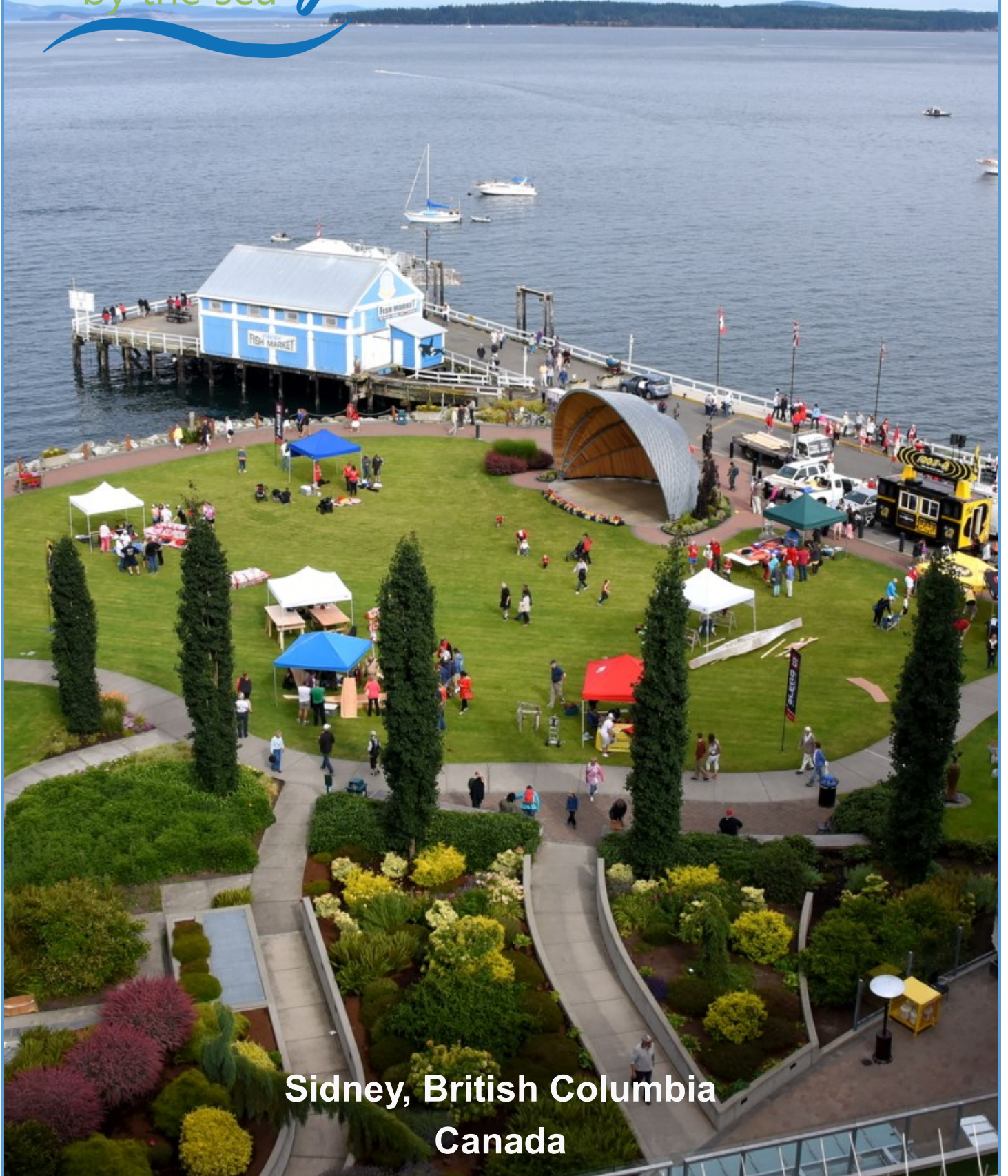




Annual Report Year Ended December 31, 2016



**Sidney, British Columbia
Canada**

**Town of Sidney Annual Report
for the year ended December 31, 2016.**

**This report was prepared by the Administration and
Corporate Services Departments,
with contributions from throughout the organization.**

Sidney, British Columbia, Canada



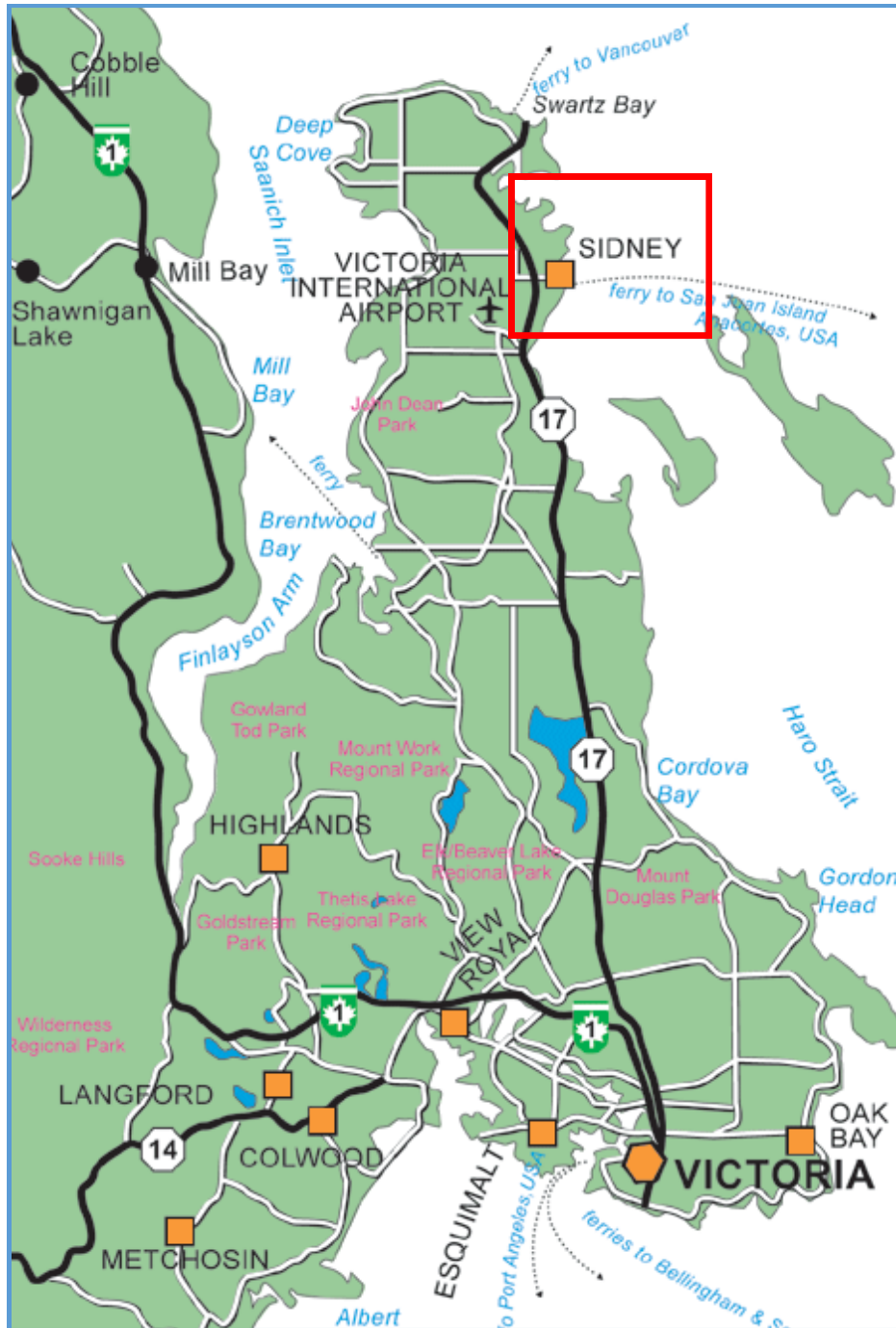
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Community Profile & Annual Highlights



