



Township of Esquimalt, British Columbia, Canada
2018 Annual Report
For the year ended December 31, 2018



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.



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Esquimalt 2018: year in review



Defined by the sea

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 2018 highlights.

2018 was an eventful year. This annual report addresses many of our shared achievements but can never properly relay the energy, enthusiasm and community spirit that led to these accomplishments. Esquimalt continues to be a community of residents, businesses and municipal staff committed to its success.

Finalizing our Official Community Plan (OCP) was an important step to provide guidance and direction on the growth of the Township. I would like to sincerely thank all those who took part in our community engagement efforts and spend time sharing their ideas.

The tsunami warning in January was a jarring reminder about the importance of emergency preparedness. We take emergency planning very seriously and are fortunate to have skilled emergency program staff and a host of dedicated volunteers ready to help. After the warning, we bolstered our public education campaign with information specific to tsunami risks in addition to our regular free education session.

Our public engagement regarding the McLoughlin amenity funds began in the spring and carried on through the fall. Surveys and face-to-face conversations helped us fine tune how Esquimalt residents want to see us invest in the community. We look forward to continuing the planning process.

Development in Esquimalt received a boost with the launch of our online development tracker. Our goal is to provide timely, accurate information about projects in the Township to help residents, realtors and developers stay as informed as possible about what is happening in our community. We saw an impressive \$57M in construction value come from building permits as well as several new development and rezoning applications. With initiatives like the Revitalization Tax Exemptions, we continue to encourage investment in our busiest commercial areas.

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 and Bard Across the Bridge. Add to this list popular community events such as Rib Fest, the award-winning Esquimalt Farmer's Market, Buccaneer Days and our popular 5K event, 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 cursive script that reads "Barbara Desjardins".

Barbara Desjardins
Mayor of the Township of Esquimalt

Mayor and Council



Barb Desjardins - Mayor

Appointments

CRD Board/Hospital Board
Victoria and Esquimalt Police Board (Co-Chair)
CRD Regional Housing Corporation Board
Municipal Insurance Association of British Columbia (Alternate)
South Island Prosperity Project
Te'mexw Treaty Advisory Committee (Alternate)

Internal Appointments

Department of National Defence Liaison
Emergency Executive Committee
Local Grant Committee
School Liaison (Alternate)
Esquimalt High School Sport Field Working Group (Alternate #2)



Esquimalt Mayor and Council 2018-2022

The Mayor and Council of the Township of Esquimalt were elected for a four-year term in October 2018.

Mayor and Council adopt bylaws and policies, approve the municipal budget, and serve on various committees within the municipality and region.



Ken Armour - Councillor

Appointments

Capital Regional District Arts Commission (Alternate)
South Island Prosperity Project
Te'mexw Treaty Advisory Committee

Internal Appointments

Environmental Advisory Committee
Esquimalt Ribfest Liaison
Local Grants Committee
Township Community Arts Council



Meagan Brame - Councillor

Appointments

Capital Regional District Board / Hospital Board (Alternate)
Capital Regional District Arts Commission
Capital Regional Housing Corporation Board (Alternate)
Greater Victoria Harbour Authority (Alternate)

Internal Appointments

Advisory Planning Commission (APC) Liaison
APC Design Review Committee (DRC) Liaison
Buccaneer Days Liaison
School Liaison
Esquimalt High School Sport Field Working Group



Jacob Helliwell - Councillor

Appointments

Capital Regional Climate Action Inter-Municipal Task Force
Greater Victoria Labour Relations Association (Alternate)
Greater Victoria Harbour Authority
Municipal Insurance Association of British Columbia

Internal Appointments

Advisory Planning Commission (APC) Liaison
APC Design Review Committee (DRC) Liaison



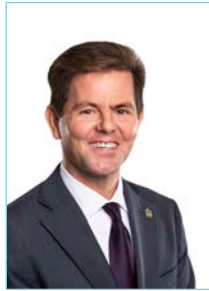
Lynda Hundleby - Councillor

Appointments

Capital Regional Housing Trust Fund Commission
Capital Regional Water Supply Commission (Alternate)
Greater Victoria Labour Relations Association
Municipal Insurance Association of British Columbia (Alternate #1)

Internal Appointments

Environmental Advisory Committee
Esquimalt Farmers Market Liaison



Tim Morrison - Councillor

Appointments

CRD Regional Water Supply Commission
CRD Emergency Services Telecommunications (C.R.E.S.T.)

Internal Appointments

Esquimalt Together Against Graffiti (ETAG)
Local Grants Committee
Parks and Recreation Advisory Committee
Esquimalt High School Sport Field Working Group (Alternate #1)



Jane Vermeulen - Councillor

Appointments

Greater Victoria Public Library Board
Victoria/Esquimalt Harbour Society

Internal Appointments

Celebration of Lights Liaison
Parks and Recreation Advisory Committee

Message from the Chief Administrative Officer



It is my pleasure to present the Township of Esquimalt's 2018 Annual Report on behalf of Corporate Administration.

In 2018 Township staff were focussed on ensuring continued progress with a number of major initiatives while also preparing for municipal elections and potential changes.

The Official Community Plan's update was a lengthy process requiring significant public input and deliberation by Mayor and Council over the past few years. It was adopted, including development permit guidelines, in 2018. This newly updated plan will now guide development decision making in the future.

Public consultation on the McLoughlin Amenity Funds took place throughout 2018 to inform discussion and decision-making occurring in 2019. Public input took many different forms, from open houses to surveys and as usual, the community had lots to contribute as to how these funds should be spent. The level of community engagement for this initiative was impressive and will be important as Council moves into project assessment in 2019.

Progress on the Esquimalt Town Centre project is obvious to anyone visiting or passing by the municipal hall and library area. There was significant progress on this major development during the year and the Township will soon have a lively new gathering space and library area. This development was under consideration for many years and is now a visual reality.

In addition to these major undertakings, the municipal election saw some changes to Council composition in the latter quarter of the year. Orientations began and the new Council hit the ground running with some new strategic goals and objectives supported by a financial plan that will be finalized and adopted early in 2019.

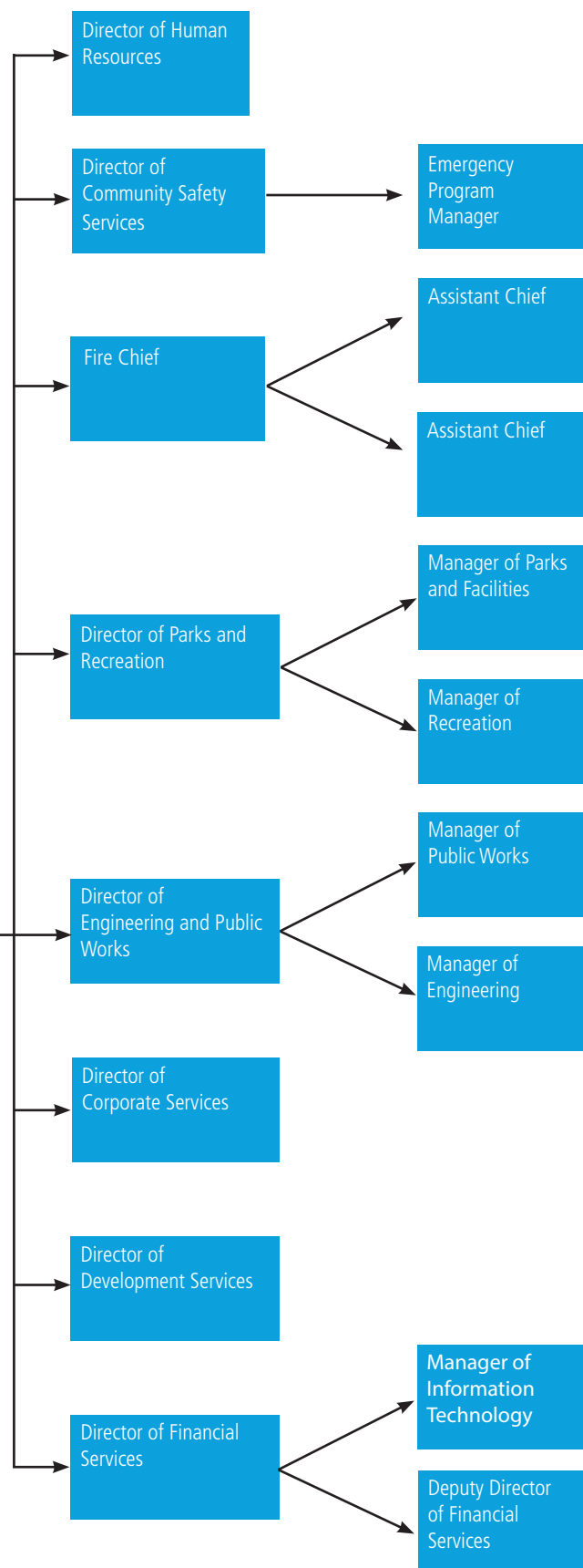
I invite everyone to review this annual report which highlights these achievements as we move forward.

