(1,364,400)	(884,600)
Immediate recognition loss/(gain) for event driven liabilities	(167,700)	37,400
Actuarial gain (loss)	(298,800)	(747,800)
Accrued benefit obligation, end of year	18,270,101	18,093,001
Less unamortized net actuarial loss	(1,022,577)	(1,516,802)
Add pension over contributions due to staff	440,663	474,924
Accrued benefit liability, end of year	\$ 17,688,187	\$ 17,051,123

The accrued benefit obligation and the benefit costs for the year were estimated by actuarial valuation as of December 31, 2017 by an independent actuarial firm. Key estimates were used in the valuation including the following:

	2017	2016
Discount rates	2.90%	3.30%
Expected future inflation rates	2.25%	2.25%
Expected wage and salary increases	2.33% to 4.38%	2.33% to 4.38%
Estimated average remaining service life of employees	11 years	12 years

The accrued benefit liability includes both vested and non-vested amounts as follows:

	City	Police	2017	2016
Vested benefits	\$ 4,340,418	\$ 7,844,705	\$ 12,185,123	\$ 10,918,198
Non-vested benefits	4,429,577	1,073,487	5,503,064	6,132,925
Total accrued benefit liabilities	8,769,995	8,918,192	17,688,187	17,051,123
Charged to operating funds in current and past years	(4,593,334)	(7,129,432)	(11,722,766)	(11,244,205)
Portion of benefits charged against reserves	\$ 4,176,661	\$ 1,788,760	\$ 5,965,421	\$ 5,806,918

Vested benefits include lump sum payments, death benefits, and certain sick leave and vacation in the year of retirement benefits. Vested benefits are contractually required to be paid to an employee regardless of their future employment. Non-vested benefits include long service leave, personal leave program and certain sick leave programs. Non-vested benefits are conditional upon future employment.

Notes to Financial Statements

December 31, 2017

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. The City and its employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2014. At December 31, 2016, the total plan provision for approved and unreported claims was \$18,937,267 with an accumulated surplus of \$392,313. The total plan provision for approved and unreported claims and net surplus or deficit at December 31, 2017 will be available later in 2018.

The City paid \$584,709 (2016 – \$585,900) for employer contributions and City employees paid \$584,709 (2016 – \$585,900) for employee contributions to the Plan in fiscal 2017.

Municipal Pension Plan

The municipality 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 defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2016, the Plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments. Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of the funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as of December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018, with results available 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The City of Victoria paid \$11,428,849 (2016 – \$10,910,603) for employer contributions and City of Victoria employees paid \$8,964,286 (2016 – \$8,585,600) for the Plan in fiscal 2017.

Notes to Financial Statements

December 31, 2017

10. Tangible Capital Assets

	Land and land improvements	Buildings	Furniture, equipment, technology, motor vehicles	Roads, bridges, highways	Water infrastructure	Sewer infrastructure	Drainage infrastructure	Assets under construction	2017 Total	2016 Total
Cost, beginning of year	\$ 137,530,840	\$ 109,126,378	\$ 69,887,575	\$ 100,656,555	\$ 64,055,844	\$ 22,775,608	\$ 21,111,427	\$ 89,970,372	\$ 615,114,599	\$ 575,980,931
Additions	852,132	2,970,575	6,615,545	8,481,209	4,588,876	1,434,448	2,614,032	30,831,888	58,388,705	45,952,676
Disposals/transfers	-	-	(1,088,730)	-	-	-	-	(5,493,824)	(6,582,554)	(6,799,436)
Cost, end of year	138,382,972	112,096,953	75,414,390	109,137,764	68,644,720	24,210,056	23,725,459	115,308,436	666,920,750	615,134,171
Accumulated amortization, beginning of year	277,846	42,974,579	47,327,226	51,304,972	9,551,441	5,771,412	3,144,694	-	160,352,170	149,413,635
Disposals	-	-	(1,088,730)	-	-	-	-	-	(1,088,730)	(324,267)
Amortization	87,000	2,850,276	5,151,777	2,685,383	605,238	267,677	225,223	-	11,872,574	11,282,374
Accumulated amortization, end of year	364,846	45,824,855	51,390,273	53,990,355	10,156,679	6,039,089	3,369,917	-	171,136,014	160,371,742
Net carrying amount, end of year	\$ 138,018,126	\$ 66,272,098	\$ 24,024,117	\$ 55,147,409	\$ 58,488,041	\$ 18,170,967	\$ 20,355,542	\$ 115,308,436	\$ 495,784,736	\$ 454,762,429

- a) Work in Progress – Assets under construction having a value of \$115,308,436 (2016 – 89,970,371) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- b) Contributed Assets – No contributed assets have been recognized in 2017 or 2016
- c) Write down of Tangible Capital Assets – No write down of tangible capital assets occurred during 2017 or 2016.

Notes to Financial Statements

December 31, 2017

11. Accumulated Surplus

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

	2017	2016
Surplus		
Equity in tangible capital assets	\$ 422,401,080	\$ 387,505,952
Non-Statutory Reserve Accounts		
Development Stabilization Reserve Account	327,846	–
Reserves		
Operating Fund	4,026,427	4,032,822
Financial Stability Reserves	54,794,382	48,259,590
Equipment and Infrastructure Replacement Fund	131,429,908	123,129,773
Tax Sale Lands Fund	5,789,588	5,865,775
Parks and Greenways Acquisition Fund	2,724,295	2,346,203
Local Amenities	754,439	637,198
Victoria Housing Fund	1,950,332	2,882,724
Climate Action	850,691	765,867
Art in Public Places	596,335	579,639
Downtown Core Area Public Realm Improvements	153,451	151,034
Downtown Heritage Building Seismic Upgrades	89,112	87,709
Less: Underfunded employee benefit obligations (Note 9)	(5,965,421)	(5,806,918)
Total reserves	197,521,385	182,931,416
	\$ 619,922,465	\$ 570,437,368

Notes to Financial Statements

December 31, 2017

12. Taxation:

Taxation revenue, reported on the Statement of Operations is made up of the following:

	Financial Plan 2017	2017	2016
General taxation			
General municipal purposes	\$ 124,911,268	\$ 124,916,051	\$ 120,139,530
Utility 1% tax	1,351,000	1,300,830	1,345,600
Collections for other governments			
Capital Regional District	–	21,072,574	19,149,615
School Authorities	–	48,471,680	49,222,779
Regional Hospital District	–	7,681,732	7,452,081
Municipal Finance Authority	–	5,971	5,157
BC Assessment Authority	–	1,463,498	1,515,385
BC Transit	–	8,673,719	9,065,133
Business Improvement Association	–	1,035,314	1,024,171
Special assessments			
Boulevard frontage	535,000	538,235	539,330
Specified area improvement	81,000	150,370	158,847
Sewer frontage	789,000	791,985	790,517
Hotel tax			
Tourism Victoria	–	–	2,542,861
Victoria Conference Centre	–	–	595,821
	<u>127,667,268</u>	<u>216,101,959</u>	<u>213,546,827</u>
Less taxes levied for other authorities			
Capital Regional District	–	21,072,574	19,149,615
School Authorities	–	48,471,680	49,222,779
Regional Hospital District	–	7,681,732	7,452,081
Municipal Finance Authority	–	5,971	5,157
BC Assessment Authority	–	1,463,498	1,515,385
BC Transit	–	8,673,719	9,065,133
Business Improvement Association	–	1,035,314	1,024,171
	–	<u>88,404,488</u>	<u>87,434,321</u>
Net taxes available for municipal purposes	<u>\$ 127,667,268</u>	<u>\$ 127,697,471</u>	<u>\$ 126,112,506</u>