Sidney & the Region



The Town of Sidney is located 26 kilometres north of Victoria, British Columbia's capital city, and is one of 13 municipalities and three electoral areas that comprise the Capital Regional District (CRD). Sidney is situated on the Saanich Peninsula, which extends north from Victoria. The Town of Sidney's south, west, and north boundaries are shared with the District of North Saanich. To the east, Sidney overlooks Haro Strait, the Southern Gulf Islands, and the Northern San Juan Islands (USA).

Sidney lies within an area that is quickly becoming one of the world's premier places to live, work and visit. Endowed with a temperate climate, rich ecology, stunning landscapes, and proud histories, the member communities of the Capital Regional District offer livable, vibrant communities, practice exemplary environmental stewardship, and encompass a prosperous and sustainable economy.

Sidney's geographic area is only 5.04 square kilometres (1.94 square miles), which explains Sidney's high population density (2,290.7 people per square kilometre). Data from Statistics Canada indicates that Sidney's population grew by 4.4% between 2011 and 2016*.

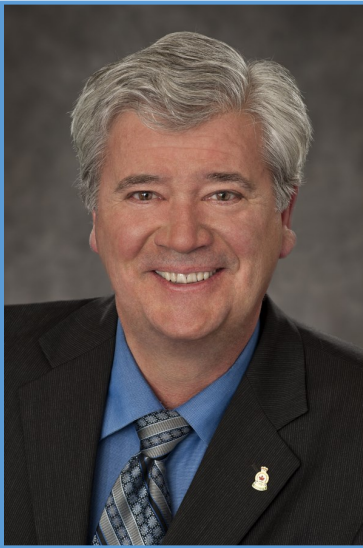
Regionally, the Town of Sidney is a very important transit hub and offers a variety of transportation options. Home to the Sidney International Ferry Terminal, the Sidney/Anacortes ferry route, operated by Washington State Ferries, offers a valuable service which is enjoyed by residents and

visitors from all over the world. Minutes away are the Victoria International Airport and the Swartz Bay Ferry Terminal (BC Ferries), which connect Southern Vancouver Island to the BC Mainland and beyond.

The Town of Sidney's small geographic area provides for a dense mix of businesses, housing, employment, services, and recreation in close proximity to each other. In addition, Sidney is pedestrian and cyclist friendly, transit focused, safe, and socially diverse. Sidney's employment sector is generally made up of industrial, retail and healthcare services. Our climate is one of the mildest in Canada with moderate rainfall and only occasional snowfall in the winter.

* Source: Census 2016

Mayor's Message



On behalf of Council and the Town of Sidney, I am very pleased to present Sidney's 2016 Annual Report.

This comprehensive overview of the work undertaken by your Council and Town staff throughout 2016 clearly outlines the busy year we had and the many positive changes and improvements that took place overall for our community.

One of the key priorities for Council has and continues to be maintaining low residential property taxes while providing outstanding public services and amenities. This ensures all residents benefit, and is especially important to our citizens living on a fixed income. It is also essential in attaining our strategic priority of developing a balanced demographic.

Our community saw a year of tremendous growth and economic prosperity, evidenced by issuance of permits for the development of 173 new housing units, with a total construction value of \$45,614,146; compared to the previous year of 116 new housing units and construction value of \$25,357,205.

Projects like the new Community Safety Building, which is a much needed public amenity, will not impose larger taxes on our residents as long as development activity, especially commercial development, continues at this pace. We have ensured funding for this major infrastructure project has been secured through a combination of sources, and not necessarily by raising taxes.

Likewise, the Town of Sidney undertook a significant number of varying projects that will have a positive impact on our community for years to come, and will enhance the quality of life for all residents who choose to call Sidney home.

A handwritten signature in cursive script that reads "Steve Price".

Mayor Steven Price

Council Portfolios



Sitting: Councillor Barbara Fallot, Councillor Mervyn Lougher-Goodey, Mayor Steve Price, Councillor Cam McLennan, and Councillor Erin Bremner-Mitchell

Standing: Councillor Tim Chad, Town Crier Kenny Podmore, and Councillor Peter Wainwright

Mayor Steve Price

Capital Regional District Board
Economic Development Commission
Greater Victoria Labour Relations
MPS Joint Finance Steering Committee
Municipal Insurance Association of BC
Peninsula Recreation Commission
Ports & Waterfront Infrastructure Comm.
Regional Economic Development Society

Councillor Erin Bremner-Mitchell

Economic Development Commission
Beacon Community Services
School District No. 63
Sister Cities Association
Vancouver Island Regional Library

Councillor Barbara Fallot

Arts Council
CRD Arts Committee
CRD Solid Waste Advisory and
Climate Action Steering Committees
CRD Housing Trust Fund
Shaw Centre for the Salish Sea
The SHOAL Centre

Councillor Tim Chad

Ball Facility Liaison Committee
CREST
Emergency Measures Executive
Emergency Planning Committee
Memorial Park Society and Joint
Finance Steering Committee
Peninsula Recreation Commission
RCMP Consultative Committee
Victoria Family Court

Councillor Mervyn Lougher-Goodey

Advisory Planning Commission
CRD Water Supply Commission
MPS Joint Finance Steering Committee
Chamber of Commerce
Ports & Waterfront Infrastructure Comm.
Saanich Peninsula Water Commission
and Wastewater Committee

Councillor Peter Wainwright

First Nations
Ports & Waterfront Infrastructure Comm.
Saanich Peninsula Water Commission
and Wastewater Committee
Society of Saanich Peninsula Museums

Councillor Cam McLennan

Ball Facility Liaison Committee
Business Improvement Area Society
Peninsula Agricultural Commission
Peninsula Celebrations Society
Victoria Airport Authority (VAA)
VAA Noise Management Committee

Message from the Chief Administrative Officer



As the Chief Administrative Officer of the Town, I am impressed and proud of the abundance of great work that is being presented in this 2016 Annual Report.

