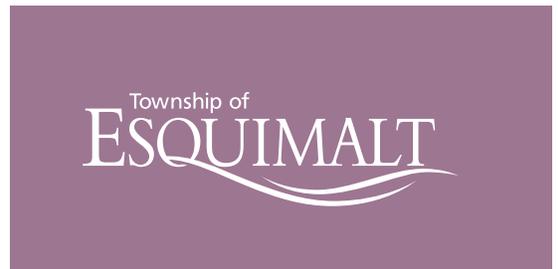




Township of Esquimalt, British Columbia, Canada
2017 Annual Report
For the year ended December 31, 2017



Mission Statement

Focusing on community priorities, the Township of Esquimalt works to make our community and environment a better place for today and the future.

Corporate Values

Accountability – we acknowledge and take responsibility for our actions, decisions and policies.

Integrity – we practice high standards of ethical behaviour and open communication that inspire trust.

Respect – we foster an environment of fairness where people are valued and treated with dignity.

Service – we strive to meet community needs and achieve high-quality results through teamwork, innovation and creativity.



Contents

- Introduction 2
- Mayor’s Message..... 3
- Mayor and Council..... 4
- Message from the CAO..... 6
- Organizational Chart..... 7
- Strategic Priorities 8
- Strategic Priorities Chart January 2017 9
- We Value our Environment 10
- A Year to Celebrate: Canada 150 12



Township Operations

- Corporate Services..... 15
- Community Safety Services..... 16
- Development Services 17
- Engineering and Public Works..... 18
- Financial Services and Information Technology 19
- Fire Rescue..... 20
- Parks and Recreation..... 21
- Victoria Police Department - Esquimalt Division..... 23
- Operations by the Numbers..... 24

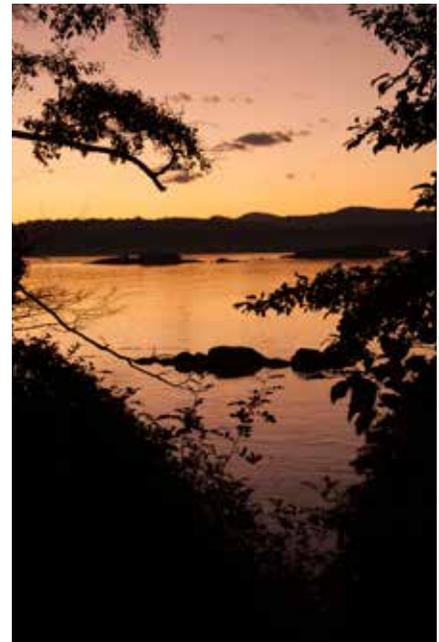
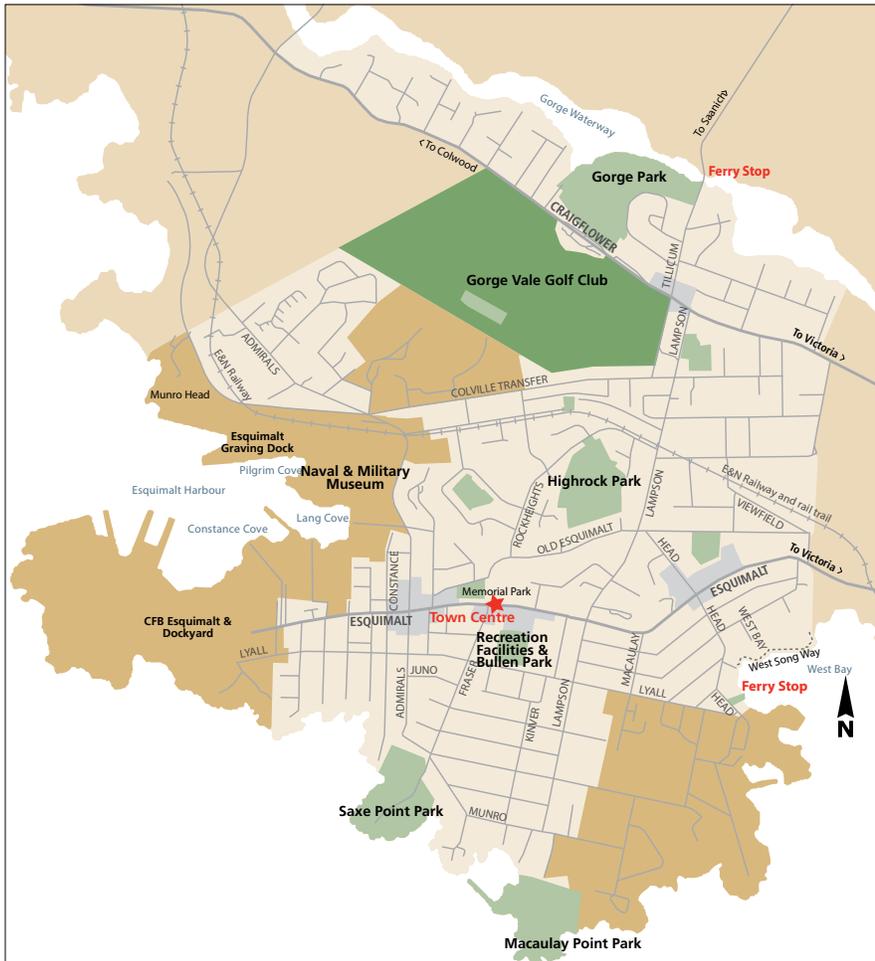


Financial Section

- Management’s Responsibility for Financial Statements 26
- Auditor’s Report..... 27
- Financial Statements..... 29
- Statistical Information 54



Esquimalt 2017: Year in Review



A Quality Location

For the First Nations people who have resided here for centuries, Esquimalt means “place of gradually shoaling waters.” In fact, it was the quality of Esquimalt’s natural harbour which led to the community being selected as the site for the headquarters of the Royal Navy’s Pacific Squadron in 1865. Today, this same site serves as home to the Canadian Forces Base Esquimalt. The naval base is now the largest employer in Esquimalt, and the original town site has disappeared inside the boundaries of the Base.

The community is defined by the water and shores that surround it. It is comprised of a peninsula bounded on the south by the Juan de Fuca Strait, on the west by Esquimalt Harbour, and on the north by a long finger-like inlet of tidal water called the Gorge Waterway. Moving inland, the landscape is characterized by rocky outcrops and hills in the west and central areas, and relatively level lands to the south and north. The ocean shoreline is characterized by rocky headlands, coves and bays, and several beaches with public access.

Today, the compact community reflects on its fascinating history while maintaining a contemporary outlook as a vital and friendly municipality within the Capital Regional District.

Esquimalt at a Glance

- The area now known as Esquimalt has been inhabited by Coast Salish First Nations for over 4,000 years.
- Esquimalt (pronounced Ess-KWY-malt) is an anglicized version of the First Nations word “es-woy-malth,” which means the place of gradually shoaling waters.
- Year of incorporation: September 1, 1912.
- Esquimalt is home to approximately 17,000 residents living in over 8,300 dwellings.
- The municipality covers approximately 10 square kilometres (or 1,000 hectares).
- Esquimalt has over 40 hectares of parkland, many of these parks overlooking waterways along the Strait of Juan de Fuca and the Gorge Waterway.
- The Township is endowed with over 30 parks, beaches and green spaces.
- Esquimalt Gorge Park was first established in 1905 and was the site of the 2012 Community Centennial Celebration.
- The highest point in Esquimalt is 71 metres at Highrock Park.

Mayor's Message



On behalf of Esquimalt Council, I am proud to share our 2017 highlights.

Esquimalt is growing and thriving. It is evident in the new businesses and housing developments that have located in the community.

The Township is ensuring that this growth is done in a sustainable manner that is acceptable to the community as a whole, and fits within a regional context.

That is why our Official Community Plan (OCP) is so important and why staff and Council spent the time in 2017 to gather input from residents. During the year we held an affordable housing workshop, and an OCP open house to share some of the policies under development by staff. This set the stage for development of the draft OCP, which is expected to be completed in early summer 2018, after a three-year review process which began in 2015.

We started the year off with an open house to invite public comments on community amenities associated with the McLoughlin Point Wastewater Treatment Plant. The Township negotiated an amenity package that provides value to the community and set the stage for a thorough public engagement process in 2018.

In April we announced a modest increase of 0.5% in municipal tax revenue requirements while maintaining core municipal services, replenishing reserve funds and budgeting \$7.6 million for capital costs and infrastructure improvements.

Development work began on Esquimalt Town Square, a revitalization project that will create enormous community benefits for generations to come. The project will include a number of sustainable and progressive features and will be a community focal point. Thank you to residents for their patience throughout the year – as with any development of this scale, there is always some short term pain.

The Township celebrated Canada 150 in style with two major events: our Canada 150 cultural celebration at Bullen Park, and our Fort Macaulay historic event at Macaulay Point Park in which we unveiled informative new interpretive signage. Our celebrations, and the new signage, were supported by a grant from the federal government, and by time commitments from community organizations and staff members.

We continued our focus on health and wellness throughout the year in a number of ways: we opened the Esquimalt Adventure Park in June, promoted the Bloomin' Beautiful Garden initiative, provided emergency preparedness workshops to residents, delivered an incredible variety of programs through our recreation department, and hosted the Heart and Stroke foundation's Big Bike Ride in the Township for the first time, raising awareness and funds for this important health initiative.

On the arts and culture front, Esquimalt continues to raise its profile in the region by hosting high quality cultural events. The Township Community Arts Council kept the ball rolling through the year with its popular Memorial Park Music Fest, a special Canada 150 Arts Festival at Memorial Park, Township Classics at CFB Esquimalt, and the stunning Aeriosa Soaring event at Saxe Point Park. Add to this list popular community events such as Rib Fest, the award-winning Esquimalt Farmer's Market, Buccaneer Days, our popular 5K event, as well as the Pyjama Prance, and you can see why we are becoming a regional hub for events.

I'd like to thank my Council colleagues, Township staff, our municipal committees and residents of Esquimalt for their ongoing commitment to our community and its future.

A handwritten signature in black ink that reads "Barbara Desjardins". The signature is written in a cursive, flowing style.

Barbara Desjardins
Mayor of the Township of Esquimalt

Mayor and Council



Barb Desjardins - Mayor

Appointments

CRD Board/Hospital Board
CRD Finance Committee
CRD Governance Committee
CRD Planning, Transportation & Protective Services Committee
CRD Transportation Select Committee
CRD Core Area Waste Management Committee
South Island Prosperity Project
Greater Victoria Labour Relations Association
Municipal Insurance Association of British Columbia
Victoria and Esquimalt Police Board (Co-Chair)
Victoria Regional Transit Commission

Internal Appointments

Local Grants Committee
Department of National Defence Liaison
Emergency Executive Committee



Esquimalt Mayor and Council 2014 - 2018

The Mayor and Council of the Township of Esquimalt were elected for a four-year term in November 2014. Mayor and Council adopt bylaws and policies, approve the municipal budget, and serve on various committees within the municipality and region.



Meagan Brame - Councillor

Appointments

Capital Regional District Arts Committee
Capital Region Water Supply Commission (Alternate)
Greater Victoria Harbour Authority (Alternate)
Island Corridor Foundation

Internal Appointments

Celebration of Lights Liaison
Parks and Recreation Advisory Committee
Local Grants Committee
School Liaison



Beth Burton-Krahn - Councillor

Appointments

CRD Arts Committee (Alternate)
Greater Victoria Public Library Board
Greater Victoria Harbour Authority
Victoria Family Court & Youth Justice Committee

Internal Appointments

Advisory Planning Commission
Township Community Arts Council Liaison



Lynda Hundleby - Councillor

Appointments

Capital Regional District (Alternate)
Capital Regional Emergency Services
Telecommunications (CREST) (Alternate)
Greater Victoria Labour Relations Association

Internal Appointments

Environmental Advisory Committee
Esquimalt Together Against Graffiti Liaison



Olga Liberchuk - Councillor

Appointments

Regional Housing Trust Fund Commission
Victoria Esquimalt Harbour Society

Internal Appointments

Environmental Advisory Committee
Ribfest Liaison
School Liaison



Susan Low - Councillor

Appointments

Greater Victoria Labour Relations Association
(Alternate)
South Vancouver Island Economic Development
Association
Te'mexw Treaty Advisory Committee (Alternate)
Municipal Insurance Association of BC (Alternate)

Internal Appointments

Parks and Recreation Advisory Committee
Celebration of Lights Liaison



Tim Morrison - Councillor

Appointments

Capital Regional Emergency Services
Telecommunications (C.R.E.S.T.)