A handwritten signature in black ink that reads "L. Hurst".

Laurie Hurst

Chief Administrative Officer

Organizational Chart



Strategic Priorities 2015-2019

The report

The 2015-2019 Strategic Priorities Report was updated by Council in January 2018. 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.

See esquimalt.ca for a copy of the 2015-2019 Strategic Priorities Report and our current 2019-2023 Strategic Priorities Report.

Strategic Priorities 2015-2019



We continue to enhance the health and liveability of the community

- Support community growth, housing 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 to improve community spaces
- Proactively address emerging trends in public safety



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 the 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

Engaged Esquimalt

Esquimalt shines at events! Working with the community, volunteers, staff and partner organizations, 2018 saw events for kids of all ages.

Special events

The Recreation Department hosts many special events and provides support to several community events. In 2018, more than 50 events occurred within the township.

These events included: Family Day Celebration, Esquimalt 5K with 1K Kids' Fun Run, Free Community Easter Event, Earth Day Celebration, Esquimalt's Gigantic Garage Sale, indoor and outdoor Farmer's Markets, Neighbourhood Block Party, Ocean's Day Celebration at Esquimalt's Gorge Park, Buccaneer Days, Music In the Park, Outdoor Cinema Series, Aeriosa, RibFest, Celebration of Lights Car Show, Esquimalt Children's Story Fest, Japanese Cultural Fair, Halloween Bonfire, Creative Crafters & Knitters Christmas Sale, Celebration of Lights, Lion's Skate with Santa, Christmas Tree Village and Santa Paws: pet photos with Santa and a dog swim.

Special event highlights

Family Day on Monday, February 12 was very well attended with approximately 800 people. The 2018 event featured many free and family-friendly options for the public: swimming; skating; a family dance class; family yoga and family pickleball; kindergym; an Esquimalt Lion's Club BBQ and Donald Dunphy the magician. Community partners included the Esquimalt Lion's Club and Country Grocer.

The annual Esquimalt Photography Club Spring Photo Show engaged visitors in the recreation centre for the duration of the month of March. Voting was moved online for the first time with hundreds of votes cast. The club also hosted an open house in the atrium on March 7 that saw 40 people in attendance. New picture rails that were installed in the atrium made the setup and take down for this event much more efficient.

The Gigantic Garage Sale was held in the curling rink on March 24. This garage sale was the biggest to date, with all 120 tables selling out well in advance. It is estimated over 2,000 visitors attended this event.

The Annual Esquimalt Lions' Easter Egg Hunt occurred on Sunday, April 1. The event included entertainment, crafts, kids' races, the bouncy castle and a huge age-categorized Easter egg hunt. Approximately 600 people participated in the 2018 event.

The summer outdoor movies series continued to be a highlight of the summer season with over 1,000 attendees at four features: Wonder Woman on July 11, LEGO Batman Movie on July 25, Footloose on August 8 and Trolls on August 22.

The 14th Annual Children's Story Festival was held on Saturday, September 22, 2018 in Partnership with the Greater Victoria Public Library (GVPL). An estimated 350 children and their parents enjoyed this literacy festival. The theme of "diversity" was incorporated into the event and through storytellers that teach the children and their parents not only about the important role that storytelling plays in other cultures but about other cultures as knowledge in and of itself. This was very successful and the children were exposed to some excellent performances. The Lion's Club hosted one of their famous BBQ's (with all food being donated to the event by Country Grocer and left-over food being shared with the Rainbow Kitchen). The GVPL hosted the book table at the event where every child received a free, new book to take home with them. Esquimalt Neighbourhood House provided additional support, running a craft table at this event.

The 5th Annual Christmas Tree Village featured 40 decorated Christmas Trees in the recreation centre and the Archie Browning Sports Centre. People's Choice voting took place online through the municipal website with the winner of the BC and Alberta Guide Dog Association, a first-time participant in the event.

With the lifestyle pool being drained for filter replacement, the first dog swim was hosted on Sunday, December 2 with rave reviews and 75 dogs participating in the swim. The dog swim was themed over the holidays as Santa Paws and included an opportunity for pet pho-



Lekwungen dancers at World Oceans Day.

tos with Santa in the recreation centre atrium by donation with proceeds supporting the Rainbow Kitchen.

Other activities

We underwent several public engagement activities for the McLoughlin Amenity Funds Project. This included surveys and in-person sessions to gather input.

The free community tax clinics had 6 volunteers working hard to file over 280 returns for local community members free of charge.

Fifty-four children and youth participated in various public engagement activity stations to receive input on a Township of Esquimalt Parade Float. Drawings were received starting at Buccaneer Days in May until Ribfest in September. The responses showed a preference for a nautical theme. The parade float will be unveiled in 2019.



The public gave input on how to use the McLoughlin amenity funds.



A future firefighter at our Neighbourhood Party.



Costumes and fun at the Celebration of Lights.



Kids learning how to be Eco Champs at Saxe Point Park.

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 2018, Corporate Services staff were busy with the local government election. In addition to the numerous mandatory public notices, staff enhanced the website to make significantly more election information readily accessible to the residents and electors of our community.

Highlights

- As directed by Council, the election bylaw and procedures were revised to include, for the first time in Esquimalt:
- (1) use of the Provincial Voters List rather than voting day registration of voters; and
- (2) a special voting opportunity for residents of Sunset Lodge.
- Staff coordinated several post-election meetings, including joint new council orientation for all local governments within Capital Regional District, the inaugural council meeting, in-house council orientation, and strategic planning sessions for Esquimalt's new council.
- With the assistance of a records management consultant and our new Archivist/Records Coordinator, staff developed and commenced implementation of a pilot electronic records structure for departmental records.

Communications

Working with other Township departments, a key focus was providing information of value to our residents and stakeholders and supporting our community groups through our communications resources.

Highlights

- Refreshed website home page and revised, added and updated webpage content.
- Provided enhanced support for the local government election, including development of a dedicated website section, newsletter story, home page links and regularly updated a FAQs section with inquiries from candidates and voters.
- Added a "submit an event" function on the website so that local community groups could submit information about their event for review and publication to the Township's website.
- Added new development tracker feature to permit residents to check on the status of developments.
- Continued with enhanced use of social media as an engagement tool.
- Compared to other municipalities in the Capital Region, Esquimalt ranked #2 in Twitter followers and #4 in Facebook likes.
- Optimized the site map for our website to reflect best practices and make it more user friendly, including an enhanced search function and web analytics.

Connecting to strategies and priorities

- **Encourage and facilitate community involvement that supports non-governmental initiatives**
- **Consider improvement to user services on website to make more accessible**



Children of Samuel and Rosina Lane, Dorothy and Rosina Lane Jr. in garden of Olde England Inn. Image no. 996.75.3.

Archives

The Esquimalt Municipal Archives acts as a safe and permanent home for municipal records of historical and legal value, as well as 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.
- Long-time volunteer Sherri Robinson was honoured with a Museum Service and Stewardship Award from the BC Museums Association.

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

The Township monitors and controls the types and kinds of businesses that are allowed within the Township. This is done through the business licence program. Prior to issuing a business licence, the application is reviewed by the Development Services Department to ensure it meets the zoning 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 2018 the Township issued 739 renewal notices for business licences, adding 36 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 2018, Bylaw Officers investigated 501 occurrences (a 28 % increase over 2017) and wrote 501 bylaw enforcement tickets (a 43% increase over 2017) 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 118 plumbing permits and 118 building permits in 2018 representing nearly \$57 million in construction value; a more than 100 per cent increase over the previous year.

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 the plans annually with input from staff members.

Volunteers are a vital component of the program with the delivery of public education through the Neighbourhood Emergency Preparedness Program. 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.



The Emergency Program offers tools and resources to help residents prepare for emergencies.

Connecting to strategies and priorities

- **Advocate with intergovernmental entities to promote issues affecting Esquimalt**
- **Ensure processes for business and development are clear and consistent**

Development Services



The Development Services Department is responsible for ensuring that community development within Esquimalt occurs in a manner consistent with the goals and policies set out in the Official Community Plan.

The highlight of 2018 was the adoption of the new Official Community Plan by Council on June 25, 2018. This represented a culmination of almost three years of extensive research, public consultation and inter-agency review.

The new Official Community Plan features a number of new initiatives such as township-wide development permit areas for the protection of the natural environment; energy conservation and greenhouse gas reduction; and water conservation. These three community-wide development areas are intended to ensure that future development is responsive to the increasing pressure it is putting on local, regional, and global systems.

2018 was a very busy year for the department. In 2018 the department processed 14 new rezoning applications, 19 new development permit applications, and 12 new development variance permit applications.

In addition, there was an extensive amount of research done to prepare an amendment to the Zoning Bylaw in preparation for the legalization of cannabis. The department also started preparations for the development of a bylaw to regulate checkout bags. This initiative will include extensive public consultation to take place in 2019.

