

## **APPENDIX A**

### **The Corporation of the City of Victoria Financial Statements For the year ended December 31, 2015**

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## Management's Responsibility for the Financial Statements

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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.

The Finance Advisory Committee meets 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.

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Chief Administrative Officer

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Finance Officer

April 21, 2016

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## Independent Auditor's Report

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### To the Mayor and Councilors 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, 2015, 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, 2015 and its results of operations, cash flows and changes in net financial assets for the year then ended, in accordance with Canadian public sector accounting standards.

### Other Matters

The comparative figures presented in these financial statements for the year ended December 31, 2014 were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion in their report dated April 24, 2015.

Chartered Professional Accountants  
Victoria, British Columbia  
April 21, 2016

**The Corporation of the City of Victoria**  
**Statement of Financial Position**

December 31	2015	2014
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 98,849,674	\$ 97,385,214
Accounts receivable		
Property taxes	2,689,705	3,795,694
Other (Note 3)	30,269,322	25,587,485
Portfolio investments (Note 4)	101,700,272	93,700,066
Mortgage receivable (Note 5)	812,844	-
Other assets	1,049,339	1,036,018
	<u>235,371,156</u>	<u>221,504,477</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	27,130,216	23,620,327
Deposits and prepayments	12,262,183	8,193,837
Deferred revenue (Note 7)	15,800,475	11,734,791
Long-term debt (Note 8)	64,757,797	68,353,996
Obligations under capital lease (Note 9)	137,175	284,587
Employee future benefit liability (Note 10)	15,635,995	15,501,792
	<u>135,723,841</u>	<u>127,689,330</u>
<b>Net Financial Assets</b>	<u>99,647,315</u>	<u>93,815,147</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 11)	426,567,296	387,765,232
Inventory of supplies	840,988	845,240
Prepaid expenses and deposits	848,782	913,358
	<u>428,257,066</u>	<u>389,523,830</u>
<b>Accumulated Surplus (Note 12)</b>	<u>\$ 527,904,381</u>	<u>\$ 483,338,977</u>
Commitments (Note 17)		
Contingent liabilities (Note 18)		

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Finance Officer

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Mayor

**The Corporation of the City of Victoria**  
**Statement of Operations**

For the year ended December 31	Financial Plan 2015 (Note 19)	2015	2014
<b>Revenue</b>			
Taxation (Note 13)	\$ 126,866,447	\$ 127,687,104	\$ 121,800,171
Net grants in lieu of taxes	5,576,000	5,959,046	5,657,610
Sale of goods and services	39,204,458	40,616,789	40,075,210
Sale of water	18,391,750	18,566,652	19,712,023
Licences and permits	3,725,500	4,269,237	3,809,220
Fines	4,280,000	3,203,190	3,976,072
Rentals and leases	1,295,342	1,229,910	915,519
Other penalties and interest	790,000	726,885	886,207
Investment income	2,300,000	2,823,513	3,567,450
Government transfers (Note 14)	18,932,811	18,181,429	15,380,134
Actuarial adjustment on debt	-	570,578	553,700
Miscellaneous (Note 15)	3,217,917	6,331,989	4,827,449
	<u>224,580,225</u>	<u>230,166,322</u>	<u>221,160,765</u>
<b>Expenses</b>			
General government	39,339,678	47,281,161	39,202,029
Protective services	67,627,071	68,468,914	65,930,883
Transportation services	19,502,522	20,242,808	19,618,419
Environmental and public health services	7,228,024	7,517,370	6,795,319
Community planning	3,395,865	2,947,511	2,874,152
Parks recreation and community development	23,813,423	23,233,514	23,772,456
Water utility	12,732,339	12,367,601	12,375,086
Sewer utility	2,769,411	3,542,039	3,461,713
	<u>176,408,333</u>	<u>185,600,918</u>	<u>174,030,057</u>
<b>Annual Surplus</b>	48,171,892	44,565,404	47,130,708
<b>Accumulated Surplus, beginning of year</b>	483,338,977	483,338,977	436,208,269
<b>Accumulated Surplus, end of year</b>	<u>\$ 531,510,869</u>	<u>\$ 527,904,381</u>	<u>\$ 483,338,977</u>