Internal Appointments

Esquimalt Farmer's Market Liaison
Local Grants Committee

Message from the Chief Administrative Officer



It is my pleasure to present the Township of Esquimalt's 2017 Annual Report on behalf of Corporate Administration.

The Township experienced significant progress on several major development projects during 2017. After extensive work to facilitate and support these projects we are seeing tangible results at a number of sites such as Esquimalt Town Square, the English Inn, Westbay Quay and McLoughlin Point.

While the entire community can see and hear the sounds of development, progress is also continuing on some quieter but not less important initiatives. Significant time and resources over the last two years has been put towards gathering input from the community and stakeholder groups to update our Official Community Plan. After much work in 2017, we will be finalizing and adopting the updated document in 2018.

On other fronts, staff continue to follow a methodical process with respect to setting up a successful deer management strategy, a selection process was completed for a consultant to facilitate public consultation on expending amenity funds, and enhancements to regional and other fire service agreements were negotiated to ensure the highest level of service to the community. In addition, a software upgrade was completed at Township recreation facilities to ensure ongoing and enhanced customer service.

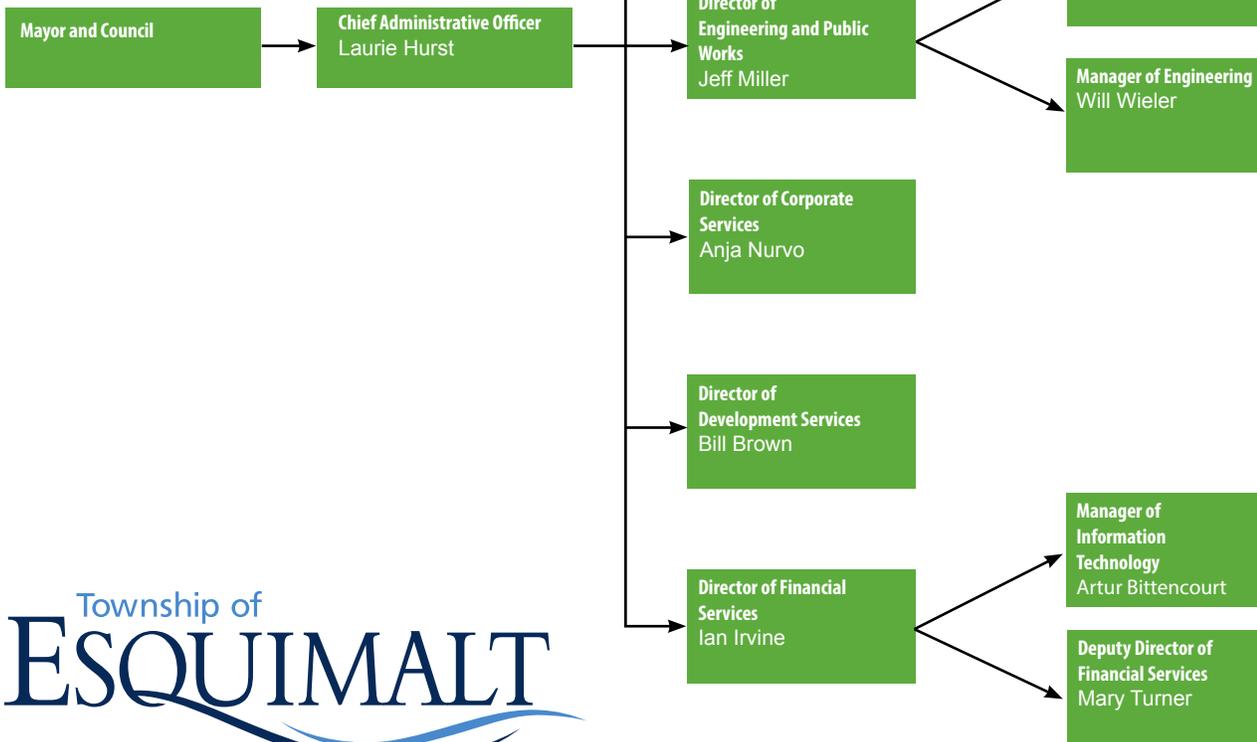
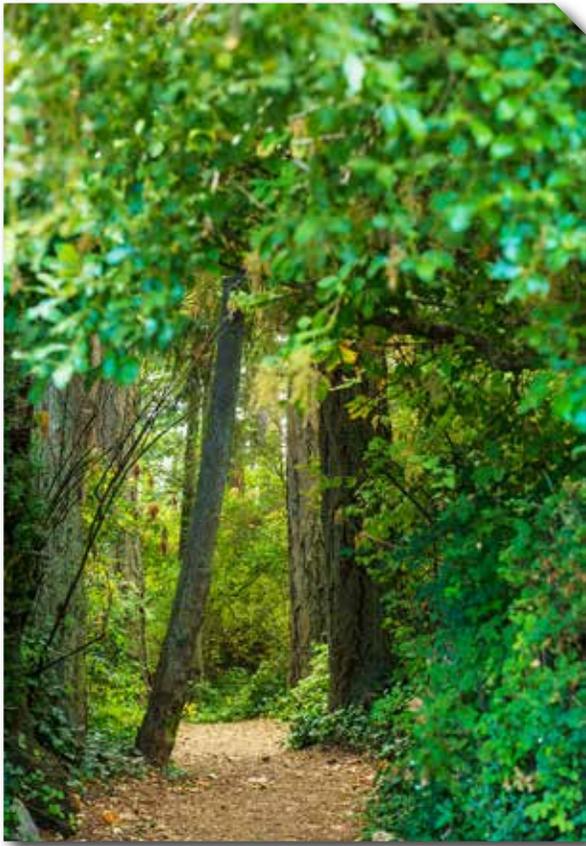
As in previous years, all of this was accomplished with minimal tax increase and no reduction to existing service levels in any area of the organization. Our finances continue to be healthy and our reserve funds are being maintained and replenished each year.

I invite everyone to review this annual report, which highlights these achievements as we move forward.

A handwritten signature in black ink that reads "LHurst".

Laurie Hurst
Chief Administrative Officer

Organizational Chart



Township Strategic Priorities

The 2015 - 2019 Strategic Priorities Report was approved by Council on April 27, 2015. It is a “living document” that is regularly reviewed and updated by Council during its term. Members of the public or of any Township advisory committee may at any time submit comments to Council on the document. Any input received will be brought forward to Council by staff on a regular basis when the report is reviewed and updated.

Strategic Priorities Chart

The preparation of a Strategic Priorities Chart is an important part of the strategic planning process to translate plans into action and to provide a handy reference for Council, staff and the public. The supporting Operational Strategies lists the various actions to be undertaken by the Township in order to implement the direction set out by Council in the Chart, and assigns responsibility for priorities to staff with regular monitoring, updating and reporting progress to Council and the public.

The Chart and Operational Strategies are used by staff to prepare a draft budget and financial plan for Council's consideration, and to develop departmental work programs. It is also intended that Council's advisory committees will ensure that their work plans are focused on assisting Council and staff to achieve these strategic priorities. The Strategic Priorities Chart (at right) is reviewed regularly to make adjustments, update priorities and celebrate achievements.



2017 Update

In January 2017, Council held a strategic planning workshop to update the current Strategic Priorities. At the Committee of the Whole meeting on March 13, 2017, Council reviewed and discussed the 2017 Strategic Priorities and Operational Strategies. As a result of the direction given from Council, staff updated the Strategic Priorities Chart and Operational Strategies. The updated 2015 – 2019 Strategic Priorities Chart and Operational Strategies were adopted by Council on March 20, 2017. See www.esquimalt.ca for a copy of the Strategic Priorities Report.

Strategic Priorities 2015 - 2019



We continue to enhance the health and liveability of the community

- Support community growth and development consistent with our Official Community Plan
- Ensure multi-modal traffic strategies consider and reflect business and residential growth and development
- Build a vibrant and sustainable arts, culture and heritage community
- Parks & Recreation enhancements and strategic parkland acquisition and expansion
- Ensure heritage values are considered in land use decisions
- Support food security and initiatives for community spaces



We recognize the importance of, and will enhance relationships with our neighbours and other levels of government

- Advocate at the regional level for voice and equity in regional services
- Work with First Nations and the Esquimalt community to support economic, social and cultural opportunities
- Advocate with intergovernmental entities to promote issues affecting Esquimalt
- Continue working with government and school district stakeholders to promote positive relationships and advance issues impacting the community



We encourage a resilient and diverse economic environment

- Continue to work with development partner on Esquimalt Town Square Project
- Implement Economic Development Strategy
- Support revitalization and beautification initiatives along Esquimalt Road
- Ensure processes for business and development are clear and consistent
- Encourage and facilitate community involvement that supports non-governmental initiatives



We continue to address the operational and financial requirements of our infrastructure

- Participate in integrated waste strategies
- Identify infrastructure repair and proactively plan for replacement needs
- Identify long term financial requirements for infrastructure

Updated January 2017

We Value our Environment

We use our energy, skills, and resources to protect and nurture community assets for the greater good of all residents. We think and work locally, but our actions and results have global impact.

Climate Action

In 2017, the Township produced 1,307 tonnes of greenhouse gas (GHG) emissions from its municipal operations. This is a reduction of 0.5% compared to the first year data was collected in 2012, when GHG emissions totalled 1,312 tonnes. Three quarters of GHG emissions come from the operation of municipal facilities and one quarter from the use of municipal fleet vehicles and equipment. The Township received a Carbon Tax Grant of \$36,642 in 2017 which was deposited to the Sustainability Reserve Fund used to help fund future GHG emission reduction projects.

EV Charging Station

Due to the increasing demand for the electric vehicle charging station, a user fee of \$1.00 per hour came into effect in July 2017. This move made Esquimalt the first municipality in BC to begin charging for use of EV charging stations. During the first six months of 2017, the Township collected \$240 in user fees. All fees collected are used to fund sustainability initiatives through the Township's Sustainability Reserve Fund.

Cool It! Climate Leadership Training

The Township of Esquimalt funded the delivery of the BC Sustainable Energy Association's (BCSEA) Cool It!

Climate Leadership Training to five Esquimalt classrooms through its Sustainability Reserve Fund. BCSEA's Cool It! program brings environmental educators into classrooms to deliver a fun-filled, thought provoking and empowering program that engages students on climate change and energy conservation. In the fall of 2017, the program reached 109 Esquimalt students, through five workshops at two schools: Macaulay and Rockheights.

During the program challenge, students committed to several energy and emissions saving actions over a four-week period at home. These resulted in the projected savings of a total of 58.723 tonnes of carbon dioxide (CO₂), if their environmental actions were to continue over the course of a full year. This is equivalent to nearly 13 passenger vehicles being taken off the road for a year. A combined total of 3,126 actions were taken by students and their families, including replacing old lightbulbs with new LEDs, taking shorter showers, having meat-free meals, using cold water for laundry, and making car-free journeys.

Earth Day 2017

In April, the Township hosted the 5th Annual Earth Day celebration in Highrock Park, which drew some 800 local students along with residents of local neighbourhoods. Event activities included pulling of invasive-

Connecting to Strategies and Priorities

- **Continue to work with development partner on Esquimalt Town Square Project**
- **Participate in integrated waste strategies**
- **Consider multi-modal traffic strategies**





broom, English Ivy and Himalayan Blackberry, which threaten the Garry oak ecosystem in the park. Participants were assisted in plant-pulling by several eager goats, who happily consumed invasive plants in areas out of reach for humans and machinery.

Waste Management/ Kitchen Scraps Program

Organic material from kitchen scraps diversion can be converted into compost or fertilizer, supporting waste reduction and a decrease in greenhouse gas emissions. In 2017, the third full year of its Kitchen Scraps Program, the Township diverted over 293 tonnes of organics from the Hartland Landfill.

Esquimalt Town Square

Construction activities moved ahead at the Esquimalt Town Square project during 2017. Sustainable features of the project include:

- alternative management methods for rainwater and energy;
- bicycle and pedestrian-friendly spaces, with easy access to transit;
- maintaining heritage trees on-site; and,
- green building concepts in all buildings and infrastructure.

Branch Out

“Branch Out” community events provide an engaging opportunity for residents and visitors to work together to restore park lands. Four Branch Out events were held in 2017 at Macaulay Point Park, Saxe Point Park, Highrock Park and Esquimalt Gorge Park.

Transportation Options

The Township’s Green Event Planning Guide provides suggestions on making greener choices for events, such as providing options for alternate transportation. A bike valet service was provided at the Canada 150 event at Bullen Field in August 2017 (below).