In the fall of 2018, PlanH, a program implemented by BC Healthy Communities Society, announced that the Township of Esquimalt had been awarded a \$10,000 grant to develop design guidelines to help make missing middle housing more conducive to social cohesion amongst its residents and the surrounding community.

As more and more people will be living in denser housing types it is important that housing is designed to encourage social interactions which are important for health outcomes and community resilience. The Township aims to become a leader in the provision of a variety of housing types that can accommodate the diverse array of individuals and families that call Esquimalt home.



PlanH, implemented by BC Healthy Communities Society, facilitates local government learning, partnership development and planning for healthier communities where we live, learn, work and play.

Connecting to strategies and priorities

- **Support community growth, housing and development consistent with our Official Community Plan**
- **Ensure processes for business and development are clear and consistent**
- **Advocate with intergovernmental entities to promote issues affecting Esquimalt**

The Development Services department strives to help create a welcoming and livable community for all who wish to live in Esquimalt.

The department will 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.

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 highlights:

Several projects focussed on improving pedestrian infrastructure including:

- Replaced and upgraded sidewalk along Nelson Street from Lyall Street to mid block;
- Removed stairs and installed a sloped sidewalk at Lockley Road/Intervale to increase accessibility;
- Upgraded sidewalk ramp at Tillicum Road/Colville to decrease the grade in order to provide greater accessibility;
- Added pedestrian-controlled lights at Grenville Street intersection and Municipal Hall;
- Upgraded Tillicum Road sidewalk, road and storm infrastructure from Craigflower Road to Transfer Street; and
- Worked with District of Saanich for maintenance on Tillicum Bridge.

Transportation projects also included the continuation of a traffic study project that looked at road cross-sections and potential cross-sections for Lampson Street, Lyall Street as well as a potential crossing/intersection location for Tillicum Road including modelling of traffic/bicycle movements.

Crews replaced 103 street lights with LED lights along Craigflower Road, Tillicum Road and Lampson Street helping to reduce energy consumption and increase the lifetime of the bulbs.

The Corridor Management Program is in its second year. It includes continued underground infrastructure investigations and development of a 5 year plan for maintenance and upgrade works.

Public Works highlights:

Public Works helps care for the Township's assets by undergoing infrastructure maintenance. 2018 activities included:

- six storm water catch basin replacements and new installations;
- three manholes replaced;
- pump station maintenance;
- catch basin cleaning;
- oil/water/grit separator cleaning;
- repair of sanitary sewer and storm water laterals;
- street sweeping;
- pot hole repair and sink hole repair;
- crack sealing of roads;
- road markings/curbs painted;
- seventeen trip hazards repaired;
- eleven sidewalk accessibility ramps replaced or built;
- maintenance activities for parks infrastructure and vertical infrastructure;
- intersection lighting maintenance; and
- fleet unit maintenance.

Other construction projects included the installation of a new sidewalk along Kinver Street from Wychbury Avenue to Greenwood Avenue.

Crews collected 1,212 tonnes of garbage, 556 tonnes of kitchen scraps and 1,769 tonnes of yard/garden materials. They also carried out ice and snow control for two significant storm events.

Additionally, Public Works carried out significant work for surface restoration and installation of services for third parties.

Connecting to strategies and priorities

- **Participate in integrated waste strategies**
- **Ensure multi-modal traffic strategies consider and reflect business and residential growth and development**

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 is responsible for overall cash management. This includes collection of property tax, dog and business 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, staff 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



Residents often bring their dogs for a visit to the hall when it's time for annual licence renewals.

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, the department generates 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 (IT) 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. IT staff 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

- **Identify long term financial requirements for infrastructure**

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.

2018 began with a project to change Esquimalt Fire Department's dispatch provider from Saanich Fire to Surrey Fire. This project involved changing radio communication protocols, radio channels, records management systems, and establishing new radio links between CREST (Capital Region Emergency Service Telecommunications) and E-Comm radio networks. On September 18, 2018, the Esquimalt Fire Department along with four other departments in the Capital Regional District successfully changed over to Surrey Fire Dispatch.

During 2018, we continued to improve operational service delivery and partnerships. By working alongside CFB Esquimalt, we have streamlined response

procedures with a joint automatic aid response when responding to structural fires in Esquimalt or on the Canadian Forces Base. This partnership provides assistance of an additional five firefighters on the initial response.

In June, the BC Ambulance Service made changes to its medical priority dispatch system. These changes, along with a new clinical response model, have reduced the lower priority calls of service for medical first response in Esquimalt. The intent of these changes is to best match the patient's needs with timely effective medical care based on clinical outcomes.

In 2018, the Esquimalt Fire Department responded to 1,105 incidents compared to 1,515 in 2017.



Esquimalt Fire Rescue saw new partnerships in 2018.

2018 Responses by Category

Type of response	2018	Overall %
Alarm calls	83	7.52%
Assist public	64	5.80%
Burning complaints	30	2.70%
Hazardous materials	20	1.80%
Structure fires	19	1.70%
Other fires	24	2.20%
Other responses	28	2.50%
Medical aid	761	69%
Motor vehicle incidents	62	5.60%
Rescue	1	0.10%
Electrical emergency	13	1.20%
TOTAL	1,105	100%

Connecting to strategies and priorities

- **Proactively address emerging trends in public safety**

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 residents and hosts sporting and special events in the community.

Parks

The Parks Department is responsible for the maintenance and conservation of Esquimalt's stunning parks, trails and beaches. While maintaining Township parks to a high standard, staff members follow principles of sustainability and ecology, ensuring that future generations will continue to enjoy our coastal and upland parks and greenways. Throughout 2018 parks staff—working alongside volunteers, community organizations, and youth groups—also provided support for a variety of Township events.

Highlights and upgrades

Extensive park improvements were completed in 2018 including significant landscaping and playground enhancements at Lampson Park; a new swing set installation at Anderson Park; a new wood chip trail developed in the meadow at Highrock Park; interpretive signage installed at Highrock Park; flower bed renovations completed on the east-side of Saxe Point Park; new grass established in the 'wedding area' of Saxe Point Park; new picnic tables and benches installed throughout our parks and existing furnishings were refurbished.

As highlighted in the Urban Forest Management Plan, our urban forest includes 130 species representing 64 genera in 28 families of trees. The top distribution of species being: 19 per cent Cherry/Plum; 9 per cent Garry Oak; 7 per cent Douglas Fir; 6 per cent European Hawthorn; 4 per cent Red Maple; 4 per cent Crabapple; 3 per cent European Hornbeam; 3 per cent Norway Maple; 3 per cent Kwanzan Cherry and 2 per cent Bigleaf Maple. Esquimalt's inventoried tree resources absorb and avert 1,679 kg of air pollutants annually and reduce a net 450,007 kg of carbon dioxide each year.

Municipal trees within our urban forest grew by 82 trees in 2018: 32 trees were removed due to health or structural deficiency while 114 were planted. In addition to the planting and removal of trees, 110 municipal trees were pruned. In supporting our residents to maintain trees on their properties, the Parks Department approved 88 trees for removal (which will be replaced



Interpretive signs help add meaning and learning opportunities when visiting our parks.

by 216 trees—further increasing our urban forest). Twenty-nine trees were approved for pruning.

A new watering bag program was introduced in 2018 encouraging residents to assist in watering trees. Currently, the Township is watering 425 trees annually with trees being watered for the first three years after planting. Two hundred bags are now in place throughout the community. Through this watering bag program, when boulevard trees are planted staff work in collaboration

Connecting to strategies and priorities

- **Parks & Recreation enhancements and strategic parkland acquisition and expansion**
- **Build a vibrant and sustainable arts, culture and heritage community**

Parks and Recreation continued...

with the neighbouring residents to select the species of tree to be planted.

Parks staff continue to engage the community in the care of trees in our urban forest. One such initiative is through the Branch Out! program. Branch Out! community events provide an engaging opportunity for residents and visitors to work together to restore park lands. Three Branch Out! events were held in partnership with the Greater Victoria Green Team in 2018: one at Esquimalt Gorge Park, Macaulay Point Park and Saxe Point Park. These events resulted in 850 square metres of invasive species removal from our parks (including English Ivy, Himalayan Blackberry, Broom, and Daphne) and 300 native saplings and shrubs being planted. In addition to these events, in partnership with the Department of National Defence, 1,431 square metres of land was restored at Macaulay Point Park to help protect three endangered plant species. A 10-year agreement was ratified for the ongoing care of Macaulay Point Park for use as a park for the general public.

The Annual Esquimalt Earth Day Celebration was held on April 25. This event drew more than 1,500 people to Highrock Park to take part in tree planting, invasive species removal, trail building, goat feeding and learning opportunities provided by the many exhibitors at the event. 2018 marked the return of nature walks for younger participants. The walks were greatly helped by the leadership class of L'École Victor Brodeur. Exhibitors for the event included Parks Canada, World Fisheries Trust, Friendly Organics and VIHA smoking cessation groups. Partnering with local businesses Simply Pure Water, Bartlett Tree Services, Kimoff Nursery, South Island Ferns and Country Grocer helped make the event a success.