Notes to Financial Statements

December 31, 2017

13. Government Transfers

The City recognizes the transfer of government funding as revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Operations are:

	Financial Plan 2017	2017	2016
Unconditional transfers			
Traffic fine revenue sharing	\$ 1,973,000	\$ 1,755,723	\$ 1,972,322
Conditional transfers			
Jail	34,000	38,884	33,180
Gas tax	3,428,000	3,474,900	3,427,988
Infrastructure grants:			
General capital	2,292,000	1,019,492	–
Johnson Street Bridge	4,229,000	3,550,355	4,285,926
Cost-sharing agreements:			
General capital	3,695,000	624,743	126,344
	13,678,000	8,708,374	7,873,438
	\$ 15,651,000	\$ 10,464,097	\$ 9,845,760

Traffic Fine Revenue Sharing program is an unconditional grant provided to municipalities to assist in ensuring community safety and addressing community specific strategic priorities. The program returns 100% of net revenues from traffic violations to municipalities that are directly responsible for paying for policing.

Gas Tax is provided by the Government of Canada. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities. These funds may be used towards designated infrastructure projects that achieve positive environmental results.

Infrastructure grants related to the Johnson Street Bridge Replacement Project are restricted to eligible expenses as defined by the funding agreement established between the City, Union of British Columbia Municipalities and The Government of Canada's Building Canada Fund Program.

14. Miscellaneous Revenue

	Financial Plan 2017	2017	2017
Third party billing, cost sharing and recoveries	\$ 1,062,645	\$ 3,658,808	\$ 3,103,378
Arena lease equivalent, share of naming rights and ticket surcharge	622,500	504,133	543,958
CREST levy	400,000	338,395	365,632
Rezoning applications	367,500	984,657	396,485
Dog licences and fines	212,350	355,476	233,505
Bus shelter advertising	150,000	188,264	132,283
Tax certificates	125,000	145,585	154,185
Bonus density	–	–	100,000
Traffic and sidewalk permits	135,900	118,203	88,569
Fortis franchise fee	500,000	542,359	–
Development cost charges	55,000	251,815	–
Other: administrative fees, lease fees, information sales and asset disposals	891,323	1,250,052	1,128,354
	\$ 4,522,218	\$ 8,337,747	\$ 6,246,349

Notes to Financial Statements

December 31, 2017

14. Miscellaneous Revenue (CONTINUED)

Third party billing and CREST levy are offset by expenses therefore budget variance has no impact on the City's operating surplus. Ticket surcharge revenue from the arena is impacted by arena annual operational activity. Amounts for bonus density are not determinable in advance, and do not impact operating surplus as balances are transferred to reserves, therefore no budget amount is provided in the Financial Plan.

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 .

	2017	2016
Ross Bay Cemetery	\$ 972,181	\$ 933,714
Nature Interpretation Centre	618,928	609,181
Bastion Square Revitalization	237,256	233,520
	\$ 1,828,365	\$ 1,776,415

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 centre 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 \$49.2 million 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 loans totaling \$33.4 million from the MFA under the Municipal Infrastructure Lending Program in respect of the authorized borrowing for this project (Note 8). The estimated total cost for the Johnson Street Bridge is \$105.6 million and completion is expected by June 2018. At December 31, 2017, major construction contracts of \$63.5 million were in process with estimated costs to complete of \$4.5 million.

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 reserve funds is an insurance reserve of \$3,916,744 (2016 – \$3,855,063), maintained to offset settlements and insurance coverage is maintained to provide for insurable claims should they exceed the liability deductible of \$1,000,000 in any year. As of November 2008, the City joined the Municipal Insurance Association and all insurable claims from that date forward will be subject to a liability deductible of \$250,000 in any year.

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 restricted cash 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, 2017 the balance of the deposits was \$1,243,414 (2016 – \$1,124,988). At December 31, 2017 there were contingent demand notes of \$2,490,784 (2016 – \$2,256,949) which are not included in the financial statements of the City.

Notes to Financial Statements

December 31, 2017

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. Financial Plan Data

The financial plan data presented in these financial statements is based upon the 2017 operating and capital financial plan approved by Council on April 27, 2017. The table below reconciles the approved financial plan to the financial plan figures reported in these financial statements.

	Financial plan bylaw	Financial statement budget
Revenues		
Taxation	\$ 133,651,408	\$ 133,651,408
User fees and other revenue	65,531,449	65,531,449
Other	32,551,218	32,551,218
	<u>231,734,075</u>	<u>231,734,075</u>
Expenses		
General government	15,833,678	17,536,822
Protective services	73,457,050	74,857,124
Transportation services	21,015,426	24,798,238
Environmental and public health services	7,724,007	8,152,793
Social services and housing	1,566,802	1,566,802
Community planning	15,034,615	15,625,106
Parks, recreation and cultural services	25,762,872	27,121,857
Water utility	13,980,506	14,205,822
Sewer utility	3,669,494	4,179,886
Amortization	10,000,000	–
	<u>188,044,450</u>	<u>188,044,450</u>
	43,689,625	43,689,625
Less:		
Capital expenditures	(95,744,000)	–
Debt repayment	(2,691,090)	–
Add:		
Interfund transfers	54,745,465	–
Annual surplus	<u>\$ –</u>	<u>\$ 43,689,625</u>

Notes to Financial Statements

December 31, 2017

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 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 the permits and inspections function of the Sustainable Planning and Community Development department. 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 Sustainable Planning and Community Development department has a broad range of policy, regulatory and program responsibilities including processing undertakings related to permits and inspections for Building Permits, Plumbing Permits, Electrical Permits, and signs.

(iii) Transportation Services

Transportation Services is responsible for a wide variety of transportation functions such as Parking, Engineering Operations and Streets. As well, providing services around infrastructure, 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 three sections in the areas of Solid Waste Services, Storm Drains, and Street Cleaning. The Solid Waste Collection and Recycling Operations section is responsible for the collection of household garbage. The 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.

(v) Social Services and Housing

Social Services and Housing includes grants to non-profit organizations for the purpose of facilitating social inclusion and community wellness, and to support affordable housing initiatives.

(vi) Parks, Recreation and Cultural Services

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 Crystal Pool, Save-On Foods Memorial Arena, Royal Athletic Park, and Community and Seniors Centers. The Arts and Culture function supports community vibrancy and economic impact through tourism and visitor attraction.

Notes to Financial Statements

December 31, 2017

(vii) Planning and Development

This segment is composed of four departments:

Sustainable Planning and Community Development: Supports quality development and economic health of the City. This function includes regulatory and program responsibilities including: community and city-wide land use planning; urban design; planning applications including zoning, development and variance permits, demographic and other planning information services.

Real Estate: Administers the City's portfolio of commercial properties; in particular, negotiating leases and lease renewals with tenants (lease-outs) and landlords (lease-ins).