A Year to Celebrate: Canada 150

We are committed to enhancing the health and liveability of the community by building a vibrant and sustainable arts, culture and heritage community.



Canada 150 Celebration at Bullen Field!



CANADA 150

August 12, 2017
10am - 6:30pm
Main stage performances
1:30 - 6:30pm
BULLEN FIELD
1140 Lyall Road
Esquimalt

MAIN STAGE:
 Nick Gilder & Sweeney Todd Group
 Jerry Doucette
 The Jason Buie Band



ALSO FEATURING

- Cultural performances
- Community booths
- Food trucks
- Kids Zone & much more, starting at 10am

FUNDING SPONSORS

Canada 150 and Government of Canada;
Township of Esquimalt

MEDIA SPONSORS



www.esquimalt.ca/Canada150

We acknowledge the financial support of the Government of Canada.
 Nous reconnaissons l'appui financier du gouvernement du Canada.

Heritage

Canada 150

The Township celebrated Canada 150 in August with a summer festival of Canadian culture and music at Bullen Park which attracted some 3000 people. The free event included performances from top Canadian artists including Nick Gilder and Sweeney Todd Group, Jerry Doucette and the Jason Buie Band. In addition to main stage performances, there was a second stage featuring cultural performances

by the Lekwungen Dancers, Emily Carr performer Molly Newman, and the Uminari Taiko Drummers. Bullen Field was transformed into an energetic boisterous festival setting with community booths, a pop-up farmers market, refreshment garden, and food trucks.

Fort Macaulay was also the site of a special Canada 150 historic interpretive event in May featuring tours, military re-enactments, historic displays, and the unveiling of new interpretive signage designs depicting the history and beauty of this

National Historic Site. Fort Macaulay is a coastal defence fortress built in 1895 by the Royal Engineers with many of the original buildings and structures intact on the site.

Working with the Department of National Defence, the three bilingual signs unveiled at the Fort Macaulay event were permanently installed on the site in November 2017.

Canada 150 festivities were made possible with a grant from the Department of Canadian Heritage's Canada 150 Fund.

Vimy 100

The Township Archives Department participated in Vimy 100 at the Bay Street Armoury in April. The event commemorated Canada's success at the Battle of Vimy Ridge, the selection of this site for the Canadian National Vimy Memorial, and the continuing significance the site and memorial has for Canadians. Archives showcased historical material and information related to Vimy and the First World War from an Esquimalt perspective.

Expanding Community Arts and Culture

Throughout the year at the Recreation Centre, there were 11,385 registrants in 285 different program offerings, including dance, mixed media, music, computer and language courses.

During the summer of 2017, a Music in the Park series was again held in Memorial Park, promoted and coordinated by the Township Community Arts Council (TCAC), and sponsored by the Township through its Local Grants Program. Six outdoor concerts featuring local musicians were held on Tuesday evenings during June and July in

the historic park. Additional TCAC cultural events included Township Classics at the English Inn, *Aeriosa*, *Soaring at Saxe Point Park*, and the Esquimalt Arts Festival featuring Ken Lavigne and the Naden Band's Pacific Blue.

During March, the Esquimalt Recreation Centre atrium was again the site of a local photography exhibit displaying works from the Esquimalt Photography Club. The exhibit kicked off with an evening open house on March 7th with local photographers.

The third season of the Esquimalt Farmers Market was a success again in 2017. The market was held throughout the summer months in Memorial Park and in the Esquimalt Recreation Centre in the off season. The award-winning market features vendors with high quality, locally grown produce, food products and a variety of arts and crafts.

Esquimalt's RibFest was as popular as ever in September 2017, with 50,000 people enjoying outstanding ribs, music, food and a variety of family-friendly activities.



Esquimalt Town Square

With early budget approval from Council in February, remediation activities and utility relocation were completed at Esquimalt Town Square during 2017, setting the stage for construction in early 2018.

The square is envisioned to be a lively and sustainable town centre, incorporating a mix of uses and community recreation needs, amenities and services. It will be a space for the community, in the heart of the community.

Once completed in 2020, it will feature a public square and a through-block art walk, as well as the proposed relocation of the Esquimalt Branch of the Greater Victoria Public Library.



Connecting to Strategies and Priorities

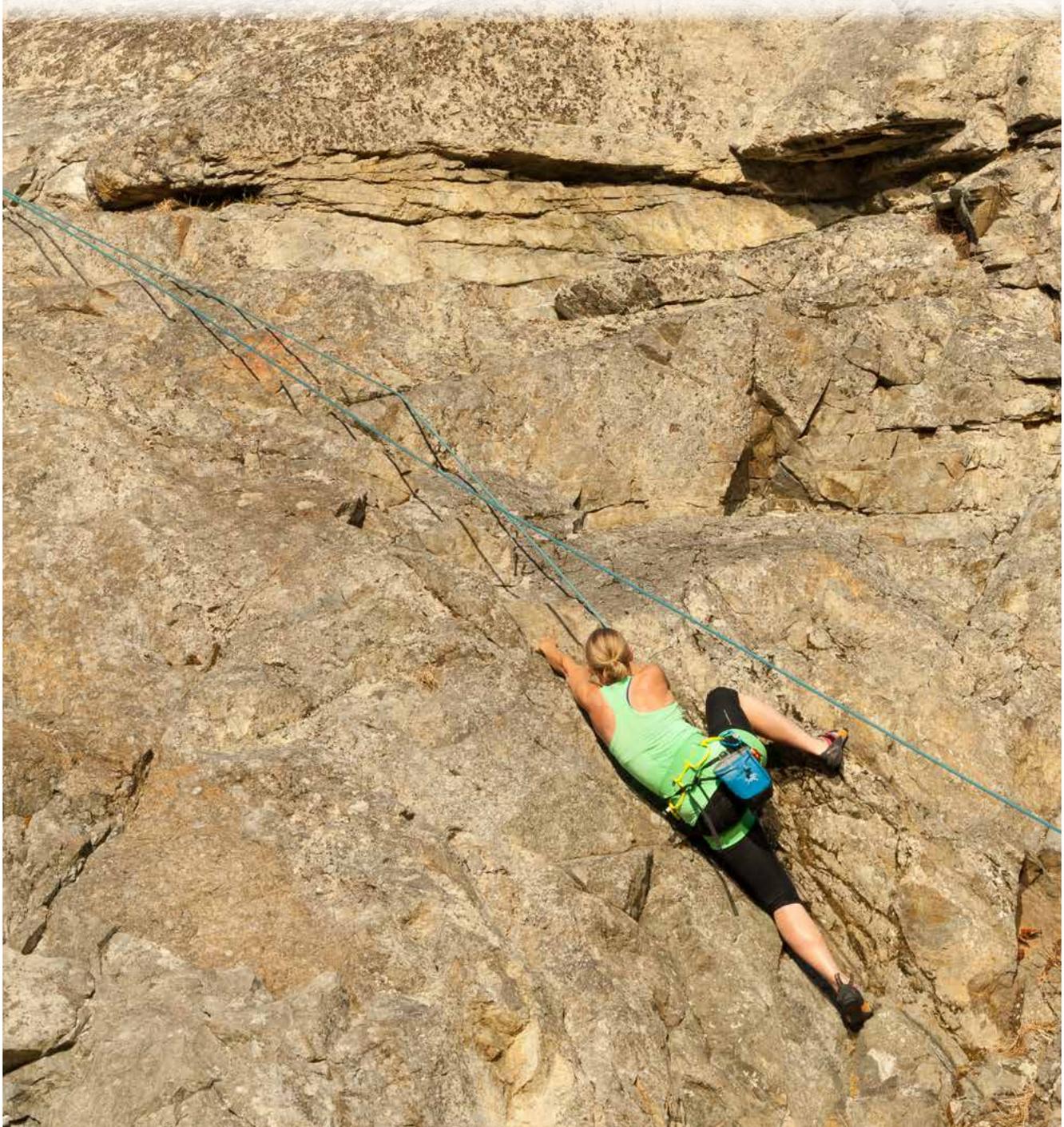
- **Build a vibrant and sustainable arts, culture and heritage community**
- **Continue to work with development partner on Esquimalt Town Square Project**
- **Promote and encourage a diverse range of community events**

Township Operations: A Commitment to Service Excellence



Guided by Council's strategic priorities, our team of employees strive to meet the needs of our community and achieve high quality results through innovation, creativity and teamwork.

We continually seek new ways to improve our customer service delivery through technology and by eliminating duplication. We believe in open communication and a respectful workplace.



Corporate Services



The Corporate Services Department is comprised of administration, legislative matters (Council and its Committees), communications, archives, and human resources. It provides internal and external communications support, administrative support and records management, including handling of access to records requests.

Administration

During 2017, we ensured that processes affecting businesses and development were clear and consistent and promoted efficiency throughout the organization. Through the annual committee recruitment process, we ensured that Advisory Planning Commission (APC) composition reflected accessibility, environmental and heritage expertise, and managed the recruitment process for all committees, commissions and boards.

Highlights

- Reviewed, updated or replaced several regulatory bylaws and Council and Management policies.
- Posted updated bylaws to the corporate website.
- Compiled master list of local service organizations to ensure their input is considered to support strategic priorities, and that they are notified of events, initiatives and requests for input.
- Provided administrative support for several advisory committees.

Communications

Working with other Township departments, a key focus for the year was providing communications and event support for Canada 150 events, including a major cultural/music event at Bullen Park on August 12. We continued with our commitment to providing information of

value to our residents and stakeholders, and supporting community organizations through Township communications channels.

Highlights:

- Provided communications support for all departmental programs and initiatives, including Official Community Plan public engagement events and information resources.
- Assessed additional social media opportunities to promote communications with stakeholders and adopted a new survey tool that meets legal requirements for data storage within Canada.
- Working with web consultant, made improvements to the corporate website, including development of a new search function filtering HTML webpages and PDF documents separately, and preliminary work on a centralized contact directory for improved user access to departments and individual staff members.

Archives

The Esquimalt Archives acts as a safe permanent home for municipal records of historical and legal value, family papers, business and club records, and other items of historical interest donated to the Township. We promote public awareness and understanding of Esquimalt's rich history.

Highlights

- Archived new acquisitions of historical materials.
- Assisted the media, Township staff and residents with research requests.
- Worked with corporate communications on revisions and redesign of the popular walking tours brochure.
- Wrote a monthly column for local media outlet focusing on the Township's history.

Connecting to Strategies and Priorities

- *Promote and encourage a diverse range of community events*
- *Support community groups through Township communications resources*
- *Ensure processes for business and development are clear and consistent*
- *Website enhancements to improve user accessibility*

Community Safety Services



The Community Safety Services Department aims to strengthen community safety through a focused and coordinated approach that improves the quality of life for all residents. The department is the primary liaison between the Township and the Victoria Police Department, and is comprised of bylaw enforcement, building inspection, business licencing and the emergency program.

Business Licencing

Through the business licence program, the Township monitors and controls the types and kinds of businesses that are operating within the community. Prior to issuing a business licence, the application is reviewed by the Development Services Department to ensure it meets the permitted uses for the intended location. The application is then reviewed by the Fire Department to ensure that the building is suitable from a fire safety perspective for its intended use, and finally the Building Department ensures that the structure, signage and building construction are suitable for the intended business use. Once all of the checks are satisfactory, the business licence officer reviews and approves the licence if appropriate. In 2017 the Township issued 725 renewal notices for business licences, adding 29 new applications over the prior year.

Bylaw Enforcement

Esquimalt Bylaw Enforcement monitors and enforces municipal bylaws, and takes a proactive approach to encouraging voluntary compliance through public education and awareness of municipal regulations. During 2017, Bylaw Officers investigated 363 occurrences and wrote 292 bylaw enforcement tickets for various offences. We are also responsible for animal management and the administration of our contract with Victoria Animal Control Services.

Building Inspection

Building Inspection is responsible for the regulation of construction, alteration, repair or demolition of buildings and structures within the Township and helps ensure the safety and integrity of buildings and structures in the municipality. Building Inspectors conduct inspections at various stages of construction, and keep records on file for future reference. We issued 96 plumbing permits and 134 building permits in 2017 representing \$22,904,383 in construction value.

Emergency Program

The Esquimalt Emergency Program manages overall emergency planning for the Township, and is comprised of municipal staff members, protection services, and volunteers. The program is responsible for training, public education, activating the municipal Emergency Operations Centre and liaising with federal, provincial and regional emergency management partners. The program also coordinates and maintains the Emergency Response and Recovery Plans for the Township, which includes business continuity, and updates these plans annually with input from staff members. Volunteers are a vital component of the program: the Neighbourhood Emergency Preparedness Program delivers public education; the Emergency Social Services team helps to coordinate essential services for residents that are displaced from their homes; and the Emergency Radio Communications Team provides back up communications when they are needed most.