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

<b>For the year ended December 31</b>	<b>Financial Plan 2015 (Note 19)</b>	<b>2015</b>	<b>2014</b>
<b>Annual Surplus</b>	\$ 48,171,892	\$ 44,565,404	\$ 47,130,708
Acquisition of tangible capital assets	(84,776,882)	(54,492,823)	(40,429,276)
Amortization of tangible capital assets	8,000,000	10,903,102	10,406,728
Loss (gain) on disposal of tangible capital assets	-	3,860,636	(84,540)
Proceeds on disposal of tangible capital assets	-	927,021	84,540
	(28,604,990)	5,763,340	17,108,160
Consumption of inventory of supplies	-	4,252	16,498
Purchase of prepaid expenses and deposits	-	64,576	(279,623)
<b>Change in Net Financial Assets</b>	(28,604,990)	5,832,168	16,845,035
<b>Net Financial Assets, beginning of year</b>	93,815,147	93,815,147	76,970,112
<b>Net Financial Assets, end of year</b>	\$ 65,210,157	\$ 99,647,315	\$ 93,815,147

**The Corporation of the City of Victoria**  
**Statement of Cash Flows**

For the year ended December 31

2015

2014

Cash provided by (used in):

**Operating Transactions**

Annual surplus	\$ 44,565,404	\$ 47,130,708
Items not involving cash		
Amortization of tangible capital assets	10,903,102	10,406,728
Loss (gain) on disposal of tangible capital assets	3,860,636	(84,540)
Change in employee benefits and other liabilities	134,203	1,362,064
Actuarial adjustment on debt	(570,578)	(553,700)
Non-cash grant related to Gorge property	(4,787,657)	-
Changes in non-cash operating assets and liabilities		
Accounts receivable other	(4,681,837)	(1,597,276)
Property taxes receivable	1,105,989	(106,646)
Mortgage receivable	(812,844)	-
Other assets	(13,321)	(215,841)
Accounts payable and accrued liabilities	3,509,889	(2,093,278)
Deposits and prepayments	4,068,346	27,895
Deferred revenue	4,065,684	359,912
Inventory of supplies	4,252	16,498
Prepaid expenses and deposits	64,576	(279,623)
	<u>61,415,844</u>	<u>54,372,901</u>

**Capital Transactions**

Acquisition of tangible capital assets (net)	(49,705,165)	(40,429,276)
Proceeds on disposal of tangible capital assets	927,021	84,540
	<u>(48,778,144)</u>	<u>(40,344,736)</u>

**Investing Transactions**

Increase in investments	<u>(8,000,206)</u>	<u>(13,752,232)</u>
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**Financing Transactions**

Debt issued	-	23,200,000
Debt repayments	(3,025,622)	(2,976,487)
Capital lease repayments	(147,412)	(144,092)
	<u>(3,173,034)</u>	<u>20,079,421</u>

Increase in Cash and Cash Equivalents	1,464,460	20,355,354
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Cash and Cash Equivalents, beginning of year	97,385,214	77,029,860
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<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 98,849,674</b>	<b>\$ 97,385,214</b>
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**The Corporation of the City of Victoria**  
**Notes to the Financial Statements**

**December 31, 2015**

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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.

**(i) Funds held in trust**

The financial statements exclude trust assets that are administered for the benefit of external parties (Note 16).

**(b) Basis of Accounting**

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

**(c) Government Transfers**

Government transfers are recognized in the financial statements as revenues in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue 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.

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

**December 31, 2015**

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**1. Significant Accounting Policies (Continued)**

**(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) Tax 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 uncollectable amounts. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Through the British Columbia Assessments' 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 Municipal Pension Plan. As this is a multi employer pension plan, 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.

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

**December 31, 2015**

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**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 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.

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

**December 31, 2015**

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**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, 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**

Effective January 1, 2015, the City adopted the new Public Sector Accounting Standard PS3260, Liability for Contaminated Sites. The new standard can be applied retroactively or prospectively and the City has elected to apply it prospectively.