Economic Development: This function is guided by six primary "engines" to drive Victoria's businesses, generate jobs, raise household incomes, and increase well-being. The six engines include: advance education and research and development; the ocean and marine sector; experimental tourism; government; technology; and entrepreneurship, start-ups and social enterprise.

Victoria Conference Centre: Responsible for strengthening the City's economy through the implementation of a vision and action plan for economic sustainability and growth in Victoria. Economic development in Victoria focuses on the prospects for the future as a city with high quality of life which supports the building of a vibrant, prosperous, fiscally sound and economically robust community.

(viii) 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 firefighting.

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 2017–2021 consolidated financial plan.

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

December 31, 2017

19. Segmented Information (CONTINUED)

2017	General Fund							Water Fund	Sewer Fund	Total
	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Social Services and Housing	Parks, Recreation and Culture	Planning and Development	Water Utility	Sewer Utility	
Revenues										
Taxation	\$ 24,610,419	\$ 61,848,820	\$ 10,676,307	\$ 2,389,623	\$ 1,593,061	\$ 27,223,195	\$ 4,892,595	\$ -	\$ 791,985	\$ 134,026,005
Goods and services	41,494	8,567,115	14,185,281	8,437,761	-	2,258,821	9,123,463	21,290,240	7,765,231	71,669,406
Government transfers	-	1,794,608	7,117,460	1,220,657	-	331,372	-	-	-	10,464,097
Other	5,746,429	4,400,195	5,319,295	47,778	-	1,498,809	4,396,100	719,181	449,940	22,577,727
	30,398,342	76,610,738	37,298,343	12,095,819	1,593,061	31,312,197	18,412,158	22,009,421	9,007,156	238,737,235
Expenses										
Salaries and wages	10,338,994	64,787,852	13,579,528	4,470,817	-	13,009,336	5,496,687	3,430,490	2,357,179	117,470,883
Materials, supplies and services	4,681,704	8,508,105	6,125,816	2,359,011	53,106	11,082,294	8,478,953	10,210,006	798,938	52,297,933
Interest and foreign exchange	127,146	-	1,601,996	-	-	794,112	168,561	-	-	2,691,815
Grants	-	-	-	-	1,497,500	1,978,055	319,031	-	-	3,794,586
Other	(315,285)	-	-	-	-	27,059	-	-	-	(288,226)
Capital expenditure not meeting tangible capital asset criteria	19,475	168,933	179,219	275,511	-	432,372	188,647	10,718	137,698	1,412,573
Amortization	2,016,070	1,663,294	4,493,998	509,400	-	1,614,281	701,506	606,348	267,677	11,872,574
	16,868,104	75,128,184	25,980,557	7,614,739	1,550,606	28,937,509	15,353,385	14,257,562	3,561,492	189,252,138
Annual surplus	\$ 13,530,238	\$ 1,482,554	\$ 11,317,786	\$ 4,481,080	\$ 42,455	\$ 2,374,688	\$ 3,058,773	\$ 7,751,859	\$ 5,445,664	\$ 49,485,097

Notes to Financial Statements

December 31, 2017

19. Segmented Information (CONTINUED)

2016	General Fund							Water Fund		Sewer Fund	Total
	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Social Services and Housing	Parks, Recreation and Culture	Planning and Development	Water Utility	Sewer Utility		
Revenues											
Taxation	\$ 25,814,908	\$ 60,557,702	\$ 11,404,876	\$ 1,250,000	\$ 564,822	\$ 27,849,065	\$ 3,745,154	\$ -	\$ 790,517	\$ 131,977,044	
Goods and services	41,978	8,445,837	13,569,183	8,049,930	-	2,407,089	7,956,666	20,420,772	7,584,150	68,475,605	
Government transfers	-	2,005,504	5,848,013	1,801,878	-	190,365	-	-	-	9,845,760	
Other	4,757,187	4,885,511	4,932,373	-	-	1,141,121	3,582,336	558,086	394,569	20,251,183	
	30,614,073	75,894,554	35,754,445	11,101,808	564,822	31,587,640	15,284,156	20,978,858	8,769,236	230,549,592	
Expenses											
Salaries and wages	10,533,130	62,564,396	13,092,970	4,488,712	-	12,891,801	5,041,128	3,486,865	2,412,184	114,511,186	
Materials, supplies and services	3,346,425	8,197,329	5,481,153	2,458,738	-	11,194,500	10,863,776	10,299,244	859,943	52,701,108	
Interest and foreign exchange	122,222	-	1,457,234	-	-	798,884	168,561	-	-	2,546,901	
Grants	-	-	-	-	711,508	2,002,534	284,295	-	-	2,998,337	
Other	1,135,442	-	-	-	-	-	-	-	-	1,135,442	
Loss (gain) on disposition	-	-	-	-	-	-	-	-	-	-	
Capital expenditure not meeting tangible capital asset criteria	29,677	144,511	358,803	621,536	-	976,657	62,901	50,965	596,207	2,841,257	
Amortization	2,309,700	1,501,297	3,991,355	481,416	-	1,555,397	638,680	568,541	235,988	11,282,374	
	17,476,596	72,407,533	24,381,515	8,050,402	711,508	29,419,773	17,059,341	14,405,615	4,104,322	188,016,605	
Annual surplus	\$ 13,137,477	\$ 3,487,021	\$ 11,372,930	\$ 3,051,406	\$ (146,686)	\$ 2,167,867	\$ (1,775,185)	\$ 6,573,243	\$ 4,664,914	\$ 42,532,987	

20. Comparative Figures

Certain figures in the comparative information have been reclassified to conform with the current year presentation.