Connecting to Strategies and Priorities

- *Promote emergency preparedness through shared initiatives and training*
- *Utilize Community Safety Working Group on issues affecting the community*

Development Services



The Development Services Department is responsible for community planning and development for the Township of Esquimalt.

The Development Services Department continued work on a number of important multi-year initiatives in 2017. One such initiative was the continued development of a new Official Community Plan (OCP). An OCP is a statement of the municipality's goals and policies and is intended to provide direction for future growth and development in the community.

Esquimalt's current plan was adopted in March 2007 and although there is no statutory timeline for review, it is important that the plan be reviewed and updated regularly to ensure it continues to reflect the values and aspirations of the community.

OCP public consultation continued through 2017 with an affordable housing forum held on May 5. Almost 60 people from Esquimalt and the Capital Regional District (CRD) attended the workshop, including representatives from each of the following sectors: local government, builders/developers, federal government, architects, non-profit organizations, and residents. The results of the workshop have been used to inform the OCP housing policy which has been posted to the corporate website.

An additional public engagement initiative that informed OCP policy was an open house, held on June 7th and attended by approximately 85 people. For the remainder of 2017 staff drafted policy and design guidelines for the proposed OCP.

Early in the year the CRD circulated the draft Regional Growth Strategy to the Township of Esquimalt for acceptance. The Township was one of a number of municipalities that did not accept the strategy. This triggered a statutory resolution process which culminated in a successful two-day facilitated mediation session in December.

Other 2017 departmental highlights included:

- Council approval of the development permit for the Esquimalt Town Square project;
- Council approval of the rezoning bylaw for the north portion of the Triangle Lands in West Bay;
- Council approval of the development permit for the north portion of the Triangle Lands; and
- Council adoption of a comprehensive rezoning of the property at 101 Island Highway to allow for the conversion of a hotel to 96 rental units with a variety of amenities.

We continue to seek opportunities to improve community engagement and address issues such as providing appropriate housing for residents and increasing economic prosperity in the community.

Connecting to Strategies and Priorities

Continue to work with development partner on Esquimalt Town Square Project

Support community growth and development consistent with our Official Community Plan (OCP)

Support revitalization and beautification initiatives along Esquimalt Road

Work with First Nations and Esquimalt community to support economic, cultural, and social opportunities



Engineering and Public Works



The Engineering and Public Works Department maintains, upgrades and develops municipal infrastructure. The infrastructure falls into three main groups: linear (roads, sidewalks, sewers, drains), vertical (building maintenance, signage, intersections, streetlights), and mobile (purchase and maintenance of vehicles). Engineering focuses on the planning, design and project management of new infrastructure and upgrading existing infrastructure along with proposed new developments. Public Works ensures that the existing infrastructure is maintained and operated in an effective manner as well as providing additions or improvements to existing infrastructure.

Engineering Department Highlights:

- Initiated traffic study project that looks at road cross sections and potential crossings for Lampson Street, Tillicum Road, Lyall Street as well as vehicular/bi-cycle traffic movement within the Township.
- Replaced and realigned the West Bay sidewalk.
- Initiated the Corridor Management Program by determining a five-year plan and underground investigations of pipes and road bases..
- Installed new sidewalk along Wychbury Avenue between Kinver Street and Lampson Street as well as Head Street between Paradise Street and Gore Street.
- Designed various community infrastructure projects.
- Carried out remediation of the Esquimalt Town Square site, submitted an application for a site Certificate of Compliance to the Ministry of Environment, and relocated electrical servicing.
- Implemented required Traffic Orders to meet the recommendations of the Traffic Control Review report.
- Reconstructed the south west corner of the Lockley Road/Intervale Road intersection to increase pedestrian accessibility and usability.

Public Works Department Highlights:

- Maintenance activities included seventeen storm water catch basin replacements, crack sealing of roads, pump station maintenance, street sweeping, catch basin cleaning, road markings, oil/water/grit cleaning, and repair of sanitary sewer laterals.
- Installed a new sidewalk between Old Esquimalt Road and Esquimalt Road and completed pot hole repairs and addressed tripping hazards.
- Carried out significant work for surface restoration and installation of services for third parties.
- Installed lock out capacity to all pump stations.
- Collected 441 tonnes of garbage, 293 tonnes of kitchen scraps and 2268 tonnes of yard/garden materials.
- Managed a storm event in January with snow and ice control.
- Responded to a spill into the municipal storm water collection system that contaminated Gorge Creek. Crews conducted a lengthy investigation of the spill, tracing the source to a cross connection at the upper end of the collection system.

Connecting to Strategies and Priorities

- *Continue to work with development partner on Esquimalt Town Square Project*
- *Participate in integrated waste strategies*
- *Identify infrastructure repair and proactively plan for replacement needs*



Financial Services and Information Technology



The Financial Services and Information Technology Departments are responsible for management of the Township's financial affairs and technology requirements to ensure public accountability and transparency while supporting Council's strategic objectives.

Financial Services

The Financial Services Department serves as the first point of contact at Municipal Hall and in addition to addressing all general enquiries we are responsible for overall cash management. This includes collection of property tax and licence payments, investment of funds and securities, management of payroll and benefits and processing of disbursements made by the Township. Additionally, to ensure the Township is protected against the effects of damage on accidental loss, we maintain claims and insurance premiums and work closely with other departments to ensure that risks to the Township are minimized.

Each year, a detailed budget identifies all revenues and funding sources for operating and capital expenditures, including projections for a five year period. This financial plan and the annual taxation levies necessary to support the service levels of municipal operations are approved by Council. Additionally, the Township's reserves are assessed to ensure long term fiscal sustainability and adequacy of funding for future capital projects.

The Township's financial statements, prepared in accordance with generally accepted accounting principles and Public Sector Accounting Board (PSAB) recommendations, are audited annually. In addition to satisfying all audit and regulatory reporting requirements, we generate timely and accurate financial information for review and analysis by Council and senior management to ensure fiscal accountability and facilitate decision making.

Information Technology

The Information Technology Department is responsible for the design, deployment, management and support of services to enable the efficient use of technology across all departments. This includes all network hardware and software, security and telephone systems, cellular phones, wireless technologies, mobile applications and audio/video presentation infrastructure, at all municipal locations. We are also responsible for backup and replication of systems and data for business continuity and recovery in the event of an emergency or disaster.



Connecting to Strategies and Priorities

- *Review local grant funding and policies*
- *Review CRD arts service involvement and funding*
- *Development of short and long term asset management policies and plans*

Fire Rescue



The Fire Department provides fire suppression, investigation, prevention, and education services to residents of the Township. Other services the department provides include medical first responder, confined space entry, and hazardous materials response.

In 2017, the Esquimalt Fire Department responded to 1515 incidents compared to 1491 in 2016.

We entered the year with the continuation of a joint recruitment process with Oak Bay Fire Department. This process ultimately enabled the department to hire two new candidates.

During the year, we continued to improve operations by expanding service agreements in alignment with Council's Strategic Priorities. The recently signed Fire Service Agreement that includes Central Saanich, Esquimalt, Saanich, Oak Bay and View Royal was expanded to include the Colwood Fire Department. This increased participation will enable better sharing of resources in responding to large scale emergencies.

In 2017, we conducted an update to the Township's Fire Underwriter Insurance Grade. The update was further to a review that was completed in 2014. We were successful in receiving an improved Fire Underwriters Rating. This rating provides an independent measure of our overall community fire safety rating. Ultimately an improved score indicates a safer community and reduced insurance costs to residents.



2017 Responses by Category

Type of Response	2016	%	% change
Alarm Calls	103	6.8%	-1.4%
Assist the Public	53	3.5%	-2.8%
Burning Complaints	23	1.5%	+0.1%
Hazardous Materials	16	1.3%	+0.1%
Structure Fires	16	1.0%	+0.4%
Other Fires	28	1.8%	-1.6%
Other Responses	25	1.6%	+1.2%
Medical Aid	1184	78.1%	+4.4%
Motor Vehicle Incidents	46	3.0%	-0.5%
Rescue	8	0.5%	+0.1%
Electrical Emergency	13	0.9%	-0.3%
TOTAL	1515	100%	



Connecting to Strategies and Priorities

Explore and identify efficiencies between local and regional initiatives

Complete and update infrastructure and asset inventory

Parks and Recreation



Esquimalt is a compact community with a wealth of parks and recreation opportunities maintained and operated by the Parks and Recreation Department. The department provides programs and services for local and regional customers and hosts sporting and special events in the community.

Parks

Parks staff members are responsible for the maintenance and conservation of Esquimalt's stunning parks and trails. While maintaining Township parks to a high standard, we follow principles of sustainability and ecology, ensuring that future generations will continue to enjoy our coastal and upland parks and greenways. Throughout 2017 parks staff—working alongside volunteers, community organizations, First Nations, and youth groups—also provided support for a variety of Township events.

Care of municipal trees included planting 127 trees and removing 63 trees. In addition, 116 tree removal/pruning applications were received.

Highlights and Upgrades

The Esquimalt Adventure Park on Fraser Street officially opened on June 10th, 2017. The family-friendly park features two separate playgrounds for children, water features, and pour-in-place rubber surfacing for safety and wheelchair accessibility. Thousands enjoyed the splash pad and "Mega Soaker" throughout the summer, while the playground and active park amenities were enjoyed year round.

Landscape and amenity improvements were made throughout the Township, these included accessibility enhancements, drainage, benches, picnic tables, plaques and ornamental light installation. Phase 2 of Memorial Park playground was also completed.

Esquimalt's Fifth Annual Bloomin' Beautiful Home and Garden event was held in 2017 with two new elements: a community garden tour and an opportunity for participants to share their gardening stories.

We hosted the Fifth Annual Esquimalt Earth Day in April, with some 800 students pitching in on cleanup and restoration efforts. Participants were assisted in their efforts by several eager goats, who happily consumed invasive plants in areas out of reach for humans and machinery.



Connecting to Strategies and Priorities

- *Build a vibrant and sustainable arts, culture and heritage community*
- *Consider parkland enhancements, strategic acquisition, and expansion*
- *Encourage participation in Bloomin' Beautiful Program*
- *Collaborate with community partners to promote greater efficiencies*

Parks and Recreation continued...

Recreation

11,385 registrants participated in 285 program offerings during the year. Several new programs were added, including Introduction to Watercolours, Dumbledore's Army Summer Camp, Kids Yoga & Mindfulness Camp, and the X-Men-inspired School for Mutants Camp.

We introduced new recreation management software, PerfectMIND, and began offering online registration — available 24 hours per day. During the first year, 2679 registrations were completed through online registration.

Eco Champs was introduced to teach children to be ecologically focused and aware while providing a fun and inclusive learning environment. Children learned through hands-on activities, presentations, speakers and artistic expression. This free drop-in program ran for eight weeks during 2017 in various Township parks.

Special Events

The Township celebrated Canada's 150th birthday with two major events in 2017: the Fort Macaulay Historic Interpretive Event on May 27 and the Canada 150 event at Bullen Field on August 12.

In addition to the featured Canada 150 events, we hosted and supported 51 special events throughout the year, including the Esquimalt 5K with 1K Kid's Fun Run, 2017 Earth Day Celebration, Esquimalt Farmer's Market, the Ocean's Day Celebration, Buccaneer Days, RibFest, the Japanese Cultural Fair, Celebration of Lights, Memorial Park Music Fest, Aeriosa, Bard Across the Bridge and the annual Christmas Tree Village.

Special Event Highlights

- We hosted a Family Day celebration in February with approximately 1,500 people enjoying a swim (sponsored by the Esquimalt Angler's Association), and other family-friendly activities.
- Some 2000 people enjoyed our Annual Outdoor Cinema. The four film evenings included screenings of Stand By Me, Meet the Fockers, Finding Dory and Star Wars.
- RibFest was very popular again in 2017 with 50,000 people enjoying a festival of music, food and activities.
- Our Christmas Tree Village has grown in popularity with 32 local businesses and community groups decorating trees at both the Esquimalt Recreation and Archie Browning Sports Centre. An estimated 35,000 people enjoyed the festive village in 2017.