It is my job, and that of Town staff, to support and carry out the work associated with Council's Strategic Plan. This year was by far one of the busiest and most ambitious we have witnessed in a long time. This is largely due to an exceptionally strong housing and construction market, but also partly due to the robust, and focused priorities established by Council for our community.

Throughout this year, I have continually been impressed by the diligence and passion that is regularly displayed by Town staff for their work. Each member of our team has contributed to achieve the positive results set out in this Annual Report.

Sidney has strived to be an employer of choice, to create a work environment that is positive, cooperative and offers opportunity to its employees. As a result, we are the beneficiaries of a well-run, efficient town and a workforce that can be proud of what they have accomplished.

We look forward to continuing to serve the citizens of Sidney and to support Sidney Council in their efforts to make Sidney the best seaside community in Canada.

A handwritten signature in black ink, appearing to read 'Randy Humble', with a long horizontal flourish extending to the right.

Randy Humble
Chief Administrative Officer

Message from the Chief Financial Officer

As Chief Financial Officer for the Town, I am pleased to present the Town of Sidney's audited financial statements for the year ending December 31, 2016. The financial statements are the responsibility of the Town's management. The statements have been prepared in compliance with Section 167 of the Community Charter, and in accordance with generally accepted accounting principles approved by the Public Sector Accounting Board (PSAB). The financial statements have been audited by KPMG LLP, who have expressed their opinion that the statements present fairly, in all material aspects, the financial position of the Town as at December 31, 2016. The Town maintains a system of internal accounting controls designed to safeguard the assets of the Town and provide reliable financial information.

For most people, financial statements are hard to read, and they don't provide the concise and relevant information that the average reader is looking for. We are continually striving to make them simpler, but national accounting standards require us to present our financial results in a specific manner and format. To assist the average reader in better understanding our financial statements, a Management Discussion and Analysis report has been included to support the financial statements.



Executive Summary of Financial Results

As detailed in the 2016 Financial Statements, the Town's financial results reflect an improved financial position and a continued commitment to sound financial management. Operating results for last year were slightly better than budgeted expectations, the Town's net investment in capital assets increased by \$787,072, and reserves grew by \$1,018,300. All of this puts us in a better position to provide sustainable services to our community over the long term.

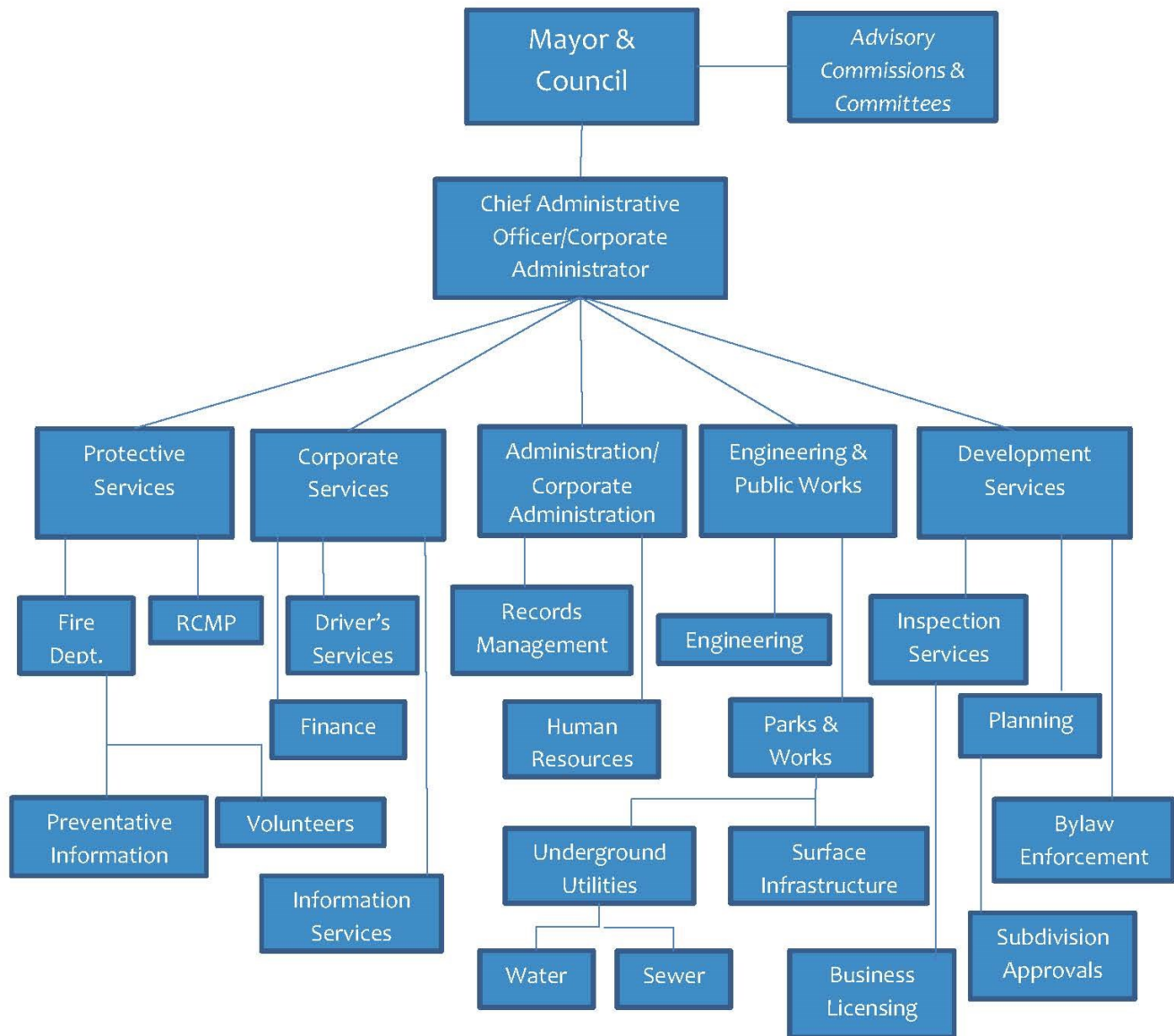
The Town continues to have low levels of debt and a reasonable level of reserves, and remains committed to renewing its infrastructure. It is important to note that any debt held by the Town is for the purposes of capital construction, and bears no relation to the type of debt associated with senior governments. Senior governments incur deficits and debt to finance their operations as a whole. Sidney is only allowed to incur debt for capital purposes, and must maintain an operating surplus; the Town's consolidated operating surplus increased during the year to \$4,878,421. Even with the approval of borrowing for the new Community Safety Building, the Town will be well below authorized debt limits.