Formal requests for parks' use continue to be in strong demand with 201 rental agreements issued throughout 2018. These rentals covered bookings over 758 sessions. The greatest demand was for Saxe Point Park where 58 rental agreements were issued followed by Gorge with 53 agreements issued. The most common function for park rentals was for sports bookings with 59 sport-based rental agreements being issued, followed by 52 for weddings and 43 for special events.

Recreation

The Esquimalt Recreation Centre maintains operation 365 days a year with modified hours on January 1 (1-3



Curling is a popular activity at Archie Browning Sports Centre.

p.m., free admissions), December 24 (5:30 a.m.-4 p.m.), December 25 (1:30 p.m.-4 p.m., \$2 admissions) and December 31 (5:30 a.m.-4 p.m.). Visits to the recreation centre amount to approximately 1,000 visits per day. This is a combination of drop-ins guests, guests with memberships, program participants and event attendees.

An impressive 15,671 registrations were processed in 2018, averaging more than 42 registrations every day. New programs were added in almost every area and age group, including: "The Secret Ingredient", a cooking course for school-aged children and youth; "Baby Mandarin" and "Super Mandarin Seeds" language classes for preschool-aged children; vegetarian cooking classes for adults; "Boost Your Brainpower", a 9-week program for older adults exploring topics such as brain anatomy, memory skills, stress management and sleep optimization; "Superheros of the Multiverse", a summer camp program offered in two age groups; and community workshops with vendor partners from the Esquimalt Farmer's Market that included soap making and bee keeping workshops.

Eco Champs continued to offer a free drop-in opportunity for families to become more ecologically aware. This was achieved through hands-on activities in our parks with special guests including representatives from the Robert Bateman Centre and the Victoria Compost Education Centre.

Parks and Recreation continued...

With continued demand for drop-in opportunities, the Parks and Recreation department's weekly drop-in offerings expanded in 2018:

- 10 drop-in ice programs (public skating, ice hockey, curling);
- 17 drop-in social opportunities for seniors;
- 16 drop-in opportunities for preschool-aged children;
- 13 drop-in sport program opportunities;
- 20 drop-in waterfit classes;
- 25 drop-in (land) fitness classes and;
- 4 free after-school and evening drop-in opportunities for youth.

The increased drop-in program opportunities aided in a notable increase in membership sales. Throughout 2018, 6,421 memberships were sold:

- 192 child passes—80 of which were child/youth summer access passes and 75 were 10-punch drop-in admissions passes;
- 304 youth passes, next to the summer access pass, like the child membership passes, the most frequently purchased pass was the 10-punch youth admission pass;
- University student passes with the most popular pass being the 10-punch admission pass (100 sold in 2018) and 3-month being next with 80 sold;
- 2,660 adult passes—once again the most popular being a 10-admission punch passes with 868 sold followed by the annual pass with 481 sold;
- 2,174 senior passes—with the trend continuing: 772 10-admission passes and 484 annual passes and;
- Regional passes yielding 586 passes being sold: 497 of which were a one-month special May Pass and 89 regional-use passes.

Facility upgrades

Enhancements to the Esquimalt Recreation Centre and Archie Browning Sports Centre included the replacement of old-domestic water lines, installation of LED lighting in both the recreation and sports centres, replacement of the lifestyle pool high-rate sand filter, re-coating of the 25-metre pool filter with an epoxy and sand product and painting throughout both facilities.

Significant work was undertaken on the refrigeration plant at the sports centre. The hockey and curling chillers were replaced and updated to a more efficient operating system with observations in a reduction in the run time of the compressors and improved ice quality with more efficient freezing of water after ice cleans. A notable change in the system is with a 73 per cent decrease in ammonia stored on site: 300 pounds are now stored where previously 1,100 pounds were stored. An exposure control plan for the ammonia plant was completed in conjunction with WorkSafe BC and Technical Safety BC. The implementation of this plan included establishing integrated team training and evacuation drills: a collaborative effort between the parks and recreation department, emergency program services and the fire department. With these enhancements, an audible and visual ammonia warning system was installed throughout the building.



The Archie Browning Sports Centre benefitted from upgrades in 2018.

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 proudly serves the Esquimalt community and Vic West and is located in the heart of the Township of Esquimalt. The members and staff at the Division are proud of the progress we have made in realizing VicPD's vision of "healthy communities through partnerships, accountability and service excellence."

Supporting the Esquimalt Community Patrol officers, the Esquimalt Division includes the Officer in Charge, two Community Resource Officers, one School Liaison Officer, and one Administrative Sergeant. The division also includes the K-9 Section and Mobile Youth Services Team(MYST).

The K-9 Unit is shared with Victoria while the MYST is a regional resource. Esquimalt also features two civilian members who provide the anchor for the Division. They not only work in Esquimalt, they are proud residents. The staff of the Esquimalt Division are dedicated to ensuring the safety and well-being of the residents we serve. We are committed to being available, visible and an engaged police presence.

The patrol officers assigned to work in Esquimalt have in most cases specifically requested the opportunity to be assigned to Esquimalt and are devoted to providing the best possible service. One of the common traits amongst these officers is the belief in community engagement.

The K-9 unit continued to evolve and welcomed three new canines to the organization, who were trained by the unit supervisor and all validated to the provincial

standards. This past year saw VicPD and the Esquimalt Division face some unique challenges around resourcing with the elimination of the School Resource Officers (SRO) at the end of June.

This had a domino effect on the Summer Action Plan eliminating the option of using the SROs to help cover. This left the OIC, the Sergeant and the two Community Resource Officers to try and cover off the weekends. In the fall the challenge of addressing school issues without the SRO's became a reality. Despite reduced numbers, the remaining staff deployed on several weekends to supplement patrol.

A highlight of 2018 was VicPD K-9 members attending the Canadian Championships and placing first in several categories.



VicPD staff can often be found taking part in community events.



Pink Shirt Day 2018 in support of anti-bullying.

Township Operations by the Numbers in 2018



Corporate Services:

- 90** agendas, notices and minutes prepared for regular, special and In Camera Council and Committee of the Whole Meetings
- 29** Freedom of Information request responses
- 179** Archives requests for research and information
- 1** article of local historical, interest published by Municipal Archivist in local news media
- 24** 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:

- 739** business licences issued or renewed
- 36** new business licence applications
- 118** plumbing permits issued
- 118** building permits issued (\$57M in construction value)
- 501** bylaw enforcement tickets issued

Development Services:

- 12** Board of Variance applications
- 14** new rezoning applications
- 19** new development applications

Engineering and Public Works oversees:

- 47** kilometres of roads
- 9** kilometres of boulevards
- 11** pump stations
- 55** kilometres of sidewalks
- 70** kilometres of stormdrains

Financial Services and Information Technology:

- 5,625** property tax notices generated
- 546** property tax certificates
- 1,536** dog licences issued
- 6,634** vendor invoices processed

Fire Rescue:

- 1,105** total responses to incidents
- 19** structure fire responses
- 761** medical aid responses
- 1** rescue

Parks and Recreation:

- 15,671** program registrations
- 594** program offerings
- 50+** events hosted or supported

Financial Section

Financial Reporting Responsibility

Auditors' Report

Financial Statements

Statistical Information



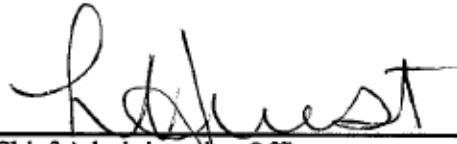
Management's responsibility for financial statements

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



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Victoria BC V8W 3Y7
Canada
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INDEPENDENT AUDITORS' REPORT

To Mayor and Councillors of the Township of Esquimalt

Opinion

We have audited the financial statements of the Township of Esquimalt (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements".)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 8, 2019

The Corporation of the Township of Esquimalt

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents (note 2)	\$ 47,828,594	\$ 28,894,270
Property taxes receivable	492,692	490,899
Accounts receivable	726,781	776,411
MFA debt reserve cash (note 12(b))	232,784	227,827
	<u>49,280,851</u>	<u>30,389,407</u>
Liabilities:		
Accounts payable and accrued liabilities	8,629,474	8,604,009
Deferred revenue and deposits (note 3)	20,165,666	3,356,897
Debt (note 4)	6,621,053	7,765,172
Obligations under short term borrowing (note 5)	18,200	34,005
Employee benefit and retirement obligations (note 6)	1,204,394	1,080,842
	<u>36,638,787</u>	<u>20,840,925</u>
Net financial assets	<u>12,642,064</u>	<u>9,548,482</u>
Non-financial assets:		
Tangible capital assets (note 7)	81,786,180	82,827,161
Inventory of supplies	153,983	126,689
Prepaid expenses	80,569	122,623
	<u>82,020,732</u>	<u>83,076,473</u>
Commitments and contingencies (note 12)		
Accumulated surplus (note 8)	<u>\$ 94,662,796</u>	<u>\$ 92,624,955</u>

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, 2018, with comparative information for 2017