Facility Usage

Both the Esquimalt Recreation Centre and the Archie Browning Sports Centre were busy with registered and drop-in programs as well as bookings by community and private groups. Drop-in attendance was 446,101 visits (269,626 drop-in admissions and 176,475 scanned memberships). Facility rentals included:

- 587 contracts using space at the Esquimalt Recreation Centre;
- 597 contracts using space in the Archie Browning Sports Centre; and
- 151 contracts using space in Township parks.

Facility Upgrades/ Infrastructure Renewal

A number of upgrades were completed in both of our primary facilities. Esquimalt Recreation Centre upgrades included LED light conversions, a new exhaust fan in the pool deck storage room, pump replacements for the lap pool, lifestyle pool and the hot tub, and installation of seismic posts.

Archie Browning Sports Centre upgrades included LED light conversions, a new exhaust fan in the ice plant room, and replacement of older doors with automated sliding doors for improved accessibility.

Victoria Police Department - Esquimalt Division

The dedicated officers of the Esquimalt Division are committed to the residents and business community of the Township of Esquimalt. Their mission is serving the public trust through engagement, prevention, and enforcement.

The Esquimalt Division consists of the K-9 Section, School Liaison Section, and the Mobile Youth Services Team that are shared resources for VicPD. We have two Community Resource Officers, one School Liaison Officer, and one Administrative Sergeant dedicated to Esquimalt and Vic West.

The members and staff in the Esquimalt Division are dedicated to ensuring the safety and wellbeing of the residents and communities we serve. We are committed to being present at the majority of community events hosted within the Township throughout the year.

We continue to improve relationships with our community partners and the residents we serve. Our Community Resource Officers continue to address issues and concerns that have been identified and manage the Crime Multi-Housing portfolio for Esquimalt. Our School Liaison Officers are dedicated to ensuring high school students are aware of the dangers of fentanyl and that all schools are provided training on lock down drills and protocols.

Our K9 Section trained and validated one new bomb dog in 2017. The section has also had another successful year of tracking and apprehending wanted suspects, and has provided security searches at high profile community events.

The Esquimalt Division Facebook page has proven to be an effective way to communicate and notify residents on events, missing persons, patrol priority areas, and significant arrests.

The Esquimalt Community Safety Staff Working Group continues to explore and resolve reported community concerns where more than one service agency working together will have a greater impact than working separately.



Township Operations by the Numbers in 2017



Corporate Services:

96 agendas, notices and minutes prepared for regular, special and *In Camera* Council and Committee of the Whole Meetings

27 Freedom of Information request responses

211 Archives requests for research and information

7 articles of local historical, interest published by Municipal Archivist in local news media

16 proclamations prepared and posted to website

12 media releases issued to regional media

79 public service announcements and news items issued through the corporate website

710,401 page views on corporate website

346 new followers on municipal Twitter account

150 new likes on municipal Facebook account

Community Safety Services:

725 business licences issued or renewed

25 new business licence applications

96 plumbing permits issued

134 building permits issued

Development Services:

1 Board of Variance application

19 Development Permit applications

15 Development Variance Permit applications

1 Heritage Alteration Permit application

9 Rezoning applications

45 Total applications

Engineering and Public Works oversees:

47 kilometres of roads

9 kilometres of boulevards

11 pump stations

65 kilometres of storm and sanitary sewer pipes

Financial Services and Information Technology:

5586 property tax notices generated

631 property tax certificates

1192 dog licences

6710 vendor invoices processed

Fire Rescue:

1515 total responses to incidents

16 structure fire responses

1184 medical aid responses

8 rescues

Parks and Recreation:

11,385 program registrations

285 program offerings

51 events hosted or supported

Financial Section

Financial Reporting Responsibility

Auditors' Report

Financial Statements

Statistical Information



Management's Responsibility for Financial Statements

The accompanying financial statements of the Corporation of the Township of Esquimalt (the "Township") are the responsibility of management and have been prepared in compliance with applicable legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township'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 Council's approval of the financial statements.

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



Chief Administrative Officer



Director of Financial Services

Auditor's Report to the Mayor and Councillors of the Corporation of the Township of Esquimalt



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the Corporation of the Township of Esquimalt

We have audited the accompanying financial statements of the Corporation of the Township of Esquimalt which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Esquimalt as at December 31, 2017, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 7, 2018

The Corporation of the Township of Esquimalt

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash and cash equivalents (note 2)	\$ 28,894,270	\$ 25,748,089
Property taxes receivable	490,899	501,025
Accounts receivable	776,411	827,408
MFA debt reserve cash (note 12(b))	227,827	223,469
	<u>30,389,407</u>	<u>27,299,991</u>
Liabilities:		
Accounts payable and accrued liabilities	8,604,009	7,983,247
Deferred revenue and deposits (note 3)	3,356,897	2,080,339
Debt (note 4)	7,765,172	8,900,890
Obligations under short term borrowing (note 5)	34,005	50,097
Employee benefit and retirement obligations (note 6)	1,080,842	991,633
	<u>20,840,925</u>	<u>20,006,206</u>
Net financial assets	9,548,482	7,293,785
Non-financial assets:		
Tangible capital assets (note 7)	82,827,161	82,037,082
Inventory of supplies	126,689	131,146
Prepaid expenses	122,623	99,510
	<u>83,076,473</u>	<u>82,267,738</u>
Commitments and contingencies (note 12)		
Accumulated surplus (note 8)	\$ 92,624,955	\$ 89,561,523

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



Director of Financial Services

The Corporation of the Township of Esquimalt

Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	Financial plan (note 13)	2017	2016
Revenues:			
Taxes for municipal purposes (note 9)	\$ 15,492,413	\$ 15,591,975	\$ 15,386,828
Payments in place of taxes (note 10)	12,637,887	12,631,127	12,612,222
Sale of services	3,189,393	3,489,914	3,259,558
Other revenue from own sources	754,610	3,054,872	1,388,976
Conditional transfers from other governments (note 11)	1,141,540	1,219,383	1,255,129
Unconditional transfers from other governments (note 11)	598,722	578,985	595,310
Total revenue	33,814,565	36,566,256	34,498,023
Expenses:			
General government	4,147,786	3,478,644	3,725,462
Protective services	12,652,298	12,944,164	12,331,201
Transportation	3,375,393	4,577,312	4,336,627
Environmental health	1,046,648	1,525,356	1,521,243
Environmental development	987,869	917,477	883,147
Recreation, parks and culture	9,075,382	10,059,871	9,535,515
Total expenses	31,285,376	33,502,824	32,333,195
Annual surplus	2,529,189	3,063,432	2,164,828
Accumulated surplus, beginning of year	89,561,523	89,561,523	87,396,695
Accumulated surplus, end of year	\$ 92,090,712	\$ 92,624,955	\$ 89,561,523

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

The Corporation of the Township of Esquimalt

Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	Financial plan (note 13)	2017	2016
Annual surplus	\$ 2,529,189	\$ 3,063,432	\$ 2,164,828
Contributed tangible capital assets	-	(152,560)	-
Acquisition of tangible capital assets	(7,582,152)	(7,811,543)	(3,109,764)
Amortization of tangible capital assets	-	3,473,266	3,382,589
Proceeds on disposal of tangible capital assets	-	4,618,950	535
Loss (gain) on disposal of tangible capital assets	-	(918,192)	55,799
	(7,582,152)	(790,079)	329,159
Acquisition of inventory supplies	-	(126,689)	(131,146)
Consumption of inventory supplies	-	131,146	110,681
Acquisition of prepaid expenses	-	(122,623)	(99,510)
Consumption of prepaid expenses	-	99,510	204,557
		(18,656)	84,582
Change in net financial assets (debt)	(5,052,963)	2,254,697	2,578,569
Net financial assets, beginning of year	7,293,785	7,293,785	4,715,216
Net financial assets, end of year	\$ 2,240,822	\$ 9,548,482	\$ 7,293,785

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

The Corporation of the Township of Esquimalt

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 3,063,432	\$ 2,164,828
Items not involving cash:		
Contributed tangible capital assets	(152,560)	-
Amortization of tangible capital assets	3,473,266	3,382,589
Change in employee benefits and other liabilities	89,209	(43,006)
Actuarial adjustment on debt	(321,238)	(284,621)
Loss (gain) on disposal of tangible capital assets	(918,192)	55,799
Change in non-cash operating assets and liabilities:		
Property taxes receivable	10,126	750,416
Accounts receivable	50,997	467,977
MFA debt reserve fund cash	(4,358)	(6,076)
Accounts payable and accrued liabilities	620,762	(188,242)
Deferred revenue and deposits	1,276,558	(263,222)
Inventory of supplies	4,457	(20,465)
Prepaid expenses and deposits	(23,113)	105,047
	7,169,346	6,121,024
Capital activities:		
Acquisition of tangible capital assets	(7,811,543)	(3,109,764)
Proceeds on disposal of tangible capital assets	4,618,950	535
	(3,192,593)	(3,109,229)
Financing activities:		
Short term loan obligation repaid	(16,092)	(18,253)
Debt issued	-	750,000
Debt principal repaid	(814,480)	(634,480)
	(830,572)	97,267
Increase in cash and cash equivalents	3,146,181	3,109,062
Cash and cash equivalents, beginning of year	25,748,089	22,639,027
Cash and cash equivalents, end of year	\$ 28,894,270	\$ 25,748,089
Supplemental cash flow information:		
Cash paid for interest	\$ 400,937	\$ 421,842
Cash received from interest	577,451	532,452

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

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

The Corporation of the Township of Esquimalt (the "Township") was incorporated on September 1, 1912 under the Municipal Act, a statute of the Province of British Columbia. Its principal activities are the provisions of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water, sewer and fiscal services.

1. Significant accounting policies:

The financial statements of the Township are prepared by management in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board ("PSAB") of The Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Township are as follows:

(a) Reporting entity:

The financial statements include a combination of all the assets, liabilities, accumulated surplus, revenues and expenses of all of the Township's activities and funds. Inter-departmental balances and organizational transactions have been eliminated. The Township does not control any significant external entities and accordingly, no entities have been consolidated in these financial statements.

(b) Basis of accounting:

The Township 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 with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the recipient government.

Government transfers without stipulations restricting their use are recognized in the financial statements as revenue in the period in which the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, 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 expenditures are incurred, services performed, or the tangible capital assets are acquired thereby extinguishing the related liability.

(e) Property tax revenue:

Property tax revenue is recognized on the accrual basis using the approved mill rates and the anticipated assessment related to the current year.

(f) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(g) Cash and cash equivalents:

Cash and cash equivalents include investments in the Municipal Finance Authority of British Columbia (the "MFA") Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

(h) Long-term debt:

Long-term debt is reported net of related payments and actuarial earnings.

(i) Employee future benefits:

The Township and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave benefits and other retirement benefits are also available to the Township's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. The actuarial losses or gains are amortized over a period equal to the employee's average remaining service lifetime.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(j) 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 cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life in years
Land improvements	15 - 50
Building and building improvements	10 - 40
Vehicles, machinery and equipment	3 - 30
Water and wastewater infrastructure	25 - 60
Roads infrastructure	20 - 80

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Township'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.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions including tangible capital assets received in lieu of a developer cost charge, are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) 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 Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(iv) Interest capitalization

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

(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.

(k) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets and estimating provisions for accrued liabilities including employee future benefits. Actual results could differ from those estimates.

(l) Liability for contaminated sites:

The Township records a liability in its financial statements when contamination on non-active property exceeds an accepted environmental standard and the Township is directly responsible, or accepts responsibility, for the damage. The liability is measured at the Township's best estimate of the costs directly attributable to remediation of the contamination.