While Sidney continues to be well managed financially, improvements are always possible; staff and Council are constantly looking to enhance our financial and asset management planning processes to ensure the Town's long-term financial sustainability. Facing new challenges each day, the Town is evolving to find innovative ways of providing the highest possible level of service, while controlling costs. I would like to acknowledge Town Council, senior management, and staff in all departments for their commitment to innovation, continuous improvement and service to the community.

A handwritten signature in black ink, appearing to read "Andrew Hicik".

Andrew Hicik
Director of Corporate Services
May 8, 2017

Organization Chart & Appointed Officers



Randy Humble
Tim Tanton
Andrew Hicik
Brett Mikkelsen

Chief Administrative Officer / Corporate Administrator
Director of Development Services, Engineering, Parks & Works
Director of Corporate Services
Fire Chief

Municipal Auditors
KPMG

Municipal Solicitors
Young, Anderson

Municipal Bankers
TD Canada Trust

Departments - Administration

The Administration Department, under the leadership of the Chief Administrative Officer, is responsible for overseeing all municipal operations. The Department is responsible for corporate administration under the Community Charter and the Local Government Act, providing legislative and administrative support to Mayor and Council, for public communications and human resources for the organization. Key functions include:

- Organizing all meetings of Council, including preparation of agendas and minutes;
- Administering the review and update of the Town's Annual Strategic Planning process;
- Providing support services to Council appointed Committees / Commissions / Boards;
- Processing and coordinating all business relative to Town Council;
- Providing advice with respect to Council procedures, policies and functions;
- Coordinating internal and external communications (i.e. Town's website, intranet, social media, print publications and media releases);
- Safekeeping of minutes of Council and Committees, bylaws, and other official documents on behalf of the Town;
- Administering oaths and taking affirmations, affidavits and declarations required to be taken under the Community Charter or any other Act relating to municipalities;
- Administering the corporate records management program;
- Processing requests for access to information under the Freedom of Information & Protection of Privacy Act;
- Administering leases/agreements for Town operations and facilities;
- Carrying out human resources services for the organization; and
- Conducting local government and school trustee elections.

While the majority of the work in the Department are routine, day-to-day responsibilities, staff are also focused on completing some special projects and initiatives, such as the following:

2016 Highlights

- Approved a new location (on VAA lands) for new Community Safety Building and Employee Parking Lot;
- Approved new major retail development on VAA lands at the corner of Beacon Avenue and Highway 17 (Gateway);
- Began public consultation for the Town's Downtown Mixed-Use and Multi-Family Residential Density Review;
- Implemented webcasting of Council meetings and upgraded the microphone system;
- Continued with organizing the Canada 150th & Sidney 50th Anniversary celebrations;
- Increased public communications through social media and the website, and established a regular schedule for Council "Meet & Greet" sessions;
- Approved a new 10-year lease with VIRL for the Library facility, which include building improvements;
- Awarded Visitor Information Centre management to a new operator;
- Approved two new temporary positions to assist with the increase in building and development permit applications;
- Initiated divestiture of Port Sidney Breakwater;
- Appointed a Council liaison to the newly established Sidney Community Association; and
- Approved a loan to assist with establishment of the new Sidney Medical Centre.

2017 Initiatives

- Continue to assist with construction of the new Community Safety Building and Employee Parking Lot;
- Assist with establishing next steps for the future of Beacon Wharf and the waterfront;
- Complete the Town's Downtown Mixed-Use and Multi-Family Residential Density Review;
- Coordinate and host Canada 150th & Sidney 50th Anniversary celebrations/events;
- Review potential options for the Sculpture Walk;
- Implement new flex-time program for employees;
- Begin collective bargaining process for new contract for Union employees;
- Continue to increase and improve on public communications using social media and website;
- Undertake counter-petition process for renewal of the Sidney BIA;
- Assist with obtaining grant funding on behalf of Peninsula Soccer Association for new turf fields at Blue Heron Park;
- Review potential options for the street banner program;
- Establish plan for upgrades to the Council Chambers; and
- Continue with negotiations for divestiture of Port Sidney Marina Breakwater.

2016 Committees / Commissions / Boards

Standing Committees of Council

Audit & Finance Committee
Committee of the Whole
Ports & Waterfront Infrastructure Committee

Select Committees of Council

Economic Development Commission

Other Committees / Commissions / Boards

Advisory Planning Commission
Board of Variance

2016 at a Glance

Council Meetings:

Regular/Special Council Meetings	25
Council In Camera (closed) Meetings	13
Committee of the Whole Meetings	14

Commissions/Committees Meetings:

Advisory Planning Commission	9
Audit & Finance Committee	7
Board of Variance	0
Economic Development Commission	12
Ports & Waterfront Infrastructure Committee	1

Bylaws and Policies:

New Bylaws	8
Amended Bylaws	21
Repealed Bylaws	2
New Policies	0
Amended Policies	5

FOIPP Requests:	19
------------------------	----

Human Resources:

Job Postings	18
Retirements	2

Departments - Corporate Services

As a service department, Corporate Services' main focus is on assisting the public, and helping other departments accomplish their goals and tasks. Whether our interaction with the public is through telephone, at the front counter, or through the information on our website, we strive to provide excellent, timely and friendly customer service. Corporate Services includes the following functional areas:

- Finance;
- Driver Services;
- Information Technology;
- Risk Management (jointly with Engineering & Works); and
- Human Resources (jointly with Administration).

Finance

From a corporate perspective, the department strategy is to support the administrative and financial needs of the Municipality, thereby enhancing the quality of service to the public. Our objective is to provide timely and accurate financial information to facilitate the decision-making needs of Council, senior management, and external stakeholders, and to provide analysis and business advice to the various municipal departments. Responsibility and authority for financial operations is derived from legislation mandated by the British Columbia *Community Charter, Local Government Act*, Provincial and Federal Statutes, and Municipal bylaws.

Driver Services

The Driver Services section of Corporate Services provides local services for residents of the Peninsula. As appointed agents, staff at the 9884 Third Street office provide a wide variety of driver licencing and ICBC Autoplan services, products and information. Since February 2013, the department has also been issuing the joint Driver's Licence/BC Services Card.

Information Services

Information Services provides technical leadership, solutions, service and support for all the Town's integrated hardware, software, GIS, EOC, wireless and telephone systems at five locations; the Town Hall, Driver Services, Fire Department, Public Works, and Parks.

Risk Management

Risk Management ensures that the financial stability of the Town is protected against the effects of accidental loss, by developing and maintaining information related to losses, claims, insurance premiums and other risk-related costs. Accordingly, Corporate Services works closely with operational departments to ensure the Town's risks are minimized.

Human Resources

Human Resources is responsible for the attraction, selection, training, assessment and retention of employees, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labour laws.