STATISTICAL INFORMATION

The Corporation of the City of Victoria

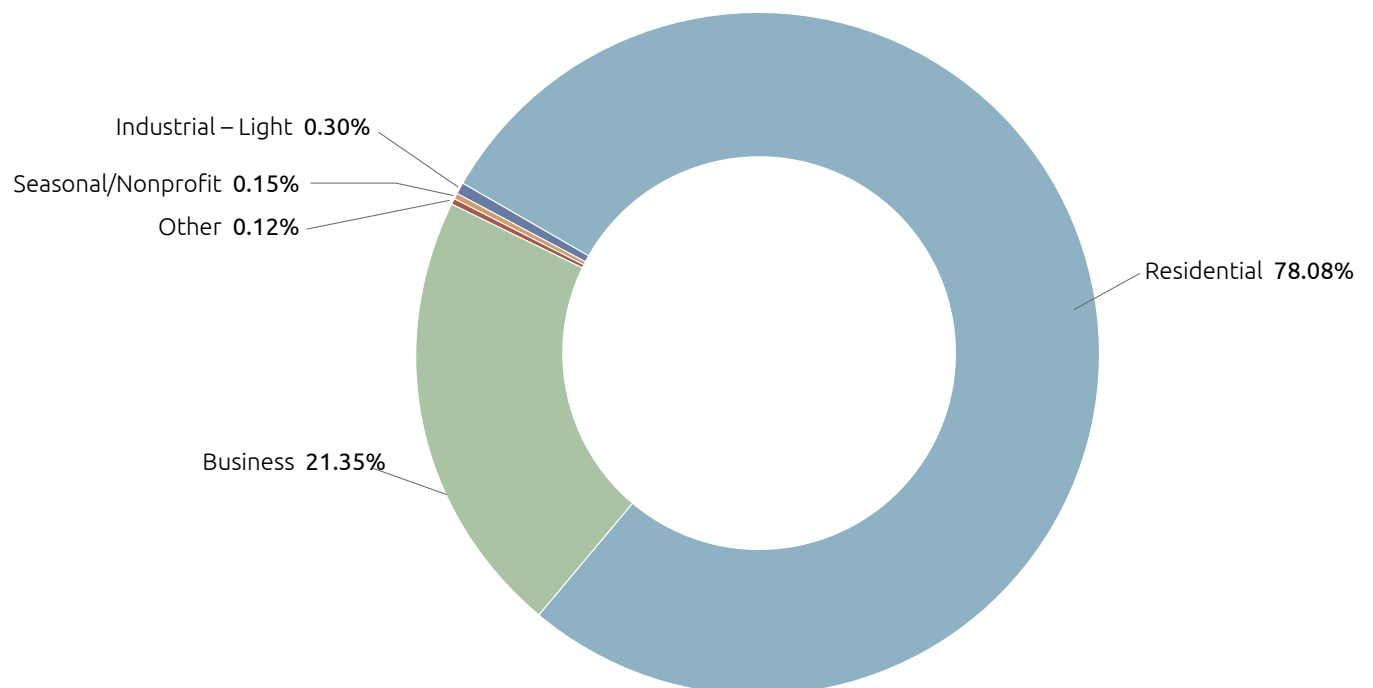
Year Ended December 31, 2017

Statistical Information

Taxable Assessments of Land and Improvements 2013 – 2017 (IN MILLIONS)

PROPERTY CLASS	2013	2014	2015	2016	2017
Residential	\$ 13,333	\$ 13,152	\$ 13,774	\$ 14,306	\$ 17,411
Utilities	16	16	15	15	16
Industrial – Major	10	10	9	10	11
Industrial – Light	57	60	59	59	68
Business	4,017	4,146	4,236	4,393	4,761
Seasonal/Non-profit	21	23	23	27	34
	\$ 17,453	\$ 17,408	\$ 18,116	\$ 18,810	\$ 22,301

2017 Assessments By Property Class



SOURCE: BC ASSESSMENT

Statistical Information

Property Tax Rates 2013 – 2017

	2013	2014	2015	2016	2017
MUNICIPAL (\$ PER 1000 ASSESSMENT)					
Residential	4.2271	4.4691	4.4414	4.2746	3.6649
Utilities	32.5274	33.1233	37.7158	36.8124	34.8127
Supportive Housing	4.2271	4.4691	4.4414	4.2746	3.6649
Industrial – Major	13.4535	13.4416	13.8749	13.0546	12.4577
Industrial – Light	13.4535	13.4416	13.8749	13.0546	12.4577
Business	13.4535	13.4416	13.8749	13.0546	12.4577
Seasonal	8.2639	8.1846	8.2188	7.1681	7.3998
TOTAL – Including School, Region, etc. (\$ PER 1000 ASSESSMENT)					
Residential	6.8790	7.1894	7.1137	6.8297	5.8006
Utilities	51.4691	51.7735	56.6735	55.6549	53.0890
Supportive Housing	5.1573	5.4366	5.4017	5.2194	4.4927
Industrial – Major	23.2940	23.1686	23.3965	22.0839	20.5352
Industrial – Light	27.5538	22.8326	23.0614	21.7419	20.1764
Business	22.6671	22.5370	22.7749	21.4646	19.9298
Recreation Non-profit	12.8241	12.7579	12.6931	11.3723	11.1335
MUNICIPAL TAX BILLINGS BY PROPERTY CLASS (IN THOUSANDS)					
Residential	\$56,358	\$58,779	\$61,174	\$61,154	\$63,810
Utilities	524	537	550	545	561
Industrial – Major	136	137	127	124	140
Industrial – Light	760	812	817	774	842
Business	54,041	55,723	58,780	57,350	59,309
Seasonal	174	187	188	192	249
TOTAL	\$111,993	\$116,176	\$121,636	\$120,140	\$124,912

New Construction 2013 – 2017

	2013	2014	2015	2016	2017
Construction Permits	3,666	3,452	3,422	3,537	3,333
Construction Value (\$ MILLION)	\$157	\$156	\$235	\$300	\$376
Taxes Generated from New Growth	\$108,640	\$1,369,512	\$2,871,843	\$425,267	\$1,195,158

SOURCE: CITY OF VICTORIA FINANCE DEPARTMENT

Labour Force Activity 2013 – 2017

	2013	2014	2015	2016	2017
Victoria Unemployment Rate	5.2%	5.4%	5.8%	5.2%	3.9%
Number of City Employees	1,188	1,218	1,246	1,259	1,271

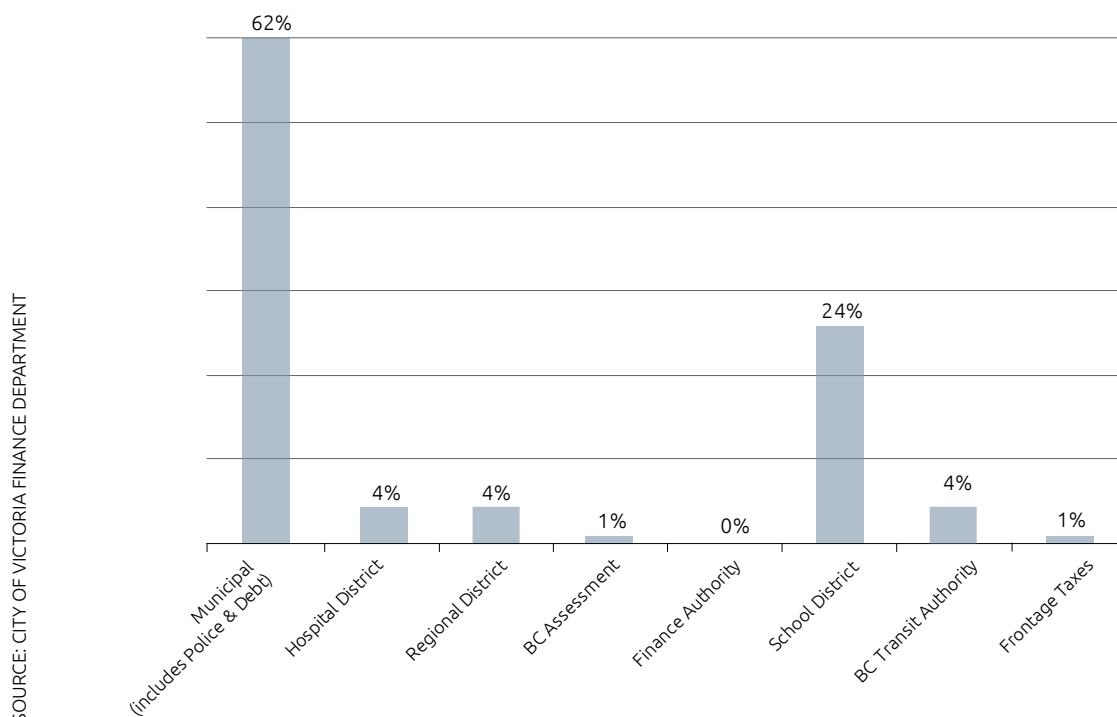
SOURCE: LABOUR FORCE SURVEY: STATISTICS CANADA

Statistical Information

Property Tax Levied and Collected 2013 – 2017 (IN THOUSANDS)