No contaminated sites liabilities have been recorded in these financial statements.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(m) Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

2. Cash and cash equivalents:

	2017	2016
Cash and bank deposits	\$ 1,596,295	\$ 983,021
Municipal Finance Authority Money Market Funds	27,297,975	24,765,068
	\$ 28,894,270	\$ 25,748,089

3. Deferred revenue and deposits:

Deferred revenue, reported on the statement of financial position, includes the following:

	2017	2016
Trust and deposit liabilities	\$ 1,868,223	\$ 764,746
Unearned recreation fees	277,721	200,013
Property tax instalments	898,122	861,360
Miscellaneous	312,831	254,220
	\$ 3,356,897	\$ 2,080,339

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

4. Debt:

Bylaw	Purpose	Matures	Rate	Original Amount	Repayments and Actuarial Earnings	Net Balance	
						2017	2016
<u>General Capital</u>							
2492	Recreation Centre	2023/03/10	4.775%	\$ 2,800,000	\$ 1,679,831	\$ 1,120,169	\$ 1,281,791
2492	Recreation Centre	2022/03/12	5.370%	4,000,000	2,620,379	1,379,621	1,620,053
2834	Roads and Streets	2024/10/14	3.000%	1,200,000	314,668	885,332	994,361
				8,000,000	4,614,878	3,385,122	3,896,205
<u>Sewer Capital</u>							
2565	Sanitary Sewers	2027/12/01	4.820%	2,353,000	951,816	1,401,184	1,514,021
2565	Sanitary Sewers	2026/10/19	4.430%	1,129,000	515,409	613,591	670,161
2565	Sanitary Sewers	2025/10/13	4.170%	2,012,000	1,027,230	984,770	1,091,512
2565	Sanitary Sewers	2024/02/12	4.975%	1,256,000	675,495	580,505	648,991
				6,750,000	3,169,950	3,580,050	3,924,685
<u>General Capital Short Term</u>							
LUA-Oct 27/14	Recreation Centre	2020/03/25	1.380%	550,000	-	200,000	330,000
LUA-Jun 27/16	Recreation Centre	2021/06/27	1.380%	750,000	-	600,000	750,000
				1,300,000	-	800,000	1,080,000
				\$ 16,050,000	\$ 7,784,828	\$ 7,765,172	\$ 8,900,890

In 2002, the Council of the Township adopted Bylaw No. 2492 to authorize the borrowing for estimated renovation and upgrade costs for the Esquimalt Recreation Centre in the sum of \$6,800,000.

In 2003, the Council of the Township adopted Bylaw No. 2565 to authorize the construction of improvements to the sanitary sewer system and to borrow upon the credit of the Township a sum not to exceed \$6,750,000.

In 2014, the Council of the Township adopted Bylaw No. 2834 to authorize the construction of improvements to the Admirals Road corridor and to borrow upon the credit of the Township a sum not to exceed \$1,200,000.

In 2014, the Council of the Township adopted Bylaw No. LUA-Oct 27/14 to authorize the replacement of the front façade of the Archie Browning Sports Centre and to borrow short term upon the credit of the Township a sum not to exceed \$550,000.

In 2016, the Council of the Township adopted Bylaw No. LUA-Jun 27/16 to authorize the development and construction of Fraser Park and to borrow short term upon the credit of the Township a sum not to exceed \$750,000.

Total interest on debt for the year was \$398,728, including accrued interest of \$50,683 (2016 - \$419,669, including accrued interest of \$55,029).

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

4. Debt (continued):

The Township issues its debt instruments through the MFA. The debt is issued on a sinking fund basis, whereby MFA invests the Township'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.

Principal payments on debt for the next five years are as follows:

2018	\$	794,480
2019		794,480
2020		684,480
2021		684,480
2022		534,480

5. Obligations under short term borrowing:

The Township financed specific municipal hall and recreation department equipment by entering into fixed interest rate short term loans with the MFA. Repayments due are as shown.

2018	\$	16,402
2019		15,485
2020		2,899
Total minimum payments		34,786
Less: Amounts representing interest (at prime plus 1%)		(781)
Present value of net minimum capital lease payments	\$	34,005

Total interest on repayments for the year was \$643 (2016 - \$1,023).

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

6. Employee benefit and retirement obligations:

The Township provides sick leave and certain benefits to its employees. These amounts and other employee related liabilities that require funding in future periods are set out below:

Accumulated sick leave represents the liability for sick leave banks accumulated for estimated draw downs at future dates. Retirement benefit payments represent the Township's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments, death benefits, certain vacation entitlements in the year of retirement, and pension buyback arrangements for qualified employees.

Information about liabilities for employee benefit plans is as follows:

	2017	2016
Accrued benefit obligation, beginning of year	\$ 991,633	\$ 1,034,639
Service cost	105,200	95,500
Interest cost	39,600	35,200
Benefits payments	(52,300)	(174,600)
Past agreement refund accrual	(3,291)	894
Accrued benefit obligation, end of year	\$ 1,080,842	\$ 991,633

The actuarially accrued benefit obligation set out in the actuarial valuation is \$1,210,200 (2016 - \$1,049,900), resulting in a variance of \$129,358 between the obligation and the accrued benefit liability of \$1,080,842 (2016 - \$991,633). The variance is composed of the following two amounts: an actuarial net loss of \$158,000 (2016 - \$84,700) and the special agreement refund accrual of \$28,642 (2016 - \$26,433). This actuarial loss is being amortized over a period equal to the employees' average remaining service lifetime of 11 years. The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$139,300 (2016 - \$124,300).

The accrued benefit obligations and the net periodic benefit cost were estimated by actuarial valuation as of July 31, 2016. At December 31, 2017, the valuation was updated to reflect specific changes in the assumptions adopted in measuring the Township's accrued employee benefit obligations. The significant assumptions adopted in measuring the Township's accrued benefit obligations are as follows:

	2017	2016
Discount rates	3.00%	3.50%
Expected inflation rate	2.50%	2.50%
Expected wage and salary increase, based on age and gender	2.58% - 4.63%	2.58% - 4.63%

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

6. Employee benefit and retirement obligations (continued):

Municipal Pension Plan

The Township and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustees pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits 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 government.

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 may be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Plan as at 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 in 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, resulting in no consistent and reliable basis for allocating the obligation, assets, and cost to the individual employers participating in the Plan.

The Township paid \$1,047,537 (2016 - \$990,330) for employer contributions while employees contributed \$879,341 (2016 - \$871,884) to the plan in fiscal 2017.

GVLRA - CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employee locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. The Township 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 a net surplus of \$392,313. The actuary does not attribute portions of the unfunded liability to individual employers. The Township paid \$73,464 (2016 - \$71,782) for employer contributions in fiscal 2017.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

7. Tangible capital assets:

Cost	Balance December 31, 2016	Additions	Disposals/ transfers	Balance December 31, 2017
Land and land improvements	\$ 41,751,525	\$ 7,567,337	\$ (3,699,537)	\$ 45,619,325
Building and building improvements	24,331,631	390,264	(14,975)	24,706,920
Vehicles, machinery and equipment	10,642,629	355,478	(81,951)	10,916,156
Water and wastewater infrastructure	24,657,529	399,894	-	25,057,423
Roads infrastructure	37,226,067	811,672	-	38,037,739
Work in progress	1,636,922	9,951	(1,570,493)	76,380
Total	\$ 140,246,303	\$ 9,534,596	\$ (5,366,956)	\$ 144,413,943

Accumulated amortization	Balance December 31, 2016	Disposals	Amortization expense	Balance December 31, 2017
Land and land improvements	\$ 10,320,606	\$ -	\$ 307,364	\$ 10,627,970
Building and building improvements	11,040,447	(13,754)	847,013	11,873,706
Vehicles, machinery and equipment	5,954,061	(81,951)	627,074	6,499,184
Water and wastewater infrastructure	12,017,450	-	407,335	12,424,785
Roads infrastructure	18,876,657	-	1,284,480	20,161,137
Total	\$ 58,209,221	\$ (95,705)	\$ 3,473,266	\$ 61,586,782

Net book value	Balance December 31, 2016	Balance December 31, 2017
Land and land improvements	\$ 31,430,919	\$ 34,991,355
Building and building improvements	13,291,184	12,833,214
Vehicles, machinery and equipment	4,688,568	4,416,972
Water and wastewater infrastructure	12,640,079	12,632,638
Roads infrastructure	18,349,410	17,876,602
Work in progress	1,636,922	76,380
Total	\$ 82,037,082	\$ 82,827,161

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

7. Tangible capital assets (continued):

(a) Assets under construction

Assets under construction having a value of \$76,380 (2016 - \$1,636,922) have not been amortized. Amortization of these assets will commence when the asset is available for service.

(b) Contributed tangible capital assets

Contributed tangible capital assets are recognized at fair market value at the date of contribution. There were contributed tangible capital assets having a value of \$152,560 during the year (2016 - \$nil).

(c) 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. Land is the only category to which nominal values were assigned.

(d) Works of art and historical treasures

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

(e) Write-down of tangible capital assets

There were no write-downs of tangible capital assets during the year (2016 - \$nil).

(f) Accrual and disposal of tangible capital asset

The tangible capital asset land, which was disposed of in the current year, was adjusted for the estimated cost obligation for remediation in the amount of \$647,044.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

8. Accumulated surplus:

Accumulated surplus includes unappropriated operating funds and various appropriated operating accounts and reserve funds.

	2017	2016
Surplus:		
Equity in tangible capital assets	\$ 75,027,984	\$ 73,086,095
Unappropriated operating funds	8,269,982	5,057,402
	<u>83,297,966</u>	<u>78,143,497</u>
Appropriated operating funds:		
Future expenditures	694,094	687,843
Casino revenue	309,963	254,972
Community Works Fund	1,951,104	1,927,695
Library Reserve Fund	140,000	-
Community Impact Fund	55,000	-
Uncollected taxes	100,000	100,000
Working capital	400,000	400,000
	<u>3,650,161</u>	<u>3,370,510</u>
Reserve funds set aside for specific purposes by Council:		
Capital Projects	1,951,874	1,677,118
Local Improvement	164,374	158,114
Machinery and Equipment	2,371,264	2,326,492
Municipal Archives Trust	3,693	2,992
Parkland Acquisition	85,197	84,369
Tax Sale Lands	116,321	115,190
Sustainability	174,101	157,232
Eva Chafe	33,624	33,297
Infrastructure and Revitalization	751,480	3,480,703
Public Art	24,900	12,009
	<u>5,676,828</u>	<u>8,047,516</u>
	<u>\$ 92,624,955</u>	<u>\$ 89,561,523</u>

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

9. Taxes:

	2017	2016
Taxes for municipal purposes:		
Property tax	\$ 15,350,166	\$ 15,140,352
Local Improvement	4,686	4,686
1% Utility tax	237,123	241,790
	<u>\$ 15,591,975</u>	<u>\$ 15,386,828</u>

As well as taxes for its own purposes, the Township is required to collect taxes on behalf of, and transfer these amounts to, the government agencies noted below. Taxes levied over or under the amounts requisitioned are recorded as accounts payable or receivable.

	2017	2016
Taxes, requisitions and levies collected on behalf of the following agencies are not included in these statements:		
Province of British Columbia - school purposes	\$ 5,059,036	\$ 5,288,532
Capital Regional District - requisition	2,191,494	2,110,509
Capital Regional District - 9-1-1 call answer levy	45,417	46,270
Capital Regional Hospital District - requisition	874,119	864,755
British Columbia Assessment Authority	166,656	178,067
British Columbia Transit - Victoria Regional Transit Commission	818,624	862,493
Municipal Finance Authority	679	597
	<u>\$ 9,156,025</u>	<u>\$ 9,351,223</u>

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

10. Payments in place of taxes:

	2017	2016
Payments in place of taxes received for municipal purposes:		
Federal government	\$ 12,535,793	\$ 12,520,748
British Columbia Hydro & Power Authority	92,816	88,970
Provincial Rental Housing Corporation	2,518	2,504
	<u>\$ 12,631,127</u>	<u>\$ 12,612,222</u>
Payments in place of taxes collected on behalf of the following agencies are not included in these statements:		
Province of British Columbia - school purposes	\$ 2,721,820	\$ 2,925,458
Capital Regional District	1,772,026	1,718,520
Capital Regional Hospital District	503,091	537,146
British Columbia Assessment Authority	165,081	168,240
British Columbia Transit - Victoria Regional Transit Commission	662,632	747,034
Municipal Finance Authority	396	376
	<u>\$ 5,825,046</u>	<u>\$ 6,096,774</u>

11. Transfers from other governments:

	2017	2016
Conditional transfers from other governments:		
Federal	\$ 799,020	\$ 750,916
Provincial	381,363	499,213
Other agencies	39,000	5,000
	<u>1,219,383</u>	<u>1,255,129</u>
Unconditional transfers from other governments:		
Small communities protection	244,202	241,873
Traffic fine revenue sharing	334,783	353,437
	<u>578,985</u>	<u>595,310</u>
Total transfers from other governments	<u>\$ 1,798,368</u>	<u>\$ 1,850,439</u>

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

12. Commitments and contingencies:

(a) Contractual commitments:

At December 31, 2017, the following major contracts were in progress:

	Total amount of contract	Paid on contract to December 31, 2017
IPI Tech Inc.	\$ 184,005	\$ 94,838
Whistler Centre for Sustainability	48,000	2,575
SLR (Consulting) Canada Ltd.	233,253	203,127
	<u>\$ 465,258</u>	<u>\$ 300,540</u>

(b) MFA debt reserve fund deposits:

Under borrowing arrangements with the MFA, the Township 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 totalling \$227,827 (2016 - \$223,469) are included in the Township's financial assets as restricted cash and are held by the MFA as security against the possibility of debt repayment default. At December 31, 2017, there were contingent demand notes of \$464,917 (2016 - \$464,917), which are not recorded in the financial statements of the Township. If the debt is repaid without default, the deposits are refunded to the Township and demand notes are cancelled.