2016 Highlights

While most of the work of the Corporate Services Division involves routine processing and annual, ongoing work, we still find time each year to fit in some special projects. Some of our non-routine accomplishments over the past year include:

- Received Canadian Award for Financial Reporting for the Town's Annual Report for third consecutive year;
- Completed successful first year of operation of new asset and work management software system;
- Secured financing for a new Community Safety Building;

- Implemented eBilling for property taxes;
- Assisted with providing financial support to Saanich Peninsula Primary Health Care Society for the attraction and retention of family physicians;
- Driver Services earned a Broker Customer Experience Award, along with the associated financial reward to the Town, for a fifth consecutive year;
- Implemented webcasting functionality for Council meetings;
- Renewed Town cellular phone contract, resulting in significant savings;
- Worked with corporate partner to replace and expand the Town's wireless network; and
- Worked with the Fire Department to enhance Fire Pre-Planning and Emergency Operations readiness.

Over the next two years, we will be focusing on the following objectives:

- Continue the enhancement of asset and work management software, adding more functionality each year;
- Collaborate with Engineering & Works on enhanced Asset Management practices;
- Review funding levels and capacity for long term infrastructure replacement;
- Continue enhancements to financial reporting to make financial information more accessible to the public;
- Continually review the Town's financial policies and practices for maximum efficiency;
- Refine the Town's taxation policies;
- Review the Town's Utility Fees structure;
- Work with Development Services on a Revitalization Tax Exemption program;
- Continue support for Economic Development Commission;
- Complete the process to renew the Sidney BIA for an additional 5-year term;
- Monitor the cost of construction of the new Community Safety Building;
- Assist with sale of existing fire hall site to partially fund Community Safety Building;
- Complete lease with BC Emergency Health Services to maintain BC Ambulance service in Sidney;
- Complete leasing arrangements for land required for downtown employee parking lot;
- Complete sub-lease transfer and extension related to Port Sidney Marina, to enhance economic impact of key waterfront asset;
- Work with Washington State Ferries on response to pending changes to border pre-clearance regulations;
- Follow up on financial planning required following completion of three key Town projects: Downtown Waterfront Vision, West Sidney Local Area Plan, and Downtown Streetscape & Urban Design Standards;
- Continue enhancements to Town's GIS capabilities, including implementation of Community Map for developer and public use;
- Continue to identify efficiencies in the Town's computer network infrastructure;
- Implement email archiving system to improve file management;
- Undertake security audit of Town's computer systems;
- Assist with review of Town's parking enforcement contract to ensure it is meeting stated goals, and is cost effective; and
- Review the Town's Risk Management policies.

2016 municipal taxes per average residence: \$115/month (2015: \$113/month)
Total municipal taxes collected in 2016: \$10.76 million (2015: \$10.55 million)
Total municipal expenditures in 2016: \$19.1 million (2015: \$18.4 million)

Departments - Development Services

The Development Services Department provides service in the areas of municipal planning, building permits and inspections, business licensing, and bylaw enforcement. The Department is committed to the delivery of a broad range of high quality services to residents, businesses, and the development community by responding to all inquiries quickly, efficiently, and accurately. Department staff have an open door policy and welcome face-to-face meetings to further communicate the goals, policies, and guidelines contained within the Official Community Plan (OCP), the Downtown/Downtown Waterfront Local Area Plan (LAP), Zoning Bylaw, the Building Code, and other applicable bylaws and policies.

Planning

Planning combines the functions of current planning, long-range policy planning, and project management. Administration of the Zoning Bylaw through land use development review serves to implement the Official Community Plan and the Local Area Plan, ensuring an integrated approach to community growth and sustainability in Sidney.

Building Permits and Inspections

Building Permits and Inspections is responsible for monitoring building construction in the Town by ensuring compliance with the BC Building and Fire Codes. To promote health, life-safety and fire prevention throughout the community, Building Permit and Inspection personnel work closely with property owners, developers, other agencies, and the Fire Department. Functions include plan review, issuance of permits for new construction and renovations, and inspection of premises for code compliance prior to the issuance of occupancy. Staff also work with developers to implement Construction Management Plans to facilitate project efficiency with an emphasis on public safety to ensure minimal disruption to the surrounding neighbourhood.

Building Officials are available to assist the public with a broad range of queries at the counter and on the phone. Additional duties include Bylaw Enforcement, issuance of Business Licences, and assisting in preparing bylaws and policies. In 2016, 360 permits were issued by Building Officials, with a combined total construction value of \$45,614,146.

<u>2016 – New Dwelling Units Constructed</u>	
Multi-Family – NEW	81
Two-Family – NEW	28
Single-Family – NEW	56
SF - 2F (including adding a legal suite)	8
Total new units	173

<u>2016 – Permits Issued</u>	
Building Permits Issued (with construction value)	194
Plumbing Permits (no construction value associated)	155
Fire Dept & Solid Fuel Permits (no construction value associated)	11
Total Permits Issued	360
Total Construction Value	\$45,614,146

Business Licences

Businesses operating within the Town of Sidney, including home occupations, are required to hold a valid Business Licence, as per Business Licence Bylaw No. 2019. In 2016, the Town issued 741 Business Licences, including 114 to new businesses, for a total revenue of \$91,175.

Bylaw Enforcement

Bylaw Enforcement Services are currently staffed by one part-time Senior Bylaw Enforcement Officer and one full-time Bylaw Enforcement Officer/Building Official. Bylaw Enforcement is responsible for the administration and day-to-day operations of bylaw enforcement, which includes supporting other departments in carrying out enforcement action, ongoing consultation, and coordination with Town staff in the review and modification of bylaws to meet community needs, and to ensure integration with Town policies.

Bylaw Enforcement works closely with the local RCMP Detachment to implement and enforce the Streets and Traffic Bylaw governing traffic related matters. The Senior Bylaw Enforcement Officer oversees and administers parking enforcement through contracted services with the Commissionaires and Robbins Parking. Commissionaires conduct routine patrol to ensure compliance with downtown parking restrictions and provide response to all areas of Sidney by request. Robbins patrols certain specified areas, such as the Boat Launch and surrounding neighbourhood.

Animal Control issues are also overseen and administered by the Senior Bylaw Enforcement Officer through a contracted service with CRD Bylaw Enforcement. CRD Bylaw Enforcement Officers conduct regular patrols of Sidney and also respond to specific requests for service.

2016 Highlights

Planning and Building Applications

Much of the Development Services department's time in 2016 was spent reviewing and processing the high volume of development applications for new residential and commercial development in the Town. 2016 was the busiest year on record for permit applications in terms of the overall value of new construction. In addition, a total of 173 new dwelling units were approved in 2016, representing almost twice the number of new dwelling units approved in the previous year, which in turn was more than double the previous year (93 new units in 2015 and 40 in 2014). The following are some of the major development proposals approved by Council in 2016:

9818 Fourth Street: Official Community Plan, Zoning Amendment, Development Permit, and Development Variance Permit applications for a 5-storey mixed-use development consisting of ground floor commercial space, 4 upper floors containing 56 multi-family dwelling units and one level of underground parking. The project includes 50% of the units as affordable rental housing.