	2013	2014	2015	2016	2017
Municipal (incl Police & Debt)	\$ 111,992	\$ 116,176	\$ 121,636	\$ 120,140	\$ 124,916
Hospital District	7,055	7,396	7,420	7,452	7,682
Regional District	7,130	7,627	8,194	8,516	8,789
BC Assessment	1,630	1,590	1,578	1,515	1,463
Finance Authority	5	5	5	5	6
School District	51,600	50,249	50,519	49,223	48,472
BC Transit Authority	7,550	8,917	9,074	9,065	8,674
Frontage Taxes	2,426	2,431	2,458	2,425	2,437
	\$ 189,389	\$ 194,392	\$ 200,885	\$ 198,342	\$ 202,439
Total Current Taxes Levied	\$ 189,389	\$ 194,392	\$ 200,885	\$ 198,342	\$ 202,439
Current Taxes Collected	187,300	191,991	199,115	196,613	201,358
Percentage	98.90%	98.76%	99.12%	99.13%	99.47%
Outstanding at Beginning of Year	\$8,156	\$8,138	\$8,848	\$9,996	\$10,561
Arrears Collected	7,239	7,108	8,187	9,301	10,032
Percentage	88.76%	87.35%	92.52%	93.05%	95.00%
Total Tax Collections	\$ 194,539	\$ 199,099	\$ 207,302	\$ 205,914	\$ 211,391

2017 Taxes by Jurisdiction



Statistical Information

2017 Principal Corporate Tax Payers

Registered Owner	Primary Property	Taxes Levied
4239440 Canada Inc	Shopping Centre	\$5,088,746
Hillside Centre Holdings Inc	Shopping Centre	4,904,024
TBC Nominee Inc	Shopping Centre	2,582,405
Jawl Holdings Ltd	Various	1,832,380
Jawl Investment Corporation	Office Bldg	1,872,810
Jim Pattison Developments Ltd	Various	1,341,003
Sun Life Assurance Company of Canada	Office Bldg	1,060,119
Empress Title Corp	Hotel	1,052,334
Grampian Holdings Ltd	Stores/Offices	1,043,306
Jutland Road (Nominee) Inc	Office Bldg	1,023,939
596961 BC Ltd	Stores/Offices	895,160
Greater Victoria Harbour Authority	Various	864,678
Sussex Place Equities Ltd	Office Bldg	861,670
Telus Communications Inc	Office Bldg	707,618
1175 Douglas (BC) Properties Inc	Office Bldg	765,811
903-911 Yates Street Properties Ltd	Shopping Centre/Market	635,776
Pacific Sun Hotel Inc	Hotel	620,140
Andrew Sheret Holdings Ltd	Various	567,694
Westside Village Shopping Centre Ltd	Shopping Centre	559,679
LLRC Investments Ltd	Shopping Centre	559,506
DHL No 40 Holdings Ltd	Hotel/Motel	552,802
RAAMCO International Properties Canadian Ltd	Multi-Family Apartment	544,010
IMH James Bay Properties Ltd	Multi-Family/Shopping Centre	543,367
525 Superior Street Victoria Holdings Inc/ Jawl Precinct Lands Corp	Office Bldg	534,024
Victoria Downtown Hotel Estates Ltd	Hotel	525,745
9325875 Canada Inc/Jawl Enterprises Ltd	Office Bldg	500,539
Saratoga Investments Ltd	Stores/Offices	465,165
1675 Douglas (BC) Properties Inc	Stores/Offices	438,222
Investors Group Trust Co Ltd	Office Bldg	425,220
Executive House Ltd	Hotel	424,288
		\$33,367,890

Statistical Information

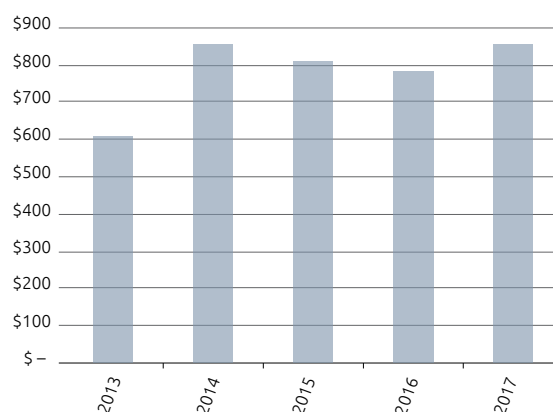
Debenture Debt 2013–2017 (IN THOUSANDS)

	2013	2014	2015	2016	2017
Gross Outstanding Debt	\$ 60,915	\$ 84,115	\$ 81,415	\$ 85,649	\$ 95,249
Less: Sinking Fund Payments	12,231	15,761	16,657	18,526	21,998
Net Debt	\$ 48,684	\$ 68,354	\$ 64,758	\$ 67,123	\$ 73,251
General	\$ 48,684	\$ 68,354	\$ 64,758	\$ 67,123	\$ 73,251
Sewer	–	–	–	–	–
Net Debt	\$ 48,684	\$ 68,354	\$ 64,758	\$ 67,123	\$ 73,251
Property Tax Supported	\$ 5,484	\$ 5,170	\$ 5,611	\$ 4,988	\$ 5,308
Specified Area & Other	–	–	–	–	–
Sewer Utility	–	–	–	–	–
Total Debt Servicing Costs	\$ 5,484	\$ 5,170	\$ 5,611	\$ 4,988	\$ 5,308
Population	80,017	80,017	80,017	85,792	85,792
Net Debt per Capita	\$608	\$854	\$809	\$782	\$ 854
Debt Servicing per Capita	\$69	\$65	\$70	\$58	\$ 62
Debt Service as % of Expenses	3.15%	2.97%	3.02%	2.65%	2.80%
# of Households	47,691	47,691	47,691	49,212	49,212
Gross Debt Servicing Limit	\$ 49,332	\$ 51,004	\$ 52,598	\$ 54,728	\$ 57,284

Statement of Financial Position 2013–2017

	2013	2014	2015	2016	2017
Financial Assets	\$ 185,477	\$ 221,504	\$ 235,371	\$ 257,726	\$ 282,832
Financial Liabilities	\$ 108,507	\$ 127,689	\$ 135,724	\$ 144,194	\$ 160,885
Net Financial Assets/(Net Debt)	\$ 76,970	\$ 93,815	\$ 99,647	\$ 113,531	\$ 121,947

Per Capita Net Debt



SOURCE: MUNICIPAL FINANCE AUTHORITY
SOURCE: POPULATION: STATISTICS CANADA

Statistical Information

Revenue and Expenses 2013 – 2017 (IN THOUSANDS)

Revenue	2013	2014	2015	2016	2017
Property Taxes	\$ 117,528	\$ 121,800	\$ 127,687	\$ 126,113	\$ 127,697
Payment In Lieu of Taxes	6,002	5,658	5,959	5,865	6,329
Sales of Services	39,214	40,075	40,617	48,788	51,153
Sale of Water	18,014	19,712	18,567	19,687	20,517
Licences and Permits	3,763	3,809	4,269	5,118	4,418
Fines	4,648	3,976	3,203	3,394	3,400
Rentals and Leases	964	916	1,230	1,349	1,489
Other penalties and interest	796	886	727	738	658
Investment income	2,344	3,567	2,824	2,743	3,493
Unconditional					
Government Transfers	1,867	1,873	2,183	1,972	1,756
Conditional Government Transfers	8,487	13,507	15,998	7,873	8,708
Other	5,916	5,381	6,903	6,910	9,119
	\$ 209,545	\$ 221,161	\$ 230,166	\$ 230,550	\$ 238,737