Under PS3260, governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has a responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard, including sites that are no longer in productive use and sites for which the City accepts responsibility. There were no such sites that had contamination in excess of an environmental standard requiring remediation at this time, therefore no liability was recognized on the transition as at January 1, 2015 or at December 31, 2015.

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

**December 31, 2015**

**2. Cash and Cash Equivalents**

	2015	2014
Cash	\$ 6,371,175	\$ 4,426,944
MFA Money Market Funds	83,478,499	86,958,270
Guaranteed investment certificate	9,000,000	6,000,000
	<u>\$ 98,849,674</u>	<u>\$ 97,385,214</u>

Guaranteed investment certificate has an interest rate of 1.27% and matures on March 22, 2016.

**3. Accounts Receivable**

	2015	2014
Sewer	\$ 2,656,369	\$ 2,628,561
Water	9,961,380	11,264,255
Grants	8,140,553	4,197,802
GST and carbon tax	880,329	562,436
Investment interest income	877,683	932,876
Parks, recreation and community development	2,371,302	1,677,454
Municipal tickets	1,079,180	1,335,452
Victoria police department	871,676	843,588
Business licenses	244,851	203,406
Rental properties	670,425	20,533
Permits	411,754	90,836
Garbage	446,615	412,051
Third party billing	824,190	512,209
Miscellaneous	1,526,273	1,590,723
Valuation allowance	(693,258)	(684,697)
	<u>\$ 30,269,322</u>	<u>\$ 25,587,485</u>

## The Corporation of the City of Victoria

### Notes to the Financial Statements

December 31, 2015

#### 4. Portfolio Investments

	Yield	Maturity	2015	2014
Corporate bonds	1.80%	July 17, 2020	\$ 6,000,000	\$ 6,000,000
Term deposits	1.20% to 1.90%	December 17, 2016	95,700,272	87,700,066
			<u>\$ 101,700,272</u>	<u>\$ 93,700,066</u>

Corporate bonds includes Schedule 1 Chartered Banks of Canada. The City's investments have costs that approximate market values.

#### 5. Mortgage Receivable

	2015	2014
Mortgage receivable	<u>\$ 812,844</u>	<u>\$ -</u>

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, 2015**

**6. Accounts Payable and Accrued Liabilities**

	2015	2014
Trade account payable	\$ 12,320,790	\$ 12,309,302
Capital projects	3,434,083	1,700,067
Payroll accounts payable	4,963,724	5,071,656
Contract holdbacks	4,247,566	2,380,840
School authorities	714,716	850,629
Capital Regional District	406,147	373,190
Legal settlements	678,381	517,670
Integrated recreation	100,077	105,204
BC Transit	147,688	173,788
Regional Hospital District	95,810	112,565
BC Assessment Authority	21,234	25,416
	<u>\$ 27,130,216</u>	<u>\$ 23,620,327</u>

**7. Deferred Revenue**

	2015	2014
Building permit fees	\$ 2,867,315	\$ 1,964,002
Development cost charges	11,337,517	8,405,584
General operating deferred revenue	1,595,643	1,365,205
	<u>\$ 15,800,475</u>	<u>\$ 11,734,791</u>

**Building permit fees**

	2015	2014
Opening balance of building permit fees	\$ 1,964,002	\$ 1,999,061
Add: fees and contributions received	3,085,134	1,866,031
Less: revenue earned and/or fees refunded	(2,181,821)	(1,901,090)
	<u>\$ 2,867,315</u>	<u>\$ 1,964,002</u>

**Development cost charges**

	2015	2014
Opening balance of unspent funds	\$ 8,405,584	\$ 7,615,303
Add: development cost charges received during year	2,906,876	747,110
Add: interest earned	78,057	95,191
Less: amount spent on projects and recorded as revenue	(53,000)	(52,020)
	<u>\$ 11,337,517</u>	<u>\$ 8,405,584</u>

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

**December 31, 2015**

**7. Deferred Revenue (Continued)**

Development cost charges include the following:

	2015	2014
Water and environment	\$ 922,057	\$ 912,817
Streets	20,201	19,999
Transportation	4,390,097	3,197,355
Water	451,834	323,792
Drainage	266,426	194,176
Sewage	1,746,071	1,178,926
Parkland acquisition	2,594,643	1,917,016
Parkland development	946,188	661,503
	<b>\$ 11,337,517</b>	<b>\$ 8,405,584</b>

There are no waivers and/or reductions in development cost charges during 2015 or 2014.