2248 Ardwell Avenue: Official Community Plan, Zoning Amendment, Development Permit, and Development Variance Permit applications to allow for the subdivision of the property into 15 new lots, two of which are duplex lots and the remainder single-family. The project includes the construction of a new public road and a new public park.

2475 Mt. Baker Avenue: Official Community Plan, Zoning Amendment, Development Permit, and Development Variance Permit applications to permit the construction of a 4 storey residential apartment development just north of the downtown core, consisting of 17 residential dwelling units.

Development on Victoria Airport Lands: In addition to the above projects, the staff were also involved with the approvals processes for numerous projects on Victoria Airport lands. These included Sidney Crossing, a 100,000 square foot retail development, the Sidney Community Safety Building (a replacement for the Town's existing Fire Hall and Ambulance facilities), as well as building additions to two major businesses in the industrial area, Scott Plastics and Seastar Chemicals.

Department Projects

The following initiatives commenced or were continued in 2016:

Downtown Mixed-Use and Multi-Family Residential Density Study: This study reviewed how the Town of Sidney regulates downtown commercial mixed use and multi-family residential density in the Official Community Plan and Zoning Bylaw, and recommended a new approach for determining density in a manner that is suitable to Sidney's unique environment.

West Sidney Local Area Plan: The purpose of this Local Area Plan is to evaluate existing land use and transportation conditions and provide a "road map" forward to establish a foundation that will help direct future change and investment in the area. The Local Area Plan would provide a framework that will assist the Town in making capital infrastructure investment decisions and assessing major development proposals to ensure that both private and public investment works to achieve the vision established by the community.

Downtown Streetscape and Urban Design Standards: The intent of this project is to establish design standards for downtown streets that focus on encouraging active transportation and the creation of "places for people" in the downtown as well as to develop design standards for downtown buildings, focusing on quality urban design that will help to enhance the central social, cultural and economic role of Sidney's downtown.

Downtown Waterfront Vision:

The goal of the project is to identify options for adding vibrancy and vitality to this area, enhancing it as a place where residents and visitors enjoy spending time throughout the year. The study area includes the iconic Beacon Wharf which is in need of major repairs to ensure its safety and integrity. Similarly, the Bevan Fishing Pier, Diver's Point, and the waterfront walkway also require expensive maintenance. This is a long-term plan for Sidney's waterfront that will help inform the future of these key waterfront assets.



Other 2016 Department Initiatives: Comprehensive reviews of the Business License Bylaw and the Off-Street Parking and Loading Bylaw.

2017 Initiatives

Complete all of the following:

- Downtown Waterfront Vision;
- Downtown Mixed-Use and Multi-Family Density Review;
- West Sidney Local Area Plan;
- Downtown Streetscape and Urban Design Standards; and
- Review of Off-Street Parking and Loading Bylaw.

Departments - Engineering, Public Works & Parks

The Engineering, Public Works, and Parks Department is responsible for all municipal infrastructure, which includes roads, sidewalks, water mains, sanitary sewers, storm drains, street and traffic lights, solid waste collection, parks upgrades and maintenance, street trees, and all municipal buildings and facilities.

The Engineering Division provides technical expertise in respect to road design, water systems, sanitary sewer and storm sewer systems, traffic and parking management, asset management, and the procurement of fleet vehicles and of specialized services such as asphaltic paving and video camera pipe inspection. The Engineering Division also administers contracts for the collection of garbage, kitchen organics, and yard waste. In addition to this, the Engineering Division seeks out and makes applications for grant funding on numerous proposals. Any areas where engineering is lacking the expertise, or does not have the resources to complete, Engineering is responsible for the procurement of professional services through a proposal process.

The Public Works Division is responsible for the maintenance and repair of all roads, traffic signals, streetlights, street signs, sidewalks, bus shelters, storm drainage, wastewater collection including sewer pump stations, water mains, service connections and meters, fire hydrants, and water main valves. Public Works also maintains the municipal vehicle fleet, municipal buildings, and roadside litter collection.

The Parks Division is responsible for the upgrade and maintenance of all 25 Town parks, including the Rotary Park “Field of Dreams” located in North Saanich on airport lands through a cost sharing agreement with the District of North Saanich. The Parks Division also maintains numerous beach access points, as well as administering the downtown beautification and banner programs, and annual Christmas light displays throughout the Town.

2016 Highlights

- Undertook Tulista Boat Launch ramp repairs;
- Began construction of Tulista Skateboard Park;
- Replaced Gail Place watermain;
- Replaced Colinwood Road watermain;
- Constructed a new sidewalk on the south side of Henry Avenue (Third Street to Fourth Street);
- Undertook Waterfront Walkway upgrades (Eastview Park to First Street); and
- Completed upgrades to key irrigation systems to improve water management and compliance with CRD watering restrictions.

2017 Initiatives

- Initiate a Parks Master Plan;
- Complete Tulista Skateboard Park;
- Install sand volleyball courts at Tulista Park;
- Replace Resthaven Drive sanitary sewer main;
- Replace Ardwell Avenue storm sewer;
- Replace Northbrook, Wesbrook watermain;
- Repave Resthaven Drive (Malaview Avenue to Ardwell Avenue), Gail Place, Colinwood Road;
- Upgrade traffic signal lights (Seventh and Beacon);
- Undertake Bowerbank/Amelia traffic improvements;
- Continue to lead Reay Creek Technical Working Group;
- Complete Stormwater Model calibration;
- Install rooftop solar panels at Public Works yard; and
- Assist with the design and construction of the downtown employee parking lot adjacent to the Mary Winspear Centre.

Departments - Fire Services

The Sidney Volunteer Fire Department provides fire suppression, rescue, first responder emergency medical care, and specialized marina firefighting services to the residents and businesses of the Town of Sidney. Supplementing our established emergency response capabilities is an ever increasing emphasis on risk reduction initiatives in the form of public education, fire & life safety inspections, and enforcement of Town of Sidney bylaws and BC Fire Code regulations. This full spectrum of services is provided utilizing a composite model of seven career and thirty-four volunteer firefighters. In addition to fire & rescue specific services, the Sidney Volunteer Fire Department is responsible for emergency management and preparedness in Sidney in conjunction with the Peninsula Emergency Measures Organization (PEMO).