Expenses by Function

General Government	\$ 36,887	\$ 39,202	\$ 19,390	\$ 19,478	\$ 16,868
Protective Services	64,195	65,931	70,263	72,408	75,128
Transportation Services	20,345	19,618	23,794	24,382	25,981
Environmental/Public Health	6,574	6,795	8,331	7,859	7,615
Social Services and Housing			4,948	712	1,551
Planning and Development	2,884	2,874	15,607	17,059	15,353
Parks Recreation and Cultural	24,917	23,772	27,359	29,420	28,938
Water Utility	12,896	12,375	12,368	13,357	14,258
Sewer Utility	5,233	3,461	3,542	3,343	3,561
	\$ 173,930	\$ 174,030	\$ 185,601	\$ 188,017	\$ 189,252

Expenses by Object

Salaries Wages and Benefits	\$ 104,138	\$ 107,308	\$ 111,650	\$ 114,511	\$ 117,471
Materials Supplies and Services	38,645	31,963	48,846	52,701	52,298
Interest & Other	21,564	24,352	14,202	9,522	7,611
Amortization	9,584	10,407	10,903	11,282	11,873
	\$ 173,930	\$ 174,030	\$ 185,601	\$ 188,017	\$ 189,252

SOURCE: CITY OF VICTORIA FINANCE DEPARTMENT

Statistical Information

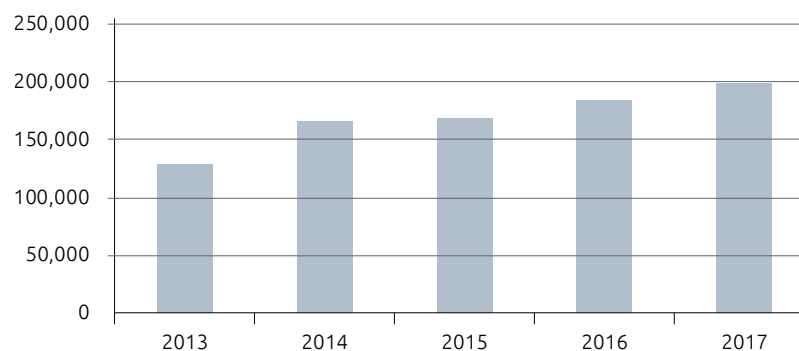
Statement of Operations 2013 – 2017 (IN THOUSANDS)

	2013	2014	2015	2016	2017
Accumulated Surplus, Beginning of Year	\$ 400,594	\$ 436,208	\$ 483,339	\$ 527,904	\$ 570,437
Annual Surplus/(Deficit)	35,615	47,131	44,565	42,533	49,485
Accumulated Surplus, End of Year	\$ 436,208	\$ 483,339	\$ 527,904	\$ 570,437	\$ 619,922

Reserve Funds and Statement of Surplus 2013 – 2017 (IN THOUSANDS)

	2013	2014	2015	2016	2017
Reserve Funds					
Operating Fund	\$ 3,512	\$ 2,898	\$ 1,818	\$ 4,033	\$ 4,026
Financial Stability Reserves	31,424	36,072	42,194	48,260	54,794
Equipment and Infrastructure Replacement Fund	81,956	117,190	112,327	123,130	131,430
Tax Sale Lands Fund	9,664	7,202	6,877	5,866	5,790
Parks and Greenways Acquisition Fund	2,269	2,298	2,324	2,346	2,724
Local Amenities	442	522	596	637	754
Victoria Housing Fund	1,897	2,141	2,709	2,883	1,950
Climate Action	381	506	634	766	851
Art in Public Places	302	437	546	580	596
Downtown Core Area Public Realm Improvements	57	58	99	151	153
Downtown Heritage Building Seismic Upgrades	19	19	22	88	89
Strategic Objectives	–	–	950	–	–
Development Stabilization Reserve Account	–	–	–	–	328
Less: Unfunded Employee Benefit Obligations	(4,175)	(4,998)	(4,731)	(5,807)	(5,965)
Total Reserves	\$ 127,749	\$ 164,345	\$ 166,365	\$ 182,931	\$ 197,521

Reserves



SOURCE: CITY OF VICTORIA FINANCE DEPARTMENT

Statistical Information

Capital Expenditures and Funding Sources 2013 – 2017 (IN THOUSANDS)

	2013	2014	2015	2016	2017
Expenditures					
Civic Facilities	\$ 7,678	\$ 3,810	\$ 12,232	\$ 3,224	\$ 3,988
Equipment	5,540	4,413	4,610	3,691	6,649
Streets	2,438	2,995	4,214	3,042	3,209
Transportation & Development	9,618	19,174	25,671	17,759	24,143
Civic Services	36	6	42	–	–
Storm Drains	3,074	3,617	2,758	5,186	5,591
Parks	1,370	2,681	806	2,274	1,645
Planning & Development	4	95	–	–	–
Shoreline Protection	–	3	26	–	–
Revitalization	12	346	515	436	621
Downtown Revitalization	322	287	130	182	148
Environmental Remediation	806	845	870	115	200
Water Utility	2,716	4,081	3,575	3,099	5,130
Sewer Utility	2,405	2,106	2,157	3,242	2,351
Victoria Conference Centre	35	273	350	281	692
	\$ 36,053	\$ 44,732	\$ 57,958	\$ 42,531	\$ 54,370
Funding Sources					
Property Taxes	10,895	12,371	12,927	10,299	10,161
Equipment & Infrastructure	9,537	2,123	14,031	10,651	6,241
Tax Sale Land Reserve	781	2,633	473	1,127	220
Development Cost Charges	–	52	53	–	252
Economic Development Reserve	–	–	–	–	–
Parks and Recreation Facility Reserve	93	–	–	–	–
Parking Reserve	1,211	786	758	1,049	328
Trust Funds	–	–	–	–	–
Grants and Partnerships	5,121	10,055	11,331	4,286	4,570
Gas Tax	912	1,394	730	4,681	7,478
Debt	564	7,788	8,746	–	12,803
Water Utility	2,716	4,081	3,575	3,099	5,242
Sewer Utility	2,405	2,106	2,157	3,242	2,351
Storm Water Utility	253	234	278	2,726	2,655
Victoria Conference Centre	–	286	250	281	152
Save On Foods Memorial Centre	–	–	–	–	53
Police Equipment & Infrastructure	927	173	1,301	870	1,191
Affordable Housing Reserve	390	–	–	–	–
Other	249	648	1,347	221	673
	\$ 36,053	\$ 44,732	\$ 57,958	\$ 42,531	\$ 54,370