**8. Long-Term Debt**

The City issues debt instruments through the MFA, pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. The debt is issued on a sinking fund basis, whereby MFA invests the City's principal payments so that the payments, plus investment income will equal the original outstanding debt amount at the end of the repayment period. Actuarial earnings on debt represent the repayment and/or forgiveness of debt by the MFA using surplus investment income generated by the principal payments.

(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 2015	Net debt 2014	Year of Maturity
Issue 79	2.10%	10,000,000	(2,464,814)	7,535,186	7,799,868	2033
Issue 80	2.40%	10,000,000	(2,424,885)	7,575,115	7,835,605	2033
Issue 81	2.40%	10,000,000	(2,212,232)	7,787,768	8,041,235	2034
Issue 95	4.17%	1,265,770	(1,265,770)	-	590,998	2015
Issue 102	4.82%	4,509,000	(2,081,703)	2,427,297	2,724,580	2022
Issue 103	4.65%	1,800,000	(729,563)	1,070,437	1,187,269	2023
Issue 105	4.90%	5,240,015	(1,775,825)	3,464,190	3,789,831	2024
Issue 110	4.50%	5,200,000	(1,447,630)	3,752,370	4,064,952	2025
Issue 115	3.89%	10,200,000	(1,468,828)	8,731,172	9,119,658	2031
Issue 130	3.00%	23,200,000	(785,738)	22,414,262	23,200,000	2034
		<b>\$ 81,414,785</b>	<b>\$ (16,656,988)</b>	<b>\$ 64,757,797</b>	<b>\$ 68,353,996</b>	

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

**December 31, 2015**

**8. Long-Term Debt (Continued)**

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

2016	\$ 2,470,703
2017	2,486,403
2018	2,502,714
2019	2,519,659
2020	2,537,263
Thereafter	<u>52,241,055</u>
Total	<u>\$ 64,757,797</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 \$3,025,622 (2014 - \$2,976,487). Interest paid during the year was \$2,566,962 (2014 - \$2,261,491).

**9. Obligations Under Capital Lease**

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

2016	\$ 138,735
Less amount representing interest (at a rate of 2%)	<u>(1,560)</u>
Present value of net minimum capital lease payments	<u>\$ 137,175</u>

**10. Employee Future Benefit Liability**

	2015	2014
Accrued benefit obligation		
Balance, beginning of year	\$ 17,272,301	\$ 14,474,700
Service cost	1,354,600	1,115,300
Interest cost	556,800	600,300
Benefits payments	(1,826,000)	(864,800)
Immediate recognition loss/(gain) for event driven liabilities	(131,900)	(232,400)
Plan amendment	-	100,500
Actuarial loss	<u>503,700</u>	<u>2,078,701</u>
Accrued benefit obligation, end of year	17,729,501	17,272,301
Less unamortized net actuarial loss	(2,522,346)	(2,234,415)
Add pension over contributions due to staff	<u>428,840</u>	<u>463,906</u>
Accrued benefit liability, end of year	<u>\$ 15,635,995</u>	<u>\$ 15,501,792</u>

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

**December 31, 2015**

**10. Employee Future Benefit Liability (Continued)**

The accrued benefit liability and the benefit costs for the year were estimated by actuarial valuation conducted as at December 31, 2015 by an independent actuarial firm. Key estimates were used in the valuation including the following:

	2015	2014
Discount rates	3.10%	3.10%
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	12 years	12 years

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

	City	Police	2015	2014
Vested benefits	\$ 2,935,805	\$ 6,726,149	\$ 9,661,954	\$ 9,484,785
Non-vested benefits	4,775,114	1,198,927	5,974,041	6,017,007
Total accrued benefit liabilities	7,710,919	7,925,076	15,635,995	15,501,792
Charged to operating funds in current and past years	(4,404,022)	(6,500,525)	(10,904,547)	(10,503,799)
Portion of benefits charged against reserves	\$ 3,306,897	\$ 1,424,551	\$ 4,731,448	\$ 4,997,993

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, 2015, the total plan provision for approved and unreported claims was \$19,101,700 with a net deficit of \$1,519,598. The City paid \$567,058 (2014 - \$539,704) for employer contributions and City employees paid \$567,058 (2014 - \$539,704) for employee contributions to the Plan in fiscal 2015.