Significant Issues & Trends

First Responder Medical Services

Despite Sidney firefighters only being dispatched to medical calls deemed serious and/or life threatening, this service represented 320 of our 712 total responses (45%) in 2016. In 34% (or 108) of our medical responses, we arrived before the British Columbia Ambulance Service (BCAS) and rendered initial patient care to Sidney residents. As Sidney's population increases and provincial ambulance resources are stretched thin, it can be anticipated that the requirement for first responder medical services will only increase. British Columbia has also found itself in the midst of an Opioid crisis, with the rate of illicit drug overdose deaths increasing 78% in 2016. In response to this issue, Sidney's firefighters have enhanced their training to include the delivery of Naloxone, a medication used to reverse the effects of a Narcotic overdose. This, combined with new course curriculum from the Canadian Red Cross, has increased the knowledge and skills that our medical First Responders provide.

Engine 1

In October of 2016 the Sidney Fire Department took delivery of Engine 1, a new custom side mount pumper manufactured by HUB Fire Engines in Abbotsford B.C. Engine 1 is built on a Spartan Metro StarX chassis, and powered by a 450hp Cummins ISL diesel engine that is coupled to an Allison transmission. This truck features a midship Hale QMAX200 -1750 IGPM single stage pump, and carries 500 imperial gallons of water. It is outfitted with a Foampro 2001 Foam System, Elkhart Python Monitor, Command Light tower, Hannay cord reel, and a Harrison 8kw hydraulic power Unit. Engine 1 has since been incorporated into the apparatus fleet and is the first out engine.

Training Initiatives

Nine members completed their NFPA 1001 certification, bringing the department to a total of 28 members (72%) holding this certification. By spring of 2017, the goal is to have 100% of members having completed their NFPA 1001 certification. Two officers obtained their Fire Officer 1; one obtained Fire Officer 2; two obtained Fire Officer 3; and one obtained Fire Officer 4. Members trained 7,557 hours through regular Thursday drill nights, extra practices, and coursework. Thirteen members achieved their NFPA 472 Hazard Material Operations Level, raising the department to a level of 33 out of 38 members (87%) accredited. One staff member completed their Emergency Management Certification, while two other staff members continued working towards this accomplishment. The Acquired Structures for Training Use program that was introduced in 2015 continued to be a beneficial program for both the Fire Department and the community. This program has given members the opportunity to train in 9 different structures, varying from single family dwellings to multi-storey commercial buildings.

Community Safety Building

In 2016 the Community Safety Building project made significant progress. After failed negotiations to lease lands from the Memorial Park Society, the Town shifted focus in late June to Town owned lands currently occupied by the skatepark, and adjoining lands to the south which the Town leases from the Victoria Airport Authority. During July and

August significant effort was put into engaging the residents and stakeholders through door to door visits and a public open house. Financing was secured for the building. A few weeks later in September, the Town approved the rezoning for the property south of the Mary Winspear. As of early 2017, construction is anticipated to begin in May of 2017 and be completed in fall 2018.

Emergency Notification System

In the event of an emergency, a tested and proven crisis communication and emergency mass notification system is critical to help ensure Sidney residents' and stakeholders' safety and wellbeing. Recognizing this, in 2016 the Town of Sidney chose ERMS as an emergency mass notification service provider. Residents and stakeholders subscribing to the Town of Sidney Emergency Mass Notification System will be notified of a potential threat to their safety and wellbeing such as severe weather, fire, tsunami, hazardous materials release, or other dangerous situation, on the communication device(s) of their choice.

Emergency Planning for Sidney's Senior Care Home Facilities

One of the committees formed in recent years by the Fire Department is the Assisted, Extended, and Nursing Home Working Group. This group consists of the directors of senior care home facilities that are deemed a "higher risk" in an emergency due to the age and mobility of their residents. The purpose is to work with these facilities to eliminate risks and develop working relationships in the event that mutual aid is necessary between residencies. In September this group executed a mock evacuation that involved transporting residents from one facility to another. Six senior care home facilities, BCAS, BC Transit, Sidney Fire volunteers, PEMO ESS and ESS mutual aid partners participated in this valuable exercise. This group continues to meet regularly and improve upon action items, such as consistent "Grab and Go" bags for each facility.

Blue Card Command Incident System

An initiative Chief Mikkelsen led in 2016 was the implementation of the Blue Card Command training program. Fire hall staff dedicated a room with seven kiosks to facilitate NFPA 1001 online training, but also to suitably train members in this intensive command system. Blue Card consists of 50 hours of online training and 24 hours of simulation lab certification. Five Officers successfully completed the Blue Card Training led by the departments in house Instructor/ Evaluator. Additional Sidney Fire members and members from local Fire Departments were scheduled to undergo this valuable training in early 2017.

Business Continuity

The Town of Sidney readily accepts its role in working with the business community to ensure their businesses survival post disaster, and how vital business continuance is to the community as a whole. In Sidney, the Fire Department is responsible for emergency preparedness planning, response, and recovery measures, with the Fire Chief also fulfilling the role of Local Area Emergency Coordinator. Chief Mikkelsen developed a guide and template focused on bolstering the recovery resiliency in the Town of Sidney, and in 2016 began presenting the concept to the Sidney BIA and business organizations. Other than individual personal preparedness, business continuity planning is most crucial to ensuring the community as a whole not only survives an emergency, but also recovers and is healthy afterwards. The linkage between business continuity planning, annual plan auditing, and the Fire Department is not only logical but practical. Sidney Fire Department staff are well respected and visit each business at minimum annually, conducting fire and life safety inspections mandated by the Fire Services Act. The goal is to introduce, educate, and assist all Sidney businesses to create and maintain business continuity plans. Review and audit of business continuity plans will be done by Sidney Fire Inspection personnel as part of the annual or bi-annual fire and life safety inspection process.

Fire Prevention Inspections

Despite rapid growth requiring an investment of significant time to review new construction projects, all projects in the Town were inspected at the frequency mandated by the BC Fire Services Act.

Departments - Police Services

Policing services are provided to the municipalities of Sidney and North Saanich by the RCMP-GRC through a Federal/Provincial/Municipal contract. The detachment provides diverse policing services to the surrounding Saanich Peninsula, First Nation communities as well as the Willis Point region and 52 islands and coastal waters extending to the USA border. Within the detachment boundaries, policing services are also provided to the Victoria International Airport, and the Swartz Bay and Anacortes ferry terminals.



Detachment Resources

Sidney/North Saanich Detachment is comprised of 32 police officers and nine civilian support staff. Uniform officers are divided into four watches providing a 24 hour, seven day a week on duty response to emergencies and calls for service. Specialized units within the detachment are organized into a four-officer major crime unit, two-officer traffic unit, one crime prevention school liaison officer, and two First Nations policing officers. On average, the detachment responds to 7,000 calls for service annually, many involving extensive investigation. A management team is responsible for administration, planning, budget and operations for the detachment.