(c) Capital Regional District (the "District") debt, under a provision of the Local Government Act, is a direct, joint and several liability of the District and each member municipality within the District, including the Township.

(d) The Township is a shareholder and member of the Capital Regional Emergency Service Telecommunications (CREST) Incorporated whose services provide 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 Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

12. Commitments and contingencies (continued):

- (e) The Township entered into a long-term contract with the City of Victoria and the Victoria and Esquimalt Police Board (the "Police Board") effective January 1, 2014 and extending until December 31, 2023. Under the terms of this contract, the Township is responsible to fund a percentage of the annual police budget. The 2018 required contributions on behalf of the Township are \$7,944,657 (14.7% of the Police Board budget). Further contributions may be required by the Township in respect to the settlement of claims and insurance deductibles, or in the event that insufficient funds are available to the Police Board in the event of a deficit. The extent of any further contributions will be recorded when a liability is likely and determinable.

- (f) In February 2017, the Township entered into agreements with the Capital Regional District related to the hosting for the Core Area Wastewater Treatment Facility. These agreements outline the amenities to be received by the Township, which include annualized payments of \$55,000 for the duration of the facility's useful life, allowances for the restoration of transportation infrastructure and a total of \$17,000,000 to be held in Township reserve funds for the purposes of public safety, recreation facility and waterfront park improvements.

- (g) The Township is a defendant in various lawsuits. An accrual is recorded 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. The Township is self-insured through membership in the Municipal Insurance Association of British Columbia. Under this program, member municipalities are to share jointly for general liability claims against any member in excess of \$10,000. Should the Association pay out claims in excess of premiums received, it is possible that the Township, along with the other participants, would be required to contribute towards the deficit.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

13. 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 24, 2017. Amortization, a non-cash item, was not included in the development of the financial plan and, as such, has not been budgeted. The chart below reconciles the approved financial plan to the financial plan figures reported in these financial statements.

	Financial plan amount
Revenues:	
Operating budget	\$ 42,624,866
Less:	
Transfer from other funds	(8,810,301)
Proceeds on debt issue	-
Total revenue	33,814,565
Expenses:	
Operating budget	42,624,866
Less:	
Capital expenditures	(7,582,152)
Transfer to other funds	(2,942,856)
Debt principal payments	(814,482)
Total expenses	31,285,376
Annual surplus	\$ 2,529,189

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

14. Segmented information:

The Township is a diversified municipal organization that provides a wide range of services to its citizens. For management reporting purposes, the Township's operations and activities are organized and reported by service area. Municipal services are provided by departments and their activities are reported in these service areas. Service areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) 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.

(b) Protective Services:

Protective services is comprised of four functions, including the Township's community safety and emergency program services, fire, police and regulatory and development services. The emergency program services prepare the Township 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 services provided by the City of Victoria ensure the safety of the lives and property of the Township as well as Victoria 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 to provide a full range of planning services related to zoning, development permits, variance permits and current regulatory issues.

(c) Transportation:

Transportation services is responsible for a wide variety of transportation functions such as parking, engineering operations and street maintenance management. This department provides infrastructure, traffic control and transportation planning services, as well as providing services related to infrastructure, land development impacts on transportation, traffic management, pedestrian and cycling issues and on-street parking regulations.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

14. Segmented information (continued):

(d) Environmental Health:

Environmental and health services include solid waste services and services related to sanitary and storm sewer systems. Solid waste services include collection of solid waste, household garbage and recycling. Sanitary and sewer services include the construction and maintenance of the sewer distribution systems to protect the environment and public health from the impacts of liquid wastes generated as a result of human occupation and development in the Township.

(e) Environmental Development:

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

(f) Recreation, Parks and Culture:

Recreation services facilitates the provision of recreation and wellness programs and services through the Township's pool, arena, community and seniors' centres. The parks department preserves and enhances green spaces on public lands; and 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. The cultural department is responsible to co-ordinate and lead efforts to enhance our neighbourhoods, foster arts and culture, and work to create a Township that is vibrant and people-centric.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. 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 Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

14. Segmented information (continued):

2017	General government	Protective services	Transportation	Environmental health	Environmental development	Recreation, parks and culture	Total
Revenues:							
Taxation	\$ 28,223,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,223,102
Goods and services	2,966,474	169,457	317,271	258,010	41,332	2,792,242	6,544,786
Government transfers	1,362,639	334,783	48,700	-	-	52,246	1,798,368
Total revenue	32,552,215	504,240	365,971	258,010	41,332	2,844,488	36,566,256
Expenses:							
Salary and wages	2,189,176	4,235,200	1,896,541	335,553	568,235	5,783,037	15,007,742
Materials, supplies and services	962,457	8,507,895	950,048	606,460	349,242	3,244,777	14,620,879
Interest and other	2,209	-	17,020	194,508	-	187,200	400,937
Amortization	324,802	201,069	1,713,703	388,835	-	844,857	3,473,266
Total expenses	3,478,644	12,944,164	4,577,312	1,525,356	917,477	10,059,871	33,502,824
Annual surplus (deficit)	\$ 29,073,571	\$ (12,439,924)	\$ (4,211,341)	\$ (1,267,346)	\$ (876,145)	\$ (7,215,383)	\$ 3,063,432

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2017

14. Segmented information (continued):

2016	General government	Protective services	Transportation	Environmental health	Environmental development	Recreation, parks and culture	Total
Revenues:							
Taxation	\$ 27,999,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,999,050
Goods and services	1,336,463	104,936	209,634	208,517	44,071	2,744,913	4,648,534
Government transfers	1,305,601	353,637	140,483	-	20,572	30,146	1,850,439
Total revenue	30,641,114	458,573	350,117	208,517	64,643	2,775,059	34,498,023
Expenses:							
Salary and wages	2,229,765	4,037,095	1,743,096	341,152	534,996	5,610,323	14,496,427
Materials, supplies and services	1,190,236	8,103,319	873,667	561,126	348,151	2,955,838	14,032,337
Interest and other	2,173	-	7,704	224,765	-	187,200	421,842
Amortization	303,288	190,787	1,712,160	394,200	-	782,154	3,382,589
Total expenses	3,725,462	12,331,201	4,336,627	1,521,243	883,147	9,535,515	32,333,195
Annual surplus (deficit)	\$ 26,915,652	\$ (11,872,628)	\$ (3,986,510)	\$ (1,312,726)	\$ (818,504)	\$ (6,760,456)	\$ 2,164,828

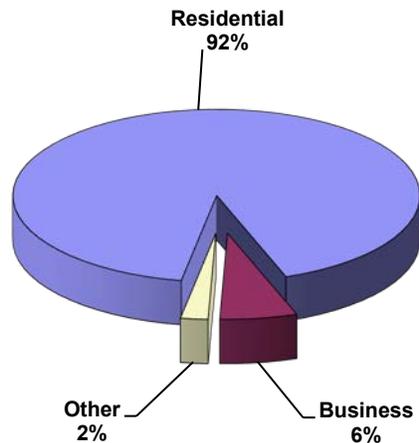
Statistical Information

As per BC Assessment Roll Tax Base Report

Taxable Assessments of Land and Improvements 2013 - 2017

Property Class	2017	2016	2015	2014	2013
Residential	\$2,747,081,005	\$2,367,034,105	\$2,251,694,305	\$2,196,096,305	\$2,267,102,604
Utilities	1,281,000	1,142,100	1,113,200	1,172,500	1,147,600
Major Industry	41,963,600	37,662,200	42,718,800	20,834,900	18,150,000
Light Industry	8,335,300	8,251,100	8,244,300	8,443,500	13,843,400
Business	183,079,551	171,602,451	179,736,202	176,944,602	178,257,552
Recreation Non-Profit	13,562,200	12,921,500	11,603,700	11,268,900	10,457,000
	\$2,995,302,656	\$2,598,613,456	\$2,495,110,507	\$2,414,760,707	\$2,488,958,156

2017 Assessment by Type



Source: BC Assessment

Statistical Information

Property Tax Rates 2013 - 2017

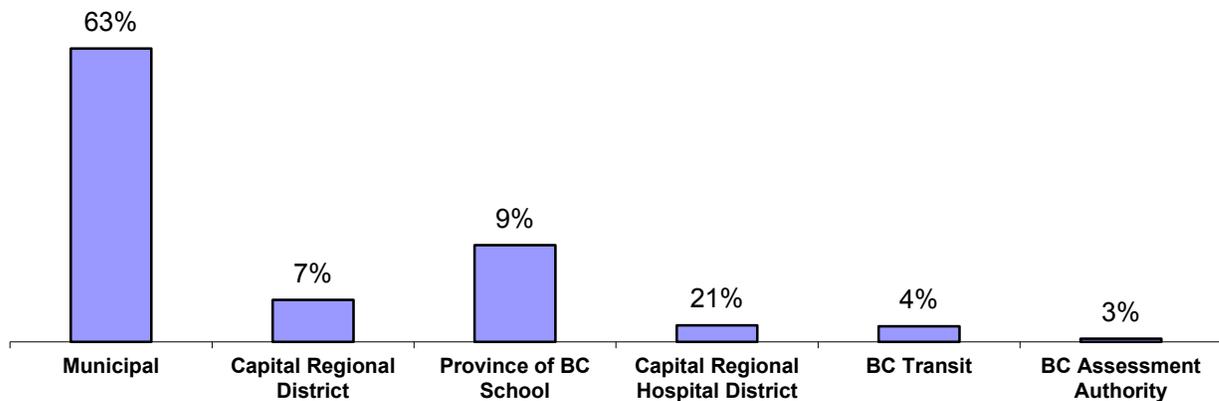
	2017	2016	2015	2014	2013
Municipal (\$ per 1000 assessment)					
Residential	4.24570	4.89152	5.01609	5.01920	4.85510
Utilities	20.20531	22.55000	22.69072	21.08975	21.54743
Major Industry	31.55795	32.29971	32.91671	32.20362	31.45665
Light Industry	17.64999	17.74134	17.41464	16.64594	16.52340
Business & Other	12.76677	13.38699	12.50032	12.39388	12.45060
Recreation/Non-profit	4.68132	4.88897	4.92856	4.91043	5.44052
Total (\$ per 1000 assessment)					
Residential	6.73365	7.82484	7.99558	8.22219	7.88723
Utilities	38.93618	41.92409	41.85162	40.82699	41.26040
Major Industry	43.29535	44.90333	45.48500	46.02978	44.69310
Light Industry	27.02874	27.97418	27.77191	27.72844	31.97989
Business & Other	21.19714	22.73613	21.97694	22.52334	22.46523
Recreation/Non-profit	8.56720	9.26594	9.44506	9.70568	10.19192
Municipal Tax Billings by Property Class					
Residential	\$11,663,282	\$11,578,395	\$11,294,701	\$11,022,647	\$11,007,009
Utilities	25,883	25,754	25,259	24,728	24,728
Major Industry	1,052,845	1,029,404	859,442	671,819	570,938
Light Industry	147,118	146,386	143,572	140,550	228,740
Business & Other	2,397,550	2,297,240	2,246,760	2,193,030	2,212,363
Recreation/Non-profit	63,489	63,173	57,190	55,335	56,892
	\$15,350,166	\$15,140,352	\$14,626,924	\$14,108,109	\$14,100,670

Statistical Information

Property Tax Levied and Collected 2013- 2017

	2017	2016	2015	2014	2013
Municipal	\$ 15,350,166	\$ 15,140,352	\$ 14,626,924	\$ 14,108,109	\$ 14,100,670
Capital Regional District	2,191,494	2,110,509	1,757,464	2,196,311	1,927,436
Province of BC School	5,059,036	5,288,532	5,421,471	5,423,794	5,533,182
Capital Regional Hospital District	874,119	864,755	856,844	863,289	857,377
BC Transit	818,624	862,493	866,368	856,673	824,355
BC Assessment Authority	166,656	178,067	183,854	185,162	187,733
Municipal Finance Authority	679	597	572	560	573
	\$ 24,460,774	\$ 24,445,305	\$ 23,713,497	\$ 23,633,898	\$ 23,431,326
Total Current Taxes Levied	24,460,774	24,445,305	23,713,497	23,633,898	23,431,326
Current Taxes Collected	24,181,248	24,172,366	22,807,970	23,264,304	23,082,089
Percentage	98.86%	98.88%	96.18%	98.44%	98.51%