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

**December 31, 2015**

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**10. Employee Future Benefit Liability (continued)**

***Municipal Pension Plan***

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan 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, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015, with results available later in 2016. 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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The City of Victoria paid \$10,676,045 (2014 - \$9,808,373) for employer contributions and City of Victoria employees paid \$8,481,780 (2014 - \$7,807,076) for the Plan in fiscal 2015.

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

**December 31, 2015**

**11. Tangible Capital Assets**

	Land & land improvements	Buildings	Furniture, equipment, technology, motor vehicles	Roads, bridges, highways	Water infrastructure	Sewer infrastructure	Drainage infrastructure	Assets under construction	2015 Total	2014 Total
Cost, beginning of year	\$ 135,627,933	\$ 101,078,041	\$ 61,072,975	\$ 90,772,830	\$ 55,649,691	\$ 18,779,602	\$ 16,451,200	\$ 47,834,110	\$ 527,266,382	\$ 488,649,798
Additions	2,488,651	7,162,387	5,104,532	5,069,685	4,654,496	1,308,424	1,677,654	31,554,082	59,019,911	56,847,285
Disposals/transfers	(2,284,000)	(2,650,324)	(843,951)	-	-	-	-	(4,527,087)	(10,305,362)	(18,230,701)
Cost, end of year	135,832,584	105,590,104	65,333,556	95,842,515	60,304,187	20,088,026	18,128,854	74,861,105	575,980,931	527,266,382
Accumulated amortization, beginning of year	158,503	37,915,482	38,334,972	46,535,570	8,450,341	5,331,883	2,774,399	-	139,501,150	130,907,114
Disposals	-	(191,381)	(799,236)	-	-	-	-	-	(990,617)	(1,812,692)
Amortization	52,364	2,537,866	5,089,802	2,313,915	532,559	203,541	173,055	-	10,903,102	10,406,728
Accumulated amortization, end of year	210,867	40,261,967	42,625,538	48,849,485	8,982,900	5,535,424	2,947,454	-	149,413,635	139,501,150
Net carrying amount, end of year	\$ 135,621,717	\$ 65,328,137	\$ 22,708,018	\$ 46,993,030	\$ 51,321,287	\$ 14,552,602	\$ 15,181,400	\$ 74,861,105	\$ 426,567,296	\$ 387,765,232

No contributed assets have been recognized during 2015 or 2014.

No writedown of tangible capital assets occurred during 2015 or 2014.

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

**December 31, 2015**

**12. Accumulated Surplus**

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

	<u>2015</u>	<u>2014</u>
Surplus		
Equity in tangible capital assets	<u>\$ 361,539,272</u>	<u>\$ 319,126,649</u>
Reserves		
Operating Fund	1,818,422	2,765,431
Financial Stability Reserves	41,120,469	36,072,351
Equipment and Infrastructure Replacement Fund	113,400,212	117,189,900
Tax Sale Lands Fund	6,877,431	7,201,808
Parks and Greenways Acquisition Fund	2,324,124	2,297,832
Local Amenities	595,525	522,121
Victoria Housing Fund	2,708,914	2,140,697
Climate Action	634,467	505,768
Art in Public Places	546,075	436,960
Downtown Core Area Public Realm Improvements	99,261	58,090
Downtown Heritage Building Seismic Upgrades	22,061	19,363
Strategic Objectives	949,597	-
Less: Underfunded employee benefit obligations	<u>(4,731,449)</u>	<u>(4,997,993)</u>
Total reserves	<u>166,365,109</u>	<u>164,212,328</u>
	<u>\$ 527,904,381</u>	<u>\$ 483,338,977</u>