Strategic Policing Priorities

Detachment policing priorities are established through consultation with key partners within the community and in alignment with regional, provincial and national public safety initiatives. In 2016, annual policing priorities for traffic enforcement, property crime reduction, organized crime, community and First Nation policing were implemented. Specific objectives for each priority were developed to focus policing efforts. Impaired driving enforcement was selected to reduce alcohol related accidents. Drug trafficking enforcement is aimed at intervention of prolific offenders who repeat crimes to support substance abuse addictions. Under the leadership of the Detachment Commander, officers participate in crime prevention, investigation and proactive policing objectives while working closely with volunteers and policing partners to reduce crime and harm in the community.

Police Volunteer Programs

The detachment is complimented by a number of dedicated volunteers who donate many hours of their time each month to help make Sidney a safe and desirable community to live and work. Programs which citizens can volunteer to enhance policing services in the community include: Victim services, restorative justice, citizens on patrol, speed watch and the auxiliary constable program. In 2015, a community consultative group was established as an advisory committee to the detachment and includes interested volunteers from both Sidney and North Saanich. Auxiliary Constables are actively involved in the delivery of crime prevention and education programs to help prevent community members from becoming victims of theft and fraud crimes. The detachment currently has six auxiliary constables, some of whom are bike trained and may be observed in the community on bike patrol. The auxiliary constables have assisted in delivery of the DARE program (Drug Awareness Resistance Education) to students in the elementary schools in both Sidney and North Saanich.

Crime Rates/Crime Prevention

Both Sidney and North Saanich enjoy a relatively low crime rate in comparison to many other communities in British Columbia. The support of the community in preventing and reporting criminal activity has been instrumental in solving criminal offences quickly, contributing to safe streets and safe homes. To continue this trend, the RCMP-GRC encourage community members to protect themselves from crime, not leaving valuables in vehicles, securing their homes, and immediately reporting suspicious activity.

Annual Planning Framework

Sidney's annual planning framework is comprised of three separate but complementary planning processes:

- Strategic planning - occurs in September/October
- Business planning/establishing Departmental Work Plans - occurs October - December
- Financial planning - occurs throughout the year, culminating in February with budget deliberations.

These processes result in a set of integrated plans that support the overall vision and mission of the Town, and align activities and resources to achieve the strategic goals and annual business priorities set by Council.

The **Strategic Plan** is the highest level statement of the Town's aspirations for the future, and is updated every year by Council. It articulates the vision, mission, values and broad strategic priorities and goals. Progress of the plan is monitored through an annual review of key performance indicators.

The **Business Plan** translates the high level strategic goals into Departmental Work Plan priorities. The priorities and associated objectives and measures are established annually by staff.

Lastly, the **Financial Plan** provides the resourcing strategy to support the strategic and business plans. Updated annually, it is a five-year plan that includes both operating and capital components.

Each year's Annual Report reflects upon the previous year, and evaluates whether the Town successfully accomplished the goals and strategic direction set out in the annual planning framework.



Progress Report 2016

Section 98 of the *Community Charter* outlines municipal progress reporting requirements. The following report provides feedback on the progress we are making toward the established objectives set by Council in 2016.

Beacon Wharf Redevelopment

Status - The Downtown Waterfront Vision project will be completed in 2017, and a concept plan for Beacon Wharf will be central to this effort. It is expected that a detailed design for Beacon Wharf will be undertaken in 2018/2019, with construction to follow after that.

Revitalization Tax Exemptions to Promote Downtown Revitalization

Status - Other priorities prevented staff from devoting time to this initiative in 2016. With development volumes at record levels, Council was asked to reconfirm a desire to pursue this project. It was confirmed that a revitalization program focused mostly on Beacon Avenue should be brought forward for consideration. This is anticipated in summer 2017.

Significant Development Proposals

Status - Given that the Town is anticipating proposals for significant development projects, it has given priority to ensuring that sufficient resources are provided for public engagement and planning/engineering to review and process these proposals. The pace of development does not seem to be slowing down.

Downtown Employee Parking

Status - Design is underway and construction of Phase 1 (100 parking spaces) is expected to start in 2017. Phases 2 and 3 could follow depending on observed usage of Phase 1.

Development of Attainable Workforce Housing

Status - The Aranza development on Fourth Street will provide 28 units of below-market rentals. Council has directed that 67% of future community amenity contributions will be directed to an affordable housing fund.

Skateboard Park

Status - Design is complete and construction is underway, with expected completion by July 1, 2017. Several donors have expressed an interest in funding parts of the facility.

Market and Promote the Community for Families and Youth

Status - This is a Council led initiative. A number of projects have been approved by Council that both directly and indirectly work toward achieving this goal. These include approving the construction of a new skatepark in Tulista Park, approving the development of an attainable rental workforce housing project, supporting the establishment of new annual events in Sidney, and approving the Sidney Crossing development on Victoria Airport Authority lands.

Progress Report 2016

West Sidney Local Area Plan

Status - This project is expected to be completed in 2017, and outcomes will be incorporated in the Official Community Plan. Capital improvements will be considered during budget deliberations in future years, starting in 2018.

Community Safety Building

Status - Following some challenges associated with the planned site, an alternate location - immediately south of the previous one - has been secured. In addition, the Town successfully obtained the financing approval for the project. Detailed design is nearing completion, and construction is expected to begin in spring of 2017. Completion is expected in fall 2018.



Downtown Public Realm Design Standards

Status - This project is expected to be completed in 2017. Once in place, these standards will guide the Town when future development projects are proposed, ensuring consistent off-site design standards with an overall strategic direction.

Reay Creek Remediation

Status - The Town brought together a variety of organizations to form a Technical Working Group in 2016. Transport Canada will be generating remediation options for public discussion in 2017, with implementation to begin in 2018.

Strategic Plan 2017

In November of 2015, Town of Sidney Council undertook a comprehensive strategic planning session with a goal to develop key strategies for 2016 and the remainder of Council's term. The outcome of Council's efforts is a three-year strategic plan that focuses on three overarching goals – establishing a resilient economy, a balanced demographic, and a quality living environment. This strategic plan was reviewed again in the autumn of 2016 and updated as necessary to reflect additional/modified priorities as follows:

Resilient Economy

2017 Initiatives

Port Sidney Marina Lease Extension and Breakwater Divestiture

- Extension of Crown Lease and sublease with new marina owner
- Acquisition and lease of Breakwater to allow for future improvements.

Balanced Demographic

2017 Initiatives

Parks Master Plan

- Will involve community engagement and consultation
- Will result in a long term plan for future park improvements.

2019 Initiatives

OCP Review (Minor Update)

- Intended to be a focused review on key areas within the OCP
- Does not preclude the potential for considering OCP amendments involving development proposals or minor housekeeping.

Quality Living Environment

2018 Initiatives

Active Transportation Plan

- Development of a long term plan for sidewalks, transit