	Financial plan (note 13)	2018	2017
Revenues:			
Taxes for municipal purposes (note 9)	\$ 16,320,698	\$ 16,310,208	\$ 15,591,975
Payments in place of taxes (note 10)	12,851,151	12,997,197	12,631,127
Sale of services	3,327,071	3,778,670	3,489,914
Other revenue from own sources	802,366	2,242,424	3,054,872
Conditional transfers from other governments (note 11)	1,121,774	1,179,520	1,219,383
Unconditional transfers from other governments (note 11)	598,722	566,086	578,985
Total revenue	35,021,782	37,074,105	36,566,256
Expenses:			
General government	4,145,821	4,404,198	3,478,644
Protective services	13,242,130	13,248,452	12,944,164
Transportation	3,490,447	4,892,638	4,577,312
Environmental health	1,098,563	1,567,945	1,525,356
Environmental development	1,181,196	744,711	917,477
Recreation, parks and culture	9,305,147	10,178,320	10,059,871
Total expenses	32,463,304	35,036,264	33,502,824
Annual surplus	2,558,478	2,037,841	3,063,432
Accumulated surplus, beginning of year	92,624,955	92,624,955	89,561,523
Accumulated surplus, end of year	\$ 95,183,433	\$ 94,662,796	\$ 92,624,955

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, 2018, with comparative information for 2017

	Financial plan (note 13)	2018	2017
Annual surplus	\$ 2,558,478	\$ 2,037,841	\$ 3,063,432
Contributed tangible capital assets	-	(91,488)	(152,560)
Acquisition of tangible capital assets	(6,040,908)	(2,882,159)	(7,811,543)
Amortization of tangible capital assets	-	3,550,759	3,473,266
Proceeds on disposal of tangible capital assets	-	1,000	4,618,950
Loss (gain) on disposal of tangible capital assets	-	462,869	(918,192)
	(6,040,908)	1,040,981	(790,079)
Acquisition of inventory supplies	-	(153,983)	(126,689)
Consumption of inventory supplies	-	126,689	131,146
Acquisition of prepaid expenses	-	(80,569)	(122,623)
Consumption of prepaid expenses	-	122,623	99,510
		14,760	(18,656)
Change in net financial assets (debt)	(3,482,430)	3,093,582	2,254,697
Net financial assets, beginning of year	9,548,482	9,548,482	7,293,785
Net financial assets, end of year	\$ 6,066,052	\$ 12,642,064	\$ 9,548,482

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, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 2,037,841	\$ 3,063,432
Items not involving cash:		
Contributed tangible capital assets	(91,488)	(152,560)
Amortization of tangible capital assets	3,550,759	3,473,266
Change in employee benefits and other liabilities	123,552	89,209
Actuarial adjustment on debt	(359,639)	(321,238)
Loss (gain) on disposal of tangible capital assets	462,869	(918,192)
Change in non-cash operating assets and liabilities:		
Property taxes receivable	(1,793)	10,126
Accounts receivable	49,630	50,997
MFA debt reserve fund cash	(4,957)	(4,358)
Accounts payable and accrued liabilities	25,465	620,762
Deferred revenue and deposits	16,808,769	1,276,558
Inventory of supplies	(27,294)	4,457
Prepaid expenses and deposits	42,054	(23,113)
	22,615,768	7,169,346
Capital activities:		
Acquisition of tangible capital assets	(2,882,159)	(7,811,543)
Proceeds on disposal of tangible capital assets	1,000	4,618,950
	(2,881,159)	(3,192,593)
Financing activities:		
Short term loan obligation repaid	(15,805)	(16,092)
Debt principal repaid	(784,480)	(814,480)
	(800,285)	(830,572)
Increase in cash and cash equivalents	18,934,324	3,146,181
Cash and cash equivalents, beginning of year	28,894,270	25,748,089
Cash and cash equivalents, end of year	\$ 47,828,594	\$ 28,894,270
Supplemental cash flow information:		
Cash paid for interest	\$ 347,579	\$ 400,937
Cash received from interest	944,443	577,451

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, 2018

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, 2018

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, 2018

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) 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.

(l) 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.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

2. Cash and cash equivalents:

	2018	2017
Cash and bank deposits	\$ 2,687,267	\$ 1,596,295
Municipal Finance Authority Money Market Funds	45,141,327	27,297,975
	<u>\$ 47,828,594</u>	<u>\$ 28,894,270</u>

3. Deferred revenue and deposits:

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

	2018	2017
Trust and deposit liabilities	\$ 1,667,598	\$ 1,868,223
Unearned recreation fees	291,299	277,721
Property tax instalments	943,535	898,122
McLoughlin Amenity grants	16,985,918	-
Miscellaneous	277,316	312,831
	<u>\$ 20,165,666</u>	<u>\$ 3,356,897</u>

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

4. Debt:

Bylaw	Purpose	Matures	Rate	Original Amount	Repayments	Net Balance	
					and Actuarial Earnings	2018	2017
<u>General Capital</u>							
2492	Recreation Centre	2023/03/10	4.775%	\$ 2,800,000	\$ 1,672,832	\$ 1,127,168	\$ 1,120,169
2492	Recreation Centre	2022/03/12	5.370%	4,000,000	3,049,534	950,466	1,379,621
2834	Roads and Streets	2024/10/14	3.000%	1,200,000	428,058	771,942	885,332
				8,000,000	5,150,424	2,849,576	3,385,122
<u>Sewer Capital</u>							
2565	Sanitary Sewers	2027/12/01	4.820%	2,353,000	1,069,166	1,283,834	1,401,184
2565	Sanitary Sewers	2026/10/19	4.430%	1,129,000	574,243	554,757	613,591
2565	Sanitary Sewers	2025/10/13	4.170%	2,012,000	1,137,708	874,292	984,770
2565	Sanitary Sewers	2024/02/12	4.975%	1,256,000	747,406	508,594	580,505
				6,750,000	3,528,523	3,221,477	3,580,050
<u>General Capital Short Term</u>							
LUA-Oct 27/14	Recreation Centre	2020/03/25	1.380%	550,000	450,000	100,000	200,000
LUA-Jun 27/16	Recreation Centre	2021/06/27	1.380%	750,000	300,000	450,000	600,000
				1,300,000	750,000	550,000	800,000
				\$ 16,050,000	\$ 9,428,947	\$ 6,621,053	\$ 7,765,172

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 \$345,140, including accrued interest of \$53,703 (2017 - \$398,728, including accrued interest of \$50,683).

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

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:

2019	\$	784,480
2020		684,480
2021		684,480
2022		534,480
2023		413,509

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.

2019	\$	15,485
2020		3,016
Total minimum payments		18,501
Less: Amounts representing interest (at prime plus 1%)		(301)
Present value of net minimum capital lease payments	\$	18,200

Total interest on repayments for the year was \$597 (2017 - \$643).

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

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:

	2018	2017
Accrued benefit obligation, beginning of year	\$ 1,080,842	\$ 991,633
Service cost	116,300	105,200
Interest cost	39,000	39,600
Benefits payments	(35,100)	(52,300)
Past agreement refund accrual	3,352	(3,291)
Accrued benefit obligation, end of year	\$ 1,204,394	\$ 1,080,842

The actuarially accrued benefit obligation set out in the actuarial valuation is \$1,273,200 (2017 - \$1,210,200), resulting in a variance of \$68,806 between the obligation and the accrued benefit liability of \$1,204,394 (2017 - \$1,080,842). The variance is composed of the following two amounts: an actuarial net loss of \$102,800 (2017 - \$158,000) and the special agreement refund accrual of \$33,994 (2017 - \$28,642). 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 \$153,300 (2017 - \$139,300).

The accrued benefit obligations and the net periodic benefit cost were estimated by actuarial valuation as of July 31, 2016. At December 31, 2018, 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:

	2018	2017
Discount rates	3.30%	3.00%
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, 2018

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 trustee 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, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 \$1,105,895 (2017 - \$1,047,537) for employer contributions while employees contributed \$935,876 (2017 - \$879,341) to the plan in fiscal 2018.

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, 2017. At December 31, 2017, the total plan provision for approved and unreported claims was \$17,177,300 with a net surplus of \$3,852,873. The actuary does not attribute portions of the unfunded liability to individual employers. The Township paid \$69,796 (2017 - \$73,464) for employer contributions in fiscal 2018.