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

**December 31, 2015**

**13. Taxation**

	Financial Plan 2015	2015	2014
General taxation	\$ 123,006,708	\$ 123,007,789	\$ 117,537,110
Special assessments	1,466,269	1,527,934	1,527,951
Hotel tax	2,393,470	3,151,381	2,735,110
Collections on behalf of other governments			
Capital Regional District	-	19,009,131	16,315,717
School Authorities	-	50,519,268	50,249,369
Regional Hospital District	-	7,419,988	7,396,246
Municipal Finance Authority	-	4,969	4,802
BC Assessment Authority	-	1,578,496	1,589,930
BC Transit	-	9,073,952	8,917,165
Business Improvement Association	-	1,008,867	979,804
	<u>126,866,447</u>	<u>216,301,775</u>	<u>207,253,204</u>
Transfers to other governments			
Capital Regional District	-	(19,009,131)	(16,315,717)
School Authorities	-	(50,519,268)	(50,249,369)
Regional Hospital District	-	(7,419,988)	(7,396,246)
Municipal Finance Authority	-	(4,969)	(4,802)
BC Assessment Authority	-	(1,578,496)	(1,589,930)
BC Transit	-	(9,073,952)	(8,917,165)
Business Improvement Association	-	(1,008,867)	(979,804)
		<u>(88,614,671)</u>	<u>(85,453,033)</u>
	<u>\$ 126,866,447</u>	<u>\$ 127,687,104</u>	<u>\$ 121,800,171</u>

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

**December 31, 2015**

**14. Government Transfers**

	Financial Plan 2015	2015	2014
Unconditional transfers			
Traffic fine revenue sharing	\$ 2,304,000	\$ 2,183,320	\$ 1,872,920
Conditional transfers			
Jail	95,000	38,128	46,095
Gas tax	3,200,000	3,316,307	3,316,307
Infrastructure grants:			
General capital	515,920	476,530	406,916
Johnson Street Bridge	11,817,891	10,854,533	9,648,374
Cost-sharing agreements:			
General capital	1,000,000	1,312,611	89,522
	16,628,811	15,998,109	13,507,214
	<u>\$ 18,932,811</u>	<u>\$ 18,181,429</u>	<u>\$ 15,380,134</u>

The 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 fall within one of the eligible project categories.

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, 2015

### 15. Miscellaneous Revenue

	Financial Plan 2015	2015	2014
Third party billing, cost sharing and recoveries	\$ 1,224,265	\$ 2,945,262	\$ 2,704,261
Arena lease equivalent, share of naming rights and ticket surcharge	638,250	572,255	413,799
CREST levy	400,000	389,734	404,984
Rezoning applications	150,000	382,079	369,469
Dog licences and fines	210,850	226,652	230,776
Bus shelter advertising	150,000	133,649	144,983
Tax certificates	115,000	126,750	117,301
RAP user fees	-	113,517	119,178
Bonus density	-	100,000	-
Traffic and sidewalk permits	104,000	81,764	81,865
Other: administrative fees, lease fees, information sales and asset disposals	225,552	1,260,327	240,833
	<u>\$ 3,217,917</u>	<u>\$ 6,331,989</u>	<u>\$ 4,827,449</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. RAP user fee revenue are transferred to reserves, therefore do not impact operating surplus. Amounts for bonus density and gain on sale of assets 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.

### 16. Trust Funds

Trust funds administered by the City have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

	2015	2014
Ross Bay Cemetery	\$ 907,645	\$ 888,385
Nature Interpretation Centre	603,448	597,325
Bastion Square Revitalization	231,322	228,975
	<u>\$ 1,742,415</u>	<u>\$ 1,714,685</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.

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## The Corporation of the City of Victoria

### Notes to the Financial Statements

December 31, 2015

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#### 17. 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 CMHC 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 \$96.9 million and completion is expected by November 2017. At December 31, 2015, construction contracts of \$68.0 million were in process with estimated costs to complete of \$27.2 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.

