

The Corporation of the City of Victoria
Financial Statements
For the year ended December 31, 2017

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Financial Statements
For the year ended December 31, 2017

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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.

Chief Administrative Officer

Director of Finance

April 26, 2018

Independent Auditor's 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, the Statements of Operations, Change in Net Financial Assets and Cash Flows 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 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 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, changes in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Victoria, British Columbia
April 26, 2018

The Corporation of the City of Victoria
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
	<u>282,831,847</u>	<u>257,725,587</u>
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
	<u>160,885,233</u>	<u>144,194,436</u>
Net Financial Assets	<u>121,946,614</u>	<u>113,531,151</u>
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
	<u>497,975,851</u>	<u>456,906,217</u>
Accumulated Surplus (Note 11)	<u>\$ 619,922,465</u>	<u>\$ 570,437,368</u>
Commitments (Note 16)		
Contingent liabilities (Note 17)		

_____ Director of Finance _____ Mayor

The Corporation of the City of Victoria
Statement of Operations

For the year ended December 31	Financial Plan 2017 (Note 18)	2017	2016
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
	<u>231,734,075</u>	<u>238,737,235</u>	<u>230,549,592</u>
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
	<u>188,044,450</u>	<u>189,252,138</u>	<u>188,016,605</u>
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	<u>\$ 614,126,993</u>	<u>\$ 619,922,465</u>	<u>\$ 570,437,368</u>

The Corporation of the City of Victoria
Statement of Change in Net Financial Assets

For the year ended December 31	Financial Plan 2017 (Note 18)	2017	2016
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 Corporation of the City of Victoria
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		
Amortization of tangible capital assets	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
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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)
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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)
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Cash and Cash Equivalents, beginning of year	88,214,735	98,849,674
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Cash and Cash Equivalents, end of year	\$ 110,003,479	\$ 88,214,735
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The Corporation of the City of Victoria

Notes to the 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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

1. Significant Accounting Policies (Continued)

(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.

(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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

1. Significant Accounting Policies (Continued)

(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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

1. Significant Accounting Policies (Continued)

(k) Non-Financial Assets (Continued)

(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.

(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 remediation strategy for a contaminated site. No liability for contaminated sites exists as at December 31, 2016 or 2017.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

2. Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
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
	<u>\$ 110,003,479</u>	<u>\$ 88,214,735</u>

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

	<u>2017</u>	<u>2016</u>
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)
	<u>\$ 31,000,807</u>	<u>\$ 27,965,007</u>

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

4. Portfolio Investments

Portfolio investments are comprised of Guranteed 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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

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
	<u>\$ 29,406,143</u>	<u>\$ 27,075,850</u>

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

	2017	2016
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

	2017	2016
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>

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

7. Deferred Revenue (Continued)

Development cost charges include the following:

	2017	2016
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
	\$ 15,973,761	\$ 13,534,862

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

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
		\$ 95,249,015	\$ (21,998,409)	\$ 73,250,606	\$ 67,123,425	

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

8. Long-Term Debt (Continued)

- (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	<u>51,899,131</u>
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).

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)	<u>(298,800)</u>	<u>(747,800)</u>
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	<u>440,663</u>	<u>474,924</u>
Accrued benefit liability, end of year	<u>\$ 17,688,187</u>	<u>\$ 17,051,123</u>

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

9. Employee Future Benefit Liability (Continued)

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 fund surplus 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.

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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

9. Employee Future Benefit Liability (continued)

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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

10. Tangible Capital Assets

	Land & 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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

11. Accumulated Surplus

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

	<u>2017</u>	<u>2016</u>
Surplus		
Equity in tangible capital assets	<u>\$ 422,401,080</u>	<u>\$ 387,505,952</u>
Non-Statutory Reserve Accounts		
Development Stabilization Reserve Account	<u>327,846</u>	-
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 obligation (Note 9)	<u>(5,965,421)</u>	<u>(5,806,918)</u>
Total reserves	<u>197,521,385</u>	<u>182,931,416</u>
	<u><u>\$ 619,922,465</u></u>	<u><u>\$ 570,437,368</u></u>

The Corporation of the City of Victoria
Notes to the 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	\$ 127,667,268	\$ 127,697,471	\$ 126,112,506

The Corporation of the City of Victoria

Notes to the 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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

14. Miscellaneous Revenue

	Financial Plan 2017	2017	2016
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
	<u>\$ 4,522,218</u>	<u>\$ 8,337,747</u>	<u>\$ 6,246,349</u>

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
	<u>\$ 1,828,365</u>	<u>\$ 1,776,415</u>

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.

The Corporation of the City of Victoria

Notes to the Financial Statements

December 31, 2017

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.

The Corporation of the City of Victoria

Notes to the Financial Statements

December 31, 2017

17. Contingent Liabilities (Continued)

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.

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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

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>

The Corporation of the City of Victoria

Notes to the 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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

19. Segmented Information (Continued)

(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.

(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.

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

19. Segmented Information (Continued)

(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.

The Corporation of the City of Victoria
Notes to the Financial Statements

For the year ended December 31, 2017

19. Segmented Information (Continued)

	General Fund							Water Fund	Sewer Fund	
	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Social Services and Housing	Parks Recreation Cultural Services	Planning and Development	Water Utility	Sewer Utility	Total
2017										
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 & 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
	<u>30,398,342</u>	<u>76,610,738</u>	<u>37,298,343</u>	<u>12,095,819</u>	<u>1,593,061</u>	<u>31,312,197</u>	<u>18,412,158</u>	<u>22,009,421</u>	<u>9,007,156</u>	<u>238,737,235</u>
Expenses										
Salaries & 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, & 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
Interests, & 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
	<u>16,868,104</u>	<u>75,128,184</u>	<u>25,980,557</u>	<u>7,614,739</u>	<u>1,550,606</u>	<u>28,937,509</u>	<u>15,353,385</u>	<u>14,257,562</u>	<u>3,561,492</u>	<u>189,252,138</u>
Annual surplus	<u>\$ 13,530,238</u>	<u>\$ 1,482,554</u>	<u>\$ 11,317,786</u>	<u>\$ 4,481,080</u>	<u>\$ 42,455</u>	<u>\$ 2,374,688</u>	<u>\$ 3,058,773</u>	<u>\$ 7,751,859</u>	<u>\$ 5,445,664</u>	<u>\$ 49,485,097</u>

The Corporation of the City of Victoria
Notes to the Financial Statements

For the year ended December 31, 2016

19. Segmented Information (Continued)

	General Fund							Water Fund	Sewer Fund	
	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Social Services and Housing	Parks Recreation Cultural Services	Planning and Development	Water Utility	Sewer Utility	Total
2016										
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 & 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 & 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, & 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
Interests, & 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 of capital assets	-	-	-	-	-	-	-	-	-	-
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

The Corporation of the City of Victoria
Notes to the Financial Statements

December 31, 2017

20. Comparative Figures

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