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

7. Tangible capital assets:

Cost	Balance December 31, 2017	Additions	Disposals/ transfers	Balance December 31, 2018
Land and land improvements	\$ 45,619,325	\$ 215,662	\$ (450,900)	\$ 45,384,087
Building and building improvements	24,706,920	511,564	-	25,218,484
Vehicles, machinery and equipment	10,916,156	301,977	(108,042)	11,110,091
Water and wastewater infrastructure	25,057,423	415,366	(14,378)	25,458,411
Roads infrastructure	38,037,739	878,403	(211,434)	38,704,708
Work in progress	76,380	655,103	(4,428)	727,055
Total	\$ 144,413,943	\$ 2,978,075	\$ (789,182)	\$ 146,602,836

Accumulated amortization	Balance December 31, 2017	Disposals	Amortization expense	Balance December 31, 2018
Land and land improvements	\$ 10,627,970	\$ -	\$ 348,825	\$ 10,976,795
Building and building improvements	11,873,706	(10,334)	874,334	12,737,706
Vehicles, machinery and equipment	6,499,184	(95,395)	649,862	7,053,651
Water and wastewater infrastructure	12,424,785	(10,305)	411,425	12,825,905
Roads infrastructure	20,161,137	(204,851)	1,266,313	21,222,599
Total	\$ 61,586,782	\$ (320,885)	\$ 3,550,759	\$ 64,816,656

Net book value	Balance December 31, 2017	Balance December 31, 2018
Land and land improvements	\$ 34,991,355	\$ 34,407,292
Building and building improvements	12,833,214	12,480,778
Vehicles, machinery and equipment	4,416,972	4,056,440
Water and wastewater infrastructure	12,632,638	12,632,506
Roads infrastructure	17,876,602	17,482,109
Work in progress	76,380	727,055
Total	\$ 82,827,161	\$ 81,786,180

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

7. Tangible capital assets (continued):

(a) Assets under construction

Assets under construction having a value of \$727,055 (2017 - \$76,380) 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 \$91,488 during the year (2017 - \$152,560).

(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 (2017 - \$nil).

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

8. Accumulated surplus:

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

	2018	2017
Surplus:		
Equity in tangible capital assets	75,146,927 \$	75,027,984
Unappropriated operating funds	9,934,354	8,269,982
	<u>85,081,281</u>	<u>83,297,966</u>
Appropriated operating funds:		
Future expenditures	727,275	694,094
Casino revenue	389,101	309,963
Community Works Fund	1,919,626	1,951,104
Library Reserve Fund	283,443	140,000
Community Impact Fund	111,623	55,000
Uncollected taxes	100,000	100,000
Working capital	400,000	400,000
	<u>3,931,068</u>	<u>3,650,161</u>
Reserve funds set aside for specific purposes by Council:		
Capital Projects	2,028,953	1,951,874
Local Improvement	171,811	164,374
Machinery and Equipment	2,427,160	2,371,264
Municipal Archives Trust	3,933	3,693
Parkland Acquisition	86,602	85,197
Tax Sale Lands	118,243	116,321
Sustainability	99,962	174,101
Eva Chafe	34,179	33,624
Infrastructure and Revitalization	562,751	751,480
Public Art	38,125	24,900
McLoughlin Amenity-Waterfront Parks	32,485	-
McLoughlin Amenity-Recreation Improvements	23,204	-
McLoughlin Amenity-Public Safety Facilities	23,039	-
	<u>5,650,447</u>	<u>5,676,828</u>
	<u>94,662,796 \$</u>	<u>92,624,955</u>

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

9. Taxes:

	2018	2017
Taxes for municipal purposes:		
Property tax	\$ 16,065,796	\$ 15,350,166
Local Improvement	4,686	4,686
1% Utility tax	239,726	237,123
	\$ 16,310,208	\$ 15,591,975

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.

	2018	2017
Taxes, requisitions and levies collected on behalf of the following agencies are not included in these statements:		
Province of British Columbia - school purposes	\$ 5,406,187	\$ 5,059,036
Capital Regional District - requisition	2,540,728	2,191,494
Capital Regional District - 9-1-1 call answer levy	43,226	45,417
Capital Regional Hospital District - requisition	922,870	874,119
British Columbia Assessment Authority	183,801	166,656
British Columbia Transit - Victoria Regional Transit Commission	838,976	818,624
Municipal Finance Authority	806	679
	\$ 9,936,594	\$ 9,156,025

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

10. Payments in place of taxes:

	2018	2017
Payments in place of taxes received for municipal purposes:		
Federal government	\$ 12,907,689	\$ 12,535,793
British Columbia Hydro & Power Authority	86,923	92,816
Provincial Rental Housing Corporation	2,585	2,518
	\$ 12,997,197	\$ 12,631,127
Payments in place of taxes collected on behalf of the following agencies are not included in these statements:		
Province of British Columbia - school purposes	\$ 2,567,205	\$ 2,721,820
Capital Regional District	2,001,595	1,772,026
Capital Regional Hospital District	483,494	503,091
British Columbia Assessment Authority	175,478	165,081
British Columbia Transit - Victoria Regional Transit Commission	614,501	662,632
Municipal Finance Authority	431	396
	\$ 5,842,704	\$ 5,825,046

11. Transfers from other governments:

	2018	2017
Conditional transfers from other governments:		
Federal	\$ 792,776	\$ 799,020
Provincial	383,244	381,363
Other agencies	3,500	39,000
	1,179,520	1,219,383
Unconditional transfers from other governments:		
Small communities protection	244,760	244,202
Traffic fine revenue sharing	321,326	334,783
	566,086	578,985
Total transfers from other governments	\$ 1,745,606	\$ 1,798,368

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

12. Commitments and contingencies:

(a) Contractual commitments:

At December 31, 2018, the following major contracts were in progress:

	Total amount of contract	Paid on contract to December 31, 2018
Five Star Paving Co Ltd	\$ 701,535	\$ 476,466
Fraser Valley Refrigeration Ltd	420,428	369,835
IPI Tech Inc	350,630	236,797
Madden Fabrication	151,249	7,441
SLR (Consulting) Canada Ltd	361,003	341,266
WSP Canada Inc	58,290	22,929
	\$ 2,043,135	\$ 1,454,734

(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 \$232,784 (2017 - \$227,827) 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, 2018, there were contingent demand notes of \$464,917 (2017 - \$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, 2018

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 estimated 2019 required contributions on behalf of the Township are \$8,228,378 (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 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. For 2018, the Township received an annualized payment of \$55,715 (2017 - \$55,000).
- (g) The Township entered into a five year agreement with the City of Surrey effective July 3, 2018. Under the terms of the agreement, the City of Surrey will provide emergency dispatch and non-emergency after hour call answering services for the Township. The annual charge to the Township will be based on actual costs for the calendar year, including any adjustments for changes in calls for service, labour costs, and inflation costs as determined in the agreement. The Township paid \$65,586 for the 2018 fiscal year.
- (h) 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, 2018

13. Financial plan data:

The financial plan data presented in these financial statements is based upon the 2018 operating and capital financial plan approved by Council on May 14, 2018. 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	\$ 42,448,284
Less:	
Transfer from other funds	(7,426,502)
Proceeds on debt issue	-
Total revenue	35,021,782
Expenses:	
Operating budget	42,448,284
Less:	
Capital expenditures	(6,040,908)
Transfer to other funds	(3,159,590)
Debt principal payments	(784,482)
Total expenses	32,463,304
Annual surplus	\$ 2,558,478

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

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, 2018

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 for co-ordinating and leading efforts to enhance our neighbourhoods, fostering arts and culture, and working 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, 2018

14. Segmented information (continued):

2018	General government	Protective services	Transportation	Environmental health	Environmental development	Recreation, parks and culture	Total
Revenues:							
Taxation	\$ 29,307,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,307,405
Goods and services	2,191,570	146,906	277,497	249,904	88,898	3,066,319	6,021,094
Government transfers	1,367,437	329,446	27,400	-	-	21,323	1,745,606
Total revenue	32,866,412	476,352	304,897	249,904	88,898	3,087,642	37,074,105
Expenses:							
Salary and wages	2,336,837	4,236,035	1,911,164	366,032	560,122	5,774,717	15,184,907
Materials, supplies and services	1,720,373	8,807,979	1,271,390	687,005	184,589	3,281,683	15,953,019
Interest and other	2,235	-	17,904	123,014	-	204,426	347,579
Amortization	344,753	204,438	1,692,180	391,894	-	917,494	3,550,759
Total expenses	4,404,198	13,248,452	4,892,638	1,567,945	744,711	10,178,320	35,036,264
Annual surplus (deficit)	\$ 28,462,214	\$ (12,772,100)	\$ (4,587,741)	\$ (1,318,041)	\$ (655,813)	\$ (7,090,678)	\$ 2,037,841

The Corporation of the Township of Esquimalt

Notes to Financial Statements

Year ended December 31, 2018

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

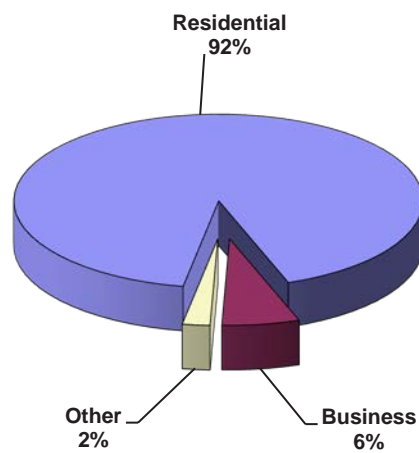
Statistical information

As per BC Assessment Roll Tax Base Report

Taxable assessments of land and improvements 2014-2018

Property Class	2018	2017	2016	2015	2014
Residential	\$3,262,899,805	\$2,747,081,005	\$2,367,034,105	\$2,251,694,305	\$2,196,096,305
Utilities	1,382,800	1,281,000	1,142,100	1,113,200	1,172,500
Major Industry	43,055,200	41,963,600	37,662,200	42,718,800	20,834,900
Light Industry	14,060,400	8,335,300	8,251,100	8,244,300	8,443,500
Business	216,925,351	183,079,551	171,602,451	179,736,202	176,944,602
Recreation Non-Profit	16,101,400	13,562,200	12,921,500	11,603,700	11,268,900
	\$3,554,424,956	\$2,995,302,656	\$2,598,613,456	\$2,495,110,507	\$2,414,760,707