Statistical Information

2017 Grants

	Grants	In-kind Services	Exemption from Property Taxes	Total
5th (BC) Field Regiment, RCA	\$	\$ 105	\$	\$ 105
Aboriginal Tourism Association of BC	7,000			7,000
AIDS Vancouver Island			31,393	31,393
Anawim Companions Society	4,000		4,229	8,229
Anglican Synod Diocese of BC			101,286	101,286
Art Gallery of Greater Victoria	8,000	8,712	89,421	106,133
Arthritis Society of BC and Yukon	2,000		11,702	13,702
ArtsREACH	1,000			1,000
Banks, Breyn (Mayor's School Entrepreneur Award)	250			250
Bateman Foundation	5,000			5,000
Bayanihan Cultural and Housing Society			3,237	3,237
BC Accordion Society	1,500			1,500
BC Dom Operations Canadian Forces		693		693
BC Law Enforcement		615		615
BC Muslim Association			18,107	18,107
BC Professional Firefighters Association		389		389
BC Society for the Prevention of Cruelty to Animals			28,615	28,615
Beacon Community Services	37,500		29,251	66,751
Belfry Theatre Society			29,051	29,051
Beshano Bike Trials Club		80		80
Bishop of Victoria			15,602	15,602
Black Hat Building (Heritage)			62,189	62,189
Blue Bridge Theatre Society			11,349	11,349
Boys' and Girls' Club of Greater Victoria			27,010	27,010
Bridges for Women Society	15,000			15,000
British Columbia Healthy Communities Society – City of Victoria Youth Council	26,000			26,000
British Motor Car Club		105		105
Burnside Gorge Community Association	113,640	206		113,846
Canada Tibet Committee		55		55
Canadian Cancer Society BC and Yukon Division			50,778	50,778
Canadian Red Cross Society			52,210	52,210
Canadian Scottish Regiment		687		687
Capital Region Food and Agriculture Initiative Roundtable Society	5,000			5,000
Caravan Stage Company	9,000			9,000
Casa Maria Emergency Housing Society			3,046	3,046
Centennial United Church			18,725	18,725
Central Baptist Church			16,627	16,627
Cerebral Palsy Association of BC	2,500			2,500
Chabad of Vancouver Island			3,552	3,552
Chinese Consolidated Benevolent Association		1,825		1,825
Chinese Empire Reform Association Building (Heritage)			10,515	10,515

Statistical Information

2017 Grants

	Grants	In-kind Services	Exemption from Property Taxes	Total
Church of Jesus Christ of Latter Day Saints	\$	\$	\$ 17,864	\$ 17,864
Church of Our Lord			15,170	15,170
Clover Point Anglers' Association			3,243	3,243
Community of Christ Inc			3,263	3,263
Community Social Planning Council of Greater Victoria	5,000	284		5,284
Compass Group Canada		53		53
Congregation Emanu-El		94	1,339	1,433
Cook Street Village Activity Centre Society (New Horizons)	55,612			55,612
Cook Street Village Business Association	4,000			4,000
Cornerstone Christian Fellowship			2,199	2,199
Council of Canadians		1,899		1,899
Craigdarroch Castle Historical Museum Society			88,686	88,686
Cridge Centre for the Family			19,556	19,556
Crisis Intervention and Public information Society of Greater Victoria	21,000			21,000
Dart Coon Club of Canada		523		523
Disaster Aid Canada	5,000			5,000
Dockside Green Limited			17,998	17,998
Dogwood Building (Heritage)			154,102	154,102
Downtown Residents' Association	26,854	52		26,906
Downtown Victoria Business Association	12,500	11,889		24,389
Esquimalt Lantern Festival Society		228		228
Fairfield Gonzales Community Association	143,106			143,106
Fairway Gorge Paddling Club		184		184
FED Restaurant Society	500			500
Fernwood Community Association	16,285		4,768	21,053
Fernwood Neighbourhood Resource Group	72,770	987		73,757
Fire Fighters' Burn Fund of Greater Victoria			2,203	2,203
First Baptist Church			2,790	2,790
First Church Of Christ Scientist			10,560	10,560
First Church of the Truth			4,432	4,432
First Metropolitan United Church			24,619	24,619
First Open Heart Society of BC			2,903	2,903
Flemenco de la Isla Society	5,000			5,000
Foursquare Gospel Church of Canada			1,783	1,783
Franciscan Friars of Western Canada			5,424	5,424
Freshwater Fisheries Society of BC			19,147	19,147
Fung Loy Kok Institute of Taoism			8,144	8,144
Girl Guides of Canada Southern Vancouver Island			7,774	7,774
Glad Tidings Pentecostal Church			71,578	71,578
Glidden, Lia (Mayor's School Entrepreneur Award)	250			250
Go Rowing and Paddling Association of Canada		180		180
Good Shepherd Lutheran Church			2,967	2,967

Statistical Information

2017 Grants

	Grants	In-kind Services	Exemption from Property Taxes	Total
Governing Council of the Salvation Army in Canada	\$	\$	\$ 56,656	\$ 56,656
Grace Evangelical Lutheran Church			18,130	18,130
Greater Victoria Bike to Work Society	3,000	79		3,079
Greater Victoria Citizens' Counselling Centre			9,804	9,804
Greater Victoria Cycling Coalition	930			930
Greater Victoria Festival Society	6,400	20,101		26,501
Greater Victoria Housing Society			4,533	4,533
Greater Victoria Lifetime Networks	15,000			15,000
Greater Victoria Placemaking Network	9,975			9,975
Greater Victoria Rental Development Society			14,858	14,858
Greater Victoria Spirit Committee	1,980			1,980
Gurdwara Singh Sabha Society of Victoria			13,338	13,338
Heart and Stroke Foundation		78		78
HeroWork Program		103		103
Hook Sin Tong Building (Heritage)			24,486	24,486
Hope in Shadows	8,000			8,000
Hotel Rialto Building (Heritage)			107,610	107,610
Hudson Building (Heritage)			153,840	153,840
India Canada Cultural Association	3,000			3,000
InnovativeCommunities.Org Foundation			4,387	4,387
Integrate Arts Society	2,500	102		2,602
Intrepid Theatre Company	14,000			14,000
Island Community Mental Health			31,393	31,393
Island Corridor Foundation			23,858	23,858
Island Equipment Owners Association		6,617		6,617
James Bay Anglers' Association			3,623	3,623
James Bay Community School Centre	64,858			64,858
James Bay Health and Community Services Society			41,069	41,069
James Bay Neighbourhood Association	10,257			10,257
James Bay New Horizons Society	78,487			78,487
James Bay United Church			13,533	13,533
John Howard Society of Victoria			7,825	7,825
Jubilee Congregation of Jehovah's Witnesses			5,735	5,735
Kaleidoscope Theatre Productions Society	3,500			3,500
Kalghidhar Shromani Society			3,145	3,145
Keystone Victoria Christian Ministries Inc			3,204	3,204
Khalsa Diwan Society of Victoria			16,776	16,776
Kiwanis Club of Victoria			8,858	8,858
Knights of Columbus		87		87
Laren Society			5,193	5,193
Leadership Victoria Society	3,000			3,000
Leiser Building (Heritage)			49,315	49,315