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#### 18. Contingent Liabilities

The City is a defendant in various lawsuits. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. Included in accumulated surplus is a self insurance reserve of \$3,818,785 (2014 - \$3,780,040), which is maintained to offset settlements and insurance coverage has been maintained to provide for insurable claims in excess of insurance deductibles.

In 2008, the City joined the Municipal Insurance Association (the "MIA") and all insurable claims from that date forward are subject to a liability deductible of \$250,000, prior to 2008, claims are subject to a deductible of \$1,000,000. Should the MIA pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit.

Change orders for significant additional construction costs have been presented to the City by contractors engaged in the construction of the Johnson Street Bridge. The City represented by lawyers are currently in a mediation process. Any settlement is subject to City Council approval.

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## The Corporation of the City of Victoria

### Notes to the Financial Statements

December 31, 2015

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#### 18. 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 other assets and are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the City. At December 31, 2015 the balance of the deposits was \$1,040,503 (2014 - \$1,032,325). At December 31, 2015 there were contingent demand notes of \$2,151,856 (2014 - \$2,197,196) 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 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, 2015**

**19. Financial Plan Data**

The financial plan data presented in these financial statements is based upon the 2015 operating and capital financial plan approved by Council on May 8, 2015. The chart below reconciles the approved financial plan to the financial plan figures reported in these financial statements.

	Financial plan bylaw	Financial statement budget
<b>Revenues</b>		
Taxation	\$ 132,442,447	\$ 132,442,447
User fees and other revenue	57,596,208	57,596,208
Other	34,541,570	34,541,570
	<u>224,580,225</u>	<u>224,580,225</u>
<b>Expenses</b>		
General government	34,793,282	39,339,678
Protective services	66,829,261	67,627,071
Transportation services	16,972,041	19,502,522
Environmental and public health services	6,895,197	7,228,024
Community planning	3,395,865	3,395,865
Parks, recreation and cultural services	23,561,048	23,813,423
Water utility	12,341,581	12,732,339
Sewer utility	2,620,066	2,769,411
Amortization	8,000,000	-
	<u>175,408,341</u>	<u>176,408,333</u>
	49,171,884	48,171,892
<b>Less:</b>		
Capital expenditures	(84,776,882)	-
Debt repayment	(2,518,805)	-
<b>Add:</b>		
Interfund transfers	38,123,803	-
<b>Annual surplus</b>	<u>\$ -</u>	<u>\$ -</u>

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## The Corporation of the City of Victoria

### Notes to the Financial Statements

December 31, 2015

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#### 20. Segmented Information

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

(i) General Government

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

(ii) Protective Services

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

(iii) Transportation Services

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

(iv) Environmental and Public Health Services

The Environmental and Public Health Services is comprised of four sections in the areas of Solid Waste Services, Storm Drains, Street Cleaning and Public Works. The Solid Waste Collection and Recycling Operations Section is responsible for the collection of household garbage. Storm Drains section provides the design, inspection and technical supervision of civil engineering projects related to the construction and maintenance of the storm drain collection systems to protect public health.

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

**December 31, 2015**

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**20. Segmented Information (Continued)**

(iv) Environmental and Public Health Services (Continued)

The Street Cleaning Section is responsible for the collection and disposal of litter and debris from streets, sidewalks and squares. The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

(v) Parks, Recreation and Community Development

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

(vi) Community Planning

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

(vii) Water and Sewer Utilities

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

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The General Fund reports on municipal services that are funded primarily by taxation such as property taxes and other tax revenues. Taxation and payments in lieu of taxes are apportioned to the General Fund services based on budgeted taxation revenue as presented in the financial plan. The allocation to other expenses includes the inter-departmental recoveries of asset charges which results in negative expense balances for certain departments.