2018 assessment by type



Source: BC Assessment

Statistical information

Property tax rates 2014 - 2018

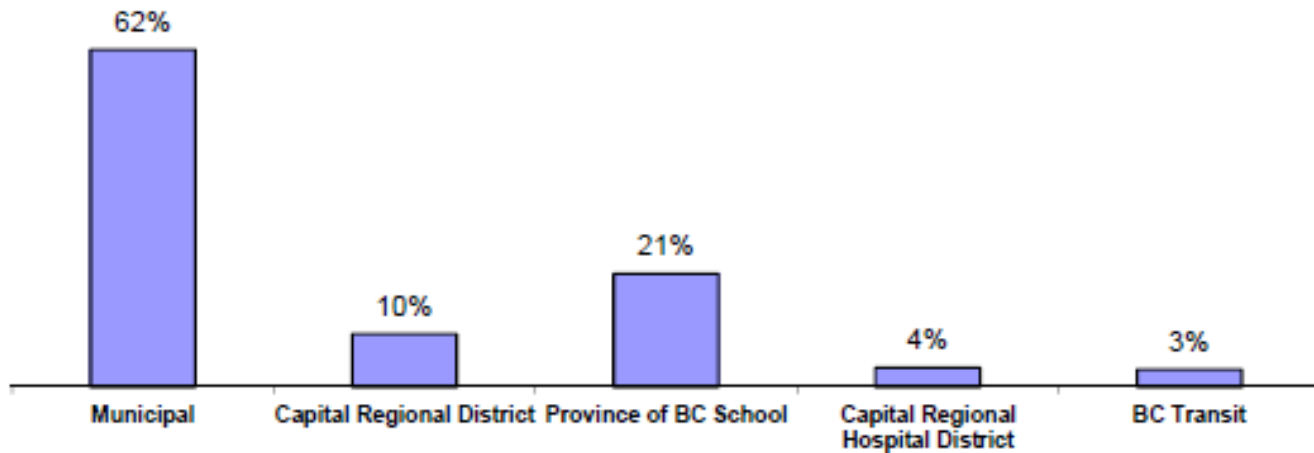
	2018	2017	2016	2015	2014
Municipal (\$ per 1000 assessment)					
Residential	3.69828	4.24570	4.89152	5.01609	5.01920
Utilities	19.26066	20.20531	22.55000	22.69072	21.08975
Major Industry	30.41794	31.55795	32.29971	32.91671	32.20362
Light Industry	15.59522	17.64999	17.74134	17.41464	16.64594
Business & Other	11.88120	12.76677	13.38699	12.50032	12.39388
Recreation/Non-profit	4.75059	4.68132	4.88897	4.92856	4.91043
Total (\$ per 1000 assessment)					
Residential	5.97029	6.73365	7.82484	7.99558	8.22219
Utilities	37.88016	38.93618	41.92409	41.85162	40.82699
Major Industry	41.57157	43.29535	44.90333	45.48500	46.02978
Light Industry	24.03500	27.02874	27.97418	27.77191	27.72844
Business & Other	19.51361	21.19714	22.73613	21.97694	22.52334
Recreation/Non-profit	8.44971	8.56720	9.26594	9.44506	9.70568
Municipal Tax Billings by Property Class					
Residential	\$12,067,117	\$11,663,282	\$11,578,395	\$11,294,701	\$11,022,647
Utilities	26,634	25,883	25,754	25,259	24,728
Major Industry	1,057,107	1,052,844	1,029,404	859,442	671,819
Light Industry	276,378	147,118	146,386	143,572	140,550
Business & Other	2,562,069	2,397,550	2,297,240	2,246,760	2,193,030
Recreation/Non-profit	76,491	63,489	63,173	57,190	55,335
	\$16,065,796	\$15,350,166	\$15,140,352	\$14,626,924	\$14,108,109

Statistical information

Property tax levied and collected 2014- 2018

	2018	2017	2016	2015	2014
Municipal	\$ 16,065,796	\$ 15,350,166	\$ 15,140,352	\$ 14,626,924	\$ 14,108,109
Capital Regional District	2,540,728	2,191,494	2,110,509	1,757,464	2,196,311
Province of BC School	5,406,187	5,059,036	5,288,532	5,421,471	5,423,794
Capital Regional Hospital District	922,870	874,119	864,755	856,844	863,289
BC Transit	838,976	818,624	862,493	866,368	856,673
BC Assessment Authority	183,801	166,656	178,067	183,854	185,162
Municipal Finance Authority	806	679	597	572	560
	\$ 25,959,164	\$ 24,460,774	\$ 24,445,305	\$ 23,713,497	\$ 23,633,898
Total Current Taxes Levied	25,959,164	24,460,774	24,445,305	23,713,497	23,633,898
Current Taxes Collected	25,687,647	24,181,248	24,172,366	22,807,970	23,181,701
Percentage	98.95%	98.86%	98.88%	96.18%	98.09%

2018 taxes by jurisdiction



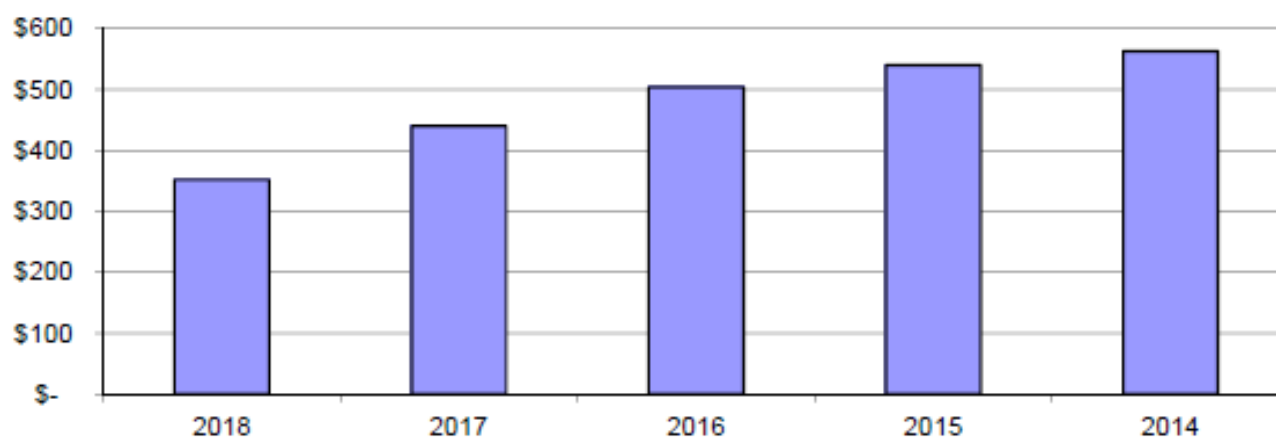
Source: Corporation of the Township of Esquimalt Finance Department

Statistical information

Debenture debt 2014 - 2018

	2018	2017	2016	2015	2014
Gross Outstanding Debt	\$16,050,000	\$16,050,000	\$16,050,000	\$15,300,000	\$14,750,000
Less: Repayments & Actuarial Earnings	8,678,947	7,784,828	6,929,110	6,110,009	5,329,770
Short-term Debt Payments	750,000	500,000	220,000	120,000	-
Net Debt	\$ 6,621,053	\$ 7,765,172	\$ 8,900,890	\$ 9,069,991	\$ 9,420,230
General	\$ 3,399,576	\$ 4,185,122	\$ 4,976,205	\$ 4,814,019	\$ 4,849,427
Sewer	3,221,477	3,580,050	3,924,685	4,255,972	4,570,803
	\$ 6,621,053	\$ 7,765,172	\$ 8,900,890	\$ 9,069,991	\$ 9,420,230
Debt Servicing Costs					
Property Tax Supported	\$ 872,864	\$ 956,510	\$ 799,575	\$ 847,267	\$ 957,884
Casino	275,000	275,000	275,000	275,000	275,000
Total Debt Servicing Costs	\$ 1,147,864	\$ 1,231,510	\$ 1,074,575	\$ 1,122,267	\$ 1,232,884
Population	18,818	17,656	17,655	16,800	16,734
Net Debt per Capita	\$ 352	\$ 440	\$ 504	\$ 540	\$ 563
Debt Servicing per Capita	\$ 61	\$ 70	\$ 61	\$ 67	\$ 74
Debt Service as % of Expenditures	3.28%	3.68%	3.32%	3.58%	4.08%
# of Households	8,742	8,742	8,742	8,309	8,309
Gross Debt Servicing Limit	\$ 9,049,397	\$ 8,555,372	\$ 8,335,382	\$ 8,069,309	\$ 7,758,796
Debt Capacity Available	\$ 7,901,533	\$ 7,323,862	\$ 7,260,807	\$ 6,947,042	\$ 6,855,187