Statistical Information

2017 Grants

	Grants	In-kind Services	Exemption from Property Taxes	Total
Lewis and Humphrey Block (Heritage)	\$	\$	\$ 40,883	\$ 40,883
Lifecycles Project Society	15,500			15,500
Living Edge Community	5,000			5,000
Loo Chew Fan Building/Ning Yung Building (Heritage)			33,066	33,066
Maplewood Gospel Hall			8,451	8,451
Maritime Museum	20,000	158		20,158
Maximus BC Health Inc. (Victoria UrbaCity Challenge)		49		49
Military Music Festival Society		49		49
Morley's Soda Factory Building (Heritage)			11,623	11,623
Move Adapted Fitness		54		54
Multiple Sclerosis Society of Canada			32,677	32,677
Mustard Seed Street Church			4,610	4,610
New England Hotel Building (Heritage)			24,357	24,357
North Jubilee Neighbourhood Association	2,288			2,288
North Park Neighbourhood Association	5,588	272		5,860
Oak Bay Gospel Assembly			6,038	6,038
Oaklands Chapel		210	3,399	3,609
Oaklands Community Association	86,649	306	2,778	89,733
Open Door Spiritualist Church			1,621	1,621
Open Space Arts Society	1,000		9,393	10,393
Oriental Hotel Building (Heritage)			55,107	55,107
Our Place Society	50,000			50,000
Pacific Montessori Society		156		156
Pacific Peoples' Partnership	2,500			2,500
Pacifica Housing Advisory Association	855,000		30,660	885,660
Palladian (Heritage)			44,995	44,995
Pandora Arts Collective	1,000			1,000
Parkdale Evangelical Free Church			3,266	3,266
Peers Victoria Resource Society	13,000			13,000
Pentecostal Assemblies of Canada			4,303	4,303
Phoenix Human Services Association			14,650	14,650
Polish White Eagle Association	5,000			5,000
Portland Hotel (Heritage)			53,061	53,061
Prior Building (Heritage)			66,048	66,048
Promis Block/Warner Building (Heritage)			69,601	69,601
Quadra Village Community Centre	72,369	250		72,619
Ready to Rent BC	9,000			9,000
Recreation Integration Victoria	30,758			30,758
Religious Society of Friends			7,703	7,703
Rockland Community Association	2,618			2,618
Ross Bay Villa Society			3,654	3,654
Royal and McPherson Theatre Society			104,545	104,545
Royal Victoria Yacht Club		52		52

Statistical Information

2017 Grants

	Grants	In-kind Services	Exemption from Property Taxes	Total
Ryder Hesjald's Tour de Victoria	\$	\$ 15,307	\$	\$ 15,307
Saint Germain Foundation of Canada (Victoria Branch)			3,678	3,678
Saint Sophia Parish of the Russian Orthodox Church			3,693	3,693
Scouts Canada 2nd Fort Victoria Group			10,900	10,900
Seventh-Day Adventist Church			2,494	2,494
Shekinah Homes Society			4,402	4,402
Silver Threads Service	183,001			183,001
Societe Francophone de Victoria	6,200	3,000		9,200
Society of Living Intravenous Drug Users	9,000			9,000
Society of Saint Vincent de Paul of Vancouver Island	125,000		38,370	163,370
South Island Centre for Counselling and Training	15,000			15,000
South Island Prosperity Project	218,916			218,916
South Jubilee Neighbourhood Association	7,643			7,643
South Park School PAC		78		78
SportHost Victoria	5,000			5,000
Spray, Kristin (Orange Shirt Day)	4,500			4,500
St Andrew's Presbyterian Church			27,268	27,268
Stigma Free Society	5,000			5,000
Suddenly Dance Theatre Society	3,200			3,200
Terry Fox Foundation		1,143		1,143
Thanh, Yasuko (Butler Book Prize)	5,000			5,000
Theatre Inconnu	2,500	102		2,602
Theatre SKAM Association	9,000	850		9,850
Thomas Earle Warehouse (Heritage)			23,702	23,702
Threshold Housing Society	20,000	162	3,236	23,398
Times Colonist Cycling Festival		1,732		1,732
TLC (The Land Conservancy) of BC			24,660	24,660
Tourism Victoria	20,000			20,000
Trans Canada Trail		53		53
Tweed Ride Victoria		772		772
Ukrainian Catholic Eparchy of the New Westminster			4,114	4,114
United Church Of Victoria			15,766	15,766
Unity Church Of Victoria			3,540	3,540
University of Victoria - Faculty Association		784		784
University of Victoria - Native Student Union		1,142		1,142
Vancouver Island Addiction Recovery Society			1,957	1,957
Vancouver Island Shakespeare Association	3,000	50		3,050
Vancouver Island South Film and Media Commissions	35,000			35,000
Victoria Association For Community Living			6,113	6,113
Victoria BC SKA Society	7,000	1,515		8,515
Victoria Brain Injury Society	7,000			7,000
Victoria Chinese Alliance Church			3,567	3,567
Victoria Chinese Presbyterian Church			8,998	8,998









Statistical Information

2017 Grants

	Grants	In-kind Services	Exemption from Property Taxes	Total
Victoria Civic Heritage Trust	\$ 529,814	\$	\$	\$ 529,814
Victoria Community Association	1,115			1,115
Victoria Compost And Conservation Education Society	5,000	240		5,240
Victoria Conservatory of Music	7,000		84,002	91,002
Victoria Cool Aid Society	51,612		7,773	59,385
Victoria Cycling Series		1,645		1,645
Victoria Dragon Boat Festival Society	8,000	3,434		11,434
Victoria Heritage Foundation	210,125			210,125
Victoria Highland Games Association	6,000	2,908		8,908
Victoria Hospice Foundation		103		103
Victoria Immigrant and Refugee Centre Society	10,000			10,000
Victoria Independent Film and Video Festival	11,000	1,485		12,485
Victoria Innovation, Advanced Technology and Entrepreneurship Council (ViaTEC)	15,000			15,000
Victoria International Running Society		6,833		6,833
Victoria Jazz Society	16,000	2,574		18,574
Victoria Marathon Society		32,107		32,107
Victoria Native Friendship Centre			24,709	24,709
Victoria Pretty Good Society	3,000			3,000
Victoria Pride Society	6,000	10,160		16,160
Victoria Shambhala Centre			3,204	3,204
Victoria Single Parent Resource Centre Society	1,000		8,882	9,882
Victoria Symphony Society	10,000	14,592		24,592
Victoria Theatre Guild and Dramatic School			21,166	21,166
Victoria West Community Association	114,989	101		115,090
Victoria West Elementary School PAC	5,000			5,000
Victoria Women in Need Community Cooperative			10,078	10,078
Victoria Women's Sexual Assault Centre	40,000		7,064	47,064
Victoria Women's Transition House Society	8,000		14,202	22,202
Victoria Youth Empowerment Society	13,000		6,901	19,901
Volunteer Victoria	5,500			5,500
Voyer, Richard Jacques and Nheng, Zhi Mei (Secondary Suite)	5,000			5,000
Waymark Architecture (Centennial Square Pop-Up)	1,000			1,000
Wholesale Woolens Building (Heritage)			20,307	20,307
WildVision Edutainment Inc (Centennial Square Pop-Up)	5,000			5,000
World Fisheries Trust	5,500			5,500
YM/YWCA of Greater Victoria			75,647	75,647
Young Life of Canada		55		55
	\$ 3,792,038	\$ 161,495	\$ 2,838,459	\$ 6,791,992

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
-  0.45 kg water-borne waste not created
-  3,183.5 litres wastewater flow saved
-  25.4 kg solid waste not generated
-  70.3 kg net greenhouse gases prevented
-  20.86 kg ghg emissions not generated
-  0.001 cubic metres natural oil unused
-  Equivalent to not driving 24.14 km in an average car

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