2017 Taxes by Jurisdiction



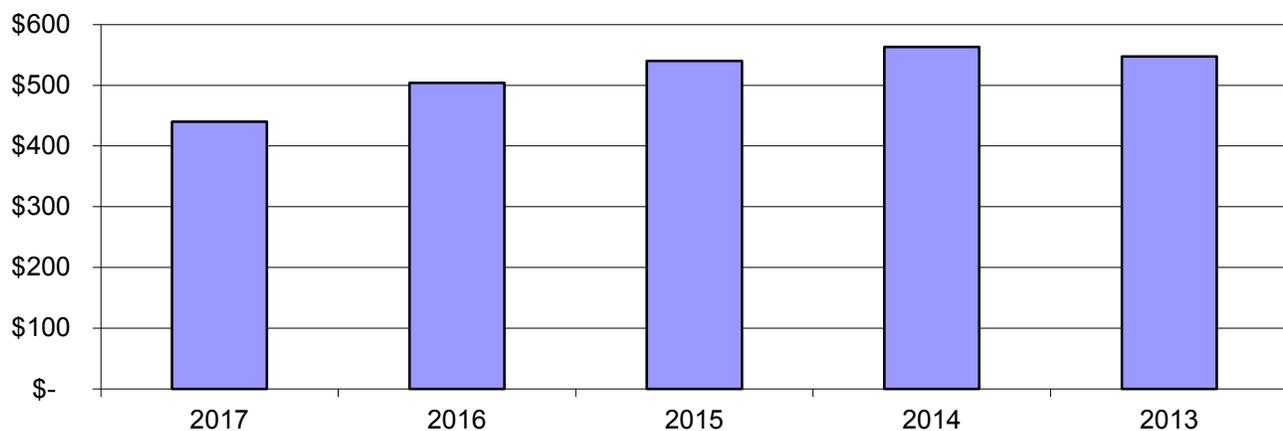
Source: Corporation of the Township of Esquimalt Finance Department

Statistical Information

Debenture Debt 2013 - 2017

	2017	2016	2015	2014	2013
Gross Outstanding Debt	\$16,050,000	\$16,050,000	\$15,300,000	\$14,750,000	\$13,550,000
Less: Repayments & Actuarial Earnings	7,784,828	6,929,110	6,110,009	5,329,770	4,679,427
Short-term Debt Payments	500,000	220,000	120,000	-	-
Net Debt	\$ 7,765,172	\$ 8,900,890	\$ 9,069,991	\$ 9,420,230	\$ 8,870,573
General	\$ 4,185,122	\$ 4,976,205	\$ 4,814,019	\$ 4,849,427	\$ 3,996,736
Sewer	3,580,050	3,924,685	4,255,972	4,570,803	4,873,837
	\$ 7,765,172	\$ 8,900,890	\$ 9,069,991	\$ 9,420,230	\$ 8,870,573
Debt Servicing Costs					
Property Tax Supported	\$ 956,510	\$ 799,575	\$ 847,267	\$ 957,884	\$ 888,112
Casino	275,000	275,000	275,000	275,000	275,000
Total Debt Servicing Costs	\$ 1,231,510	\$ 1,074,575	\$ 1,122,267	\$ 1,232,884	\$ 1,163,112
Population	17,656	17,655	16,800	16,734	16,209
Net Debt per Capita	\$ 440	\$ 504	\$ 540	\$ 563	\$ 547
Debt Servicing per Capita	\$ 70	\$ 61	\$ 67	\$ 74	\$ 72
Debt Service as % of Expenditures	3.68%	3.32%	3.58%	4.08%	3.95%
# of Households	8,742	8,742	8,309	8,309	8,038
Gross Debt Servicing Limit	\$ 8,555,372	\$ 8,335,382	\$ 8,069,309	\$ 7,758,796	\$ 7,240,032
Debt Capacity Available	\$ 7,323,862	\$ 7,260,807	\$ 6,947,042	\$ 6,855,187	\$ 6,548,219

Per Capita Net Debt



Source: Municipal Finance Authority and Population: Statistics Canada

Statistical Information

Revenue and Expenses 2013 - 2017

Revenue	2017	2016	2015	2014	2013
Property taxes	\$ 15,591,975	\$ 15,386,828	\$ 14,886,294	\$ 14,361,965	\$ 14,355,732
Payments in place of taxes	12,631,127	12,612,222	11,776,021	11,500,408	10,578,629
Sale of services	3,489,914	3,259,558	3,199,598	3,192,990	3,248,302
Other revenue from own sources	3,054,872	1,388,976	1,502,314	1,486,100	1,629,734
Unconditional transfers from other governments	578,985	595,310	641,380	399,455	399,323
Conditional transfers from other governments	1,219,383	1,255,129	3,767,767	2,348,211	922,627
	\$ 36,566,256	\$ 34,498,023	\$ 35,773,374	\$ 33,289,129	\$ 31,134,347
Expenses by Function					
General government	\$ 3,478,644	\$ 3,725,462	\$ 3,829,666	\$ 3,523,853	\$ 3,419,071
Protective services	12,944,164	12,331,201	11,591,642	11,866,531	11,300,118
Transportation	4,577,312	4,336,627	4,140,798	4,051,865	3,755,113
Environmental health	1,525,356	1,521,243	1,677,345	1,545,558	1,534,056
Environmental development	917,477	883,147	761,131	579,855	533,187
Recreation, parks and culture	10,059,871	9,535,515	9,361,456	8,659,085	8,917,810
	\$ 33,502,824	\$ 32,333,195	\$ 31,362,038	\$ 30,226,747	\$ 29,459,355
Expenses by object					
Salary, wages & benefits	\$ 15,007,742	\$ 14,496,427	\$ 13,598,751	\$ 13,503,865	\$ 12,865,130
Materials, supplies and services	14,620,879	14,032,337	13,869,676	13,189,042	13,106,999
Interest and other	400,937	421,842	456,904	474,668	512,852
Amortization	3,473,266	3,382,589	3,436,707	3,059,172	2,974,374
	\$ 33,502,824	\$ 32,333,195	\$ 31,362,038	\$ 30,226,747	\$ 29,459,355

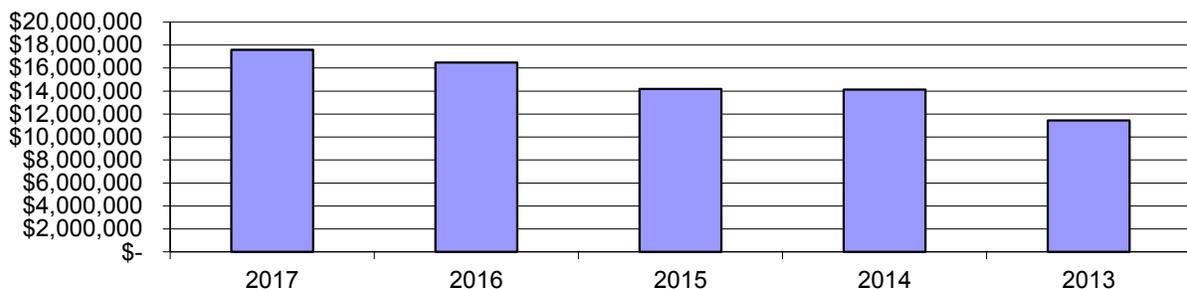
Source: Corporation of the Township of Esquimalt Finance Department

Statistical Information

Reserve Funds and Appropriated and Unappropriated Operating Funds 2013- 2017

Description	2017	2016	2015	2014	2013
Reserve Funds					
Capital Projects	\$ 1,951,874	\$ 1,677,118	\$ 1,701,786	\$ 1,921,257	\$ 2,240,990
Local Improvement	164,374	158,114	152,189	136,934	135,438
Machinery and Equipment	2,371,264	2,326,492	1,924,834	2,121,643	2,871,814
Municipal Archives Trust	3,693	2,992	2,972	2,628	5,671
Parkland Acquisition	85,197	84,369	83,698	82,988	82,082
Tax Sale Lands	116,321	115,190	114,273	113,302	113,489
Sustainability	174,101	157,232	196,123	165,673	185,700
Eva Chafe	33,624	33,297	33,032	34,460	34,083
Infrastructure & Revitalization	751,480	3,480,703	3,191,090	2,916,213	-
Public Art	24,900	12,009	-	-	-
	5,676,828	8,047,516	7,399,997	7,495,098	5,669,267
Appropriated Operating Funds					
Future expenditures	694,094	687,843	893,597	496,592	156,301
Casino revenue	309,963	254,972	200,731	157,224	174,281
Community Works Fund	1,951,104	1,927,695	1,781,042	1,206,960	-
Library Reserve	140,000	-	-	-	-
Community Impact Fund	55,000	-	-	-	-
Uncollected taxes	100,000	100,000	100,000	100,000	100,000
Working capital	400,000	400,000	400,000	400,000	400,000
	3,650,161	3,370,510	3,375,370	2,360,776	830,582
Unappropriated Operating Funds	8,269,982	5,057,402	3,393,428	4,269,327	4,931,713
Total	\$ 17,596,971	\$ 16,475,428	\$ 14,168,795	\$ 14,125,201	\$ 11,431,562

Total Reserve Funds, Appropriated and Unappropriated Operating Funds



Source: Corporation of the Township of Esquimalt Finance Department

Statistical Information

2017 Grants

Organization	Property Taxes	Grants	Total
Aboriginal Tourism Association of BC	\$ -	\$ 1,000	\$ 1,000
Big Brothers Big Sisters of Victoria	-	1,000	1,000
Boys and Girls Club Services of Greater Victoria	29,299	-	29,299
Buccaneer Days	-	1,732	1,732
Celebration of Lights	-	713	713
Corporation of the City of Victoria - Portion of Barnard Park off Sea Terrace	1,105	-	1,105
Creatively United For The Planet	-	500	500
Disabled Sailing Association	-	1,500	1,500
Disaster Aid Canada	-	1,000	1,000
Esquimalt Anglers' Association	2,452	-	2,452
Esquimalt Farmers Market	-	5,754	5,754
Esquimalt High School	-	800	800
Esquimalt High School - Athletic Team Funding	-	2,750	2,750
Esquimalt High School - Terry Fox Scholarship	-	500	500
Esquimalt High School - Township of Esquimalt Scholarship	-	750	750
Esquimalt Lantern Festival Society	-	8,000	8,000
Esquimalt Neighbourhood House Society	12,518	12,650	25,168
Esquimalt Ribfest	-	553	553
Greater Victoria Bike to Work Society	-	1,500	1,500
Greater Victoria Festival Society	-	1,500	1,500
Greater Victoria Spirit Committee	-	2,000	2,000
Green Teams of Canada	-	2,000	2,000
Habitat Acquisition Trust	12,311	-	12,311
Island Community Mental Health Association	27,224	-	27,224
Island Corridor Foundation	6,345	-	6,345
L'Ecole Victor Brodeur	-	2,500	2,500
Lifecycles Project Society	-	1,500	1,500
Macauley Elementary School Parents' Advisory Council - Crossing Guard	-	10,000	10,000
Michael Dunahee Keep the Hope Alive Drive	-	900	900
Mustard Seed Street Church	35,041	-	35,041
Need2 Suicide Prevention Education & Support	-	1,000	1,000
Prostitutes Empowerment Education & Resource Society	9,822	-	9,822
Raheer Newman Productions Ltd.	-	1,000	1,000
Rock Solid Foundation	3,710	-	3,710
Rockheights Middle School	-	4,000	4,000
Stigma Free Society	-	1,000	1,000
The Compassionate Resource Warehouse Society	18,632	-	18,632
Township of Esquimalt Community Arts Council	-	16,701	16,701
Vancouver Island South Film & Media Commission	-	3,000	3,000
Victoria Association For Community Living	2,141	-	2,141
Victoria Nikkei Cultural Society	-	1,000	1,000
Victoria Operatic Society	12,845	-	12,845
Victoria Rainbow Kitchen Society	-	5,000	5,000
Victoria Restorative Justice Society	-	4,500	4,500
Volunteer Victoria	-	1,000	1,000
World Fisheries Trust	-	650	650
	<u>\$ 173,445</u>	<u>\$ 99,953</u>	<u>\$ 273,398</u>

Township of
ESQUIMALT

A decorative blue wave graphic that starts under the 'E' of 'ESQUIMALT', dips down, and then rises back up under the 'T', creating a stylized wave effect.