Per capita net debt



Source: Municipal Finance Authority and Population: Statistics Canada

Statistical information

Revenue and Expenses 2014 - 2018

Revenue	2018	2017	2016	2015	2014
Property taxes	\$ 18,310,208	\$ 15,591,975	\$ 15,388,828	\$ 14,888,294	\$ 14,381,965
Payments in place of taxes	12,997,197	12,631,127	12,612,222	11,776,021	11,500,408
Sale of services	3,778,670	3,489,915	3,259,558	3,199,598	3,192,990
Other revenue from own sources	2,242,424	3,054,872	1,388,976	1,502,314	1,486,100
Unconditional transfers from other governments	588,088	578,985	595,310	641,380	399,455
Conditional transfers from other governments	1,179,520	1,219,383	1,255,129	3,767,767	2,348,211
	\$ 37,074,105	\$ 36,566,257	\$ 34,498,023	\$ 35,773,374	\$ 33,289,129
Expenses by Function					
General government	\$ 4,404,198	\$ 3,478,644	\$ 3,725,462	\$ 3,829,666	\$ 3,523,853
Protective services	13,248,452	12,944,164	12,331,201	11,591,642	11,866,531
Transportation	4,892,638	4,577,312	4,336,627	4,140,798	4,051,865
Environmental health	1,567,945	1,525,356	1,521,243	1,677,345	1,545,558
Environmental development	744,711	917,477	883,147	761,131	579,855
Recreation, parks and culture	10,178,320	10,059,871	9,535,515	9,361,456	8,659,085
	\$ 35,036,264	\$ 33,502,824	\$ 32,333,195	\$ 31,362,038	\$ 30,226,747
Expenses by object					
Salary, wages & benefits	\$ 15,184,907	\$ 15,007,742	\$ 14,496,427	\$ 13,598,751	\$ 13,503,866
Materials, supplies and services	15,953,019	14,620,879	14,032,337	13,869,676	13,189,042
Interest and other	347,579	400,937	421,842	456,904	474,668
Amortization	3,550,759	3,473,266	3,382,589	3,436,707	3,059,172
	\$ 35,036,264	\$ 33,502,824	\$ 32,333,195	\$ 31,362,038	\$ 30,226,747

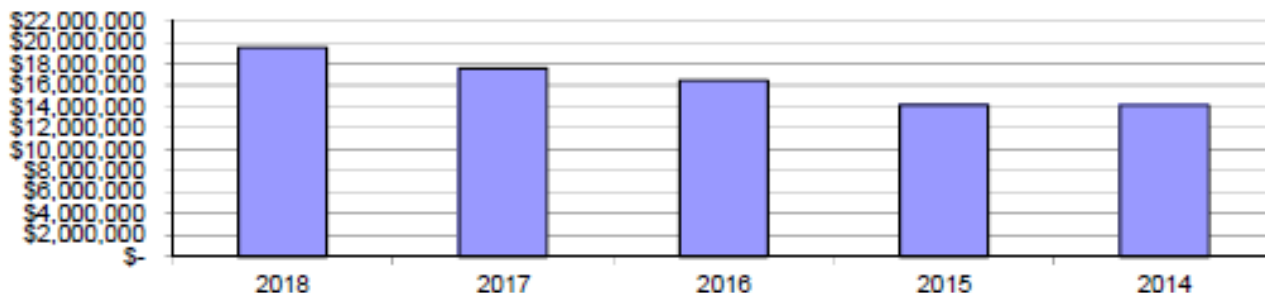
Source: Corporation of the Township of Esquimalt Finance Department

Statistical information

Reserve funds and appropriated and unappropriated operating funds 2014- 2018

Description	2018	2017	2016	2015	2014
Reserve Funds					
Capital Projects	\$ 2,028,953	\$ 1,951,874	\$ 1,677,118	\$ 1,701,786	\$ 1,921,257
Local Improvement	171,811	184,374	158,114	152,189	136,934
Machinery and Equipment	2,427,160	2,371,264	2,326,492	1,924,834	2,121,643
Municipal Archives Trust	3,933	3,693	2,992	2,972	2,628
Parkland Acquisition	86,602	85,197	84,369	83,698	82,988
Tax Sale Lands	118,243	116,321	115,190	114,273	113,302
Sustainability	99,962	174,101	157,232	196,123	165,673
Eva Chafe	34,179	33,624	33,297	33,032	34,460
Infrastructure & Revitalization	562,751	751,480	3,480,703	3,191,090	2,916,213
Public Art	38,125	24,900	12,009	-	-
McLoughlin Amenity-Waterfront Parks	32,485	-	-	-	-
McLoughlin Amenity-Recreation Improvements	23,204	-	-	-	-
McLoughlin Amenity-Public Safety Facilities	23,039	-	-	-	-
	5,650,447	5,676,828	8,047,516	7,399,997	7,495,098
Appropriated Operating Funds					
Future expenditures	727,275	694,094	687,843	893,597	496,592
Casino revenue	389,101	309,963	254,972	200,731	157,224
Community Works Fund	1,919,626	1,951,104	1,927,695	1,781,042	1,206,960
Library Reserve	283,443	140,000	-	-	-
Community Impact Fund	111,623	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
	3,931,068	3,650,161	3,370,510	3,375,370	2,360,776
Unappropriated Operating Funds	9,934,354	8,269,982	5,057,402	3,393,428	4,269,327
Total	\$ 19,515,869	\$ 17,596,971	\$ 16,475,428	\$ 14,168,795	\$ 14,125,201

Total reserve funds, appropriated and unappropriated operating funds



Source: Corporation of the Township of Esquimalt Finance Department

Statistical information

2018 Grants

Organization	Exemption From Property Taxes	Grants	Total
Big Brothers Big Sisters of Victoria	-	1,000	1,000
Boys and Girls Club Services of Greater Victoria	29,434	-	29,434
Buccaneer Days	-	25,046	25,046
Celebration of Lights	-	2,253	2,253
Corporation of the City of Victoria - Canada Day	-	1,000	1,000
Corporation of the City of Victoria - Portion of Barnard Park off Sea Terrace	1,141	-	1,141
Creatively United For The Planet	-	500	500
Esquimalt Anglers' Association	2,267	-	2,267
Esquimalt Community Garden Society	-	11,750	11,750
Esquimalt Farmers Market	-	16,873	16,873
Esquimalt High School	-	800	800
Esquimalt High School - Athletic Team Funding	-	2,750	2,750
Esquimalt High School - Robotics Program	-	5,000	5,000
Esquimalt High School - Terry Fox Scholarship	-	500	500
Esquimalt High School - Township of Esquimalt Scholarship	-	750	750
Esquimalt Neighbourhood House Society	12,137	-	12,137
Esquimalt Ribfest	-	21,474	21,474
Gorge Waterway Action Society	-	1,000	1,000
Greater Victoria Bike to Work Society	-	1,000	1,000
Greater Victoria Festival Society	-	1,500	1,500
Green Teams of Canada	-	3,000	3,000
Habitat Acquisition Trust	6,564	6,500	13,064
Island Community Mental Health Association	14,196	-	14,196
Island Corridor Foundation	7,399	-	7,399
L'École Victor Brodeur	-	750	750
Macaulay Elementary School Parents' Advisory Council - Crossing Guard	-	10,000	10,000
Michael Dunahee Keep the Hope Alive Drive	-	900	900
Ministry of Casual Living	-	750	750
Mustard Seed Street Church	28,684	-	28,684
Need2 Suicide Prevention Education & Support	-	1,000	1,000
Prostitutes Empowerment Education & Resource Society	4,955	-	4,955
WITS Program (Rock Solid) Foundation	3,956	-	3,956
Société Radio Communautaire Victoria	-	1,000	1,000
The Compassionate Resource Warehouse Society	19,026	-	19,026
Township of Esquimalt Community Arts Council	-	18,504	18,504
Vancouver Island South Film & Media Commission	-	3,000	3,000
Vic West Community Association	-	2,125	2,125
Victoria Association For Community Living	2,018	-	2,018
Victoria Nikkei Cultural Society	-	1,500	1,500
Victoria Operatic Society	6,164	-	6,164
Victoria Rainbow Kitchen Society	-	5,000	5,000
Victoria Tool Library	-	1,000	1,000
Volunteer Victoria	-	1,000	1,000
World Fisheries Trust	-	650	650
	<u>\$ 137,941</u>	<u>\$ 149,875</u>	<u>\$ 287,816</u>

Township of
ESQUIMALT

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 TownshipofEsquimalt

 EsquimaltBC