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

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

For the year ended December 31, 2015

**20. Segmented Information (Continued)**

2015	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Parks Recreation and Community Development	Community Planning	Water Utility	Sewer Utility	Total
<b>Revenues</b>									
Taxation	\$ 41,977,168	\$ 57,764,828	\$ 5,568,264	\$ 9,639,247	\$ 15,937,379	\$ 1,968,819	\$ -	\$ 790,445	\$133,646,150
Goods & services	315,878	8,177,665	12,192,657	3,009,282	9,121,979	226	19,188,762	7,176,993	59,183,442
Government transfers	6,349,734	2,183,320	9,648,375	-	-	-	-	-	18,181,429
Other	10,937,555	593,584	3,634,187	-	324,059	3,309,150	235,783	120,985	19,155,303
	<u>59,580,335</u>	<u>68,719,397</u>	<u>31,043,483</u>	<u>12,648,529</u>	<u>25,383,417</u>	<u>5,278,195</u>	<u>19,424,545</u>	<u>8,088,423</u>	<u>230,166,324</u>
<b>Expenses</b>									
Salaries & wages	15,203,182	62,017,159	11,415,279	4,624,480	12,153,336	2,738,640	1,859,140	1,654,225	111,665,441
Materials, supplies, & services	5,765,469	3,659,723	2,993,074	2,059,011	8,930,158	151,815	9,220,115	749,754	33,529,119
Interest & other	21,479,160	1,704,707	2,385,693	380,273	1,806,061	57,056	755,787	934,519	29,503,256
Amortization	4,833,350	1,087,325	3,448,762	453,606	343,959	-	532,559	203,541	10,903,102
	<u>47,281,161</u>	<u>68,468,914</u>	<u>20,242,808</u>	<u>7,517,370</u>	<u>23,233,514</u>	<u>2,947,511</u>	<u>12,367,601</u>	<u>3,542,039</u>	<u>185,600,918</u>
<b>Annual surplus</b>	<u>\$ 12,299,174</u>	<u>\$ 250,483</u>	<u>\$ 10,800,675</u>	<u>\$ 5,131,159</u>	<u>\$ 2,149,903</u>	<u>\$ 2,330,684</u>	<u>\$ 7,056,944</u>	<u>\$ 4,546,384</u>	<u>\$ 44,565,406</u>

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

For the year ended December 31, 2015

**20. Segmented Information (Continued)**

2014	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Parks Recreation and Community Development	Community Planning	Water Utility	Sewer Utility	Total
<b>Revenues</b>									
Taxation	\$ 41,313,773	\$ 53,067,422	\$ 5,915,117	\$ 8,692,565	\$ 16,048,347	\$ 1,633,376	\$ -	\$ 787,181	\$127,457,781
Goods & services	272,660	7,541,507	11,378,852	2,806,516	9,072,224	220	20,205,038	8,510,216	59,787,233
Government transfers	3,858,841	1,872,920	9,648,374	-	-	-	-	-	15,380,135
Other	9,084,131	377,370	4,792,229	-	1,212,178	2,868,748	200,960	-	18,535,616
	<u>54,529,405</u>	<u>62,859,219</u>	<u>31,734,572</u>	<u>11,499,081</u>	<u>26,332,749</u>	<u>4,502,344</u>	<u>20,405,998</u>	<u>9,297,397</u>	<u>221,160,765</u>
<b>Expenses</b>									
Salaries & wages	14,260,213	59,668,010	10,835,409	4,237,841	12,047,808	2,646,245	1,994,829	1,617,744	107,308,099
Materials, supplies, & services	4,533,201	3,423,283	2,839,191	2,223,257	8,946,990	155,489	9,181,943	659,700	31,963,054
Interest & other	14,985,084	2,052,875	2,977,687	61,726	2,494,858	72,418	699,178	1,008,350	24,352,176
Amortization	5,423,531	786,715	2,966,132	272,495	282,800	-	499,136	175,919	10,406,728
	<u>39,202,029</u>	<u>65,930,883</u>	<u>19,618,419</u>	<u>6,795,319</u>	<u>23,772,456</u>	<u>2,874,152</u>	<u>12,375,086</u>	<u>3,461,713</u>	<u>174,030,057</u>
<b>Annual surplus (deficit)</b>	<u>\$ 15,327,376</u>	<u>\$ (3,071,664)</u>	<u>\$ 12,116,153</u>	<u>\$ 4,703,762</u>	<u>\$ 2,560,293</u>	<u>\$ 1,628,192</u>	<u>\$ 8,030,912</u>	<u>\$ 5,835,684</u>	<u>\$ 47,130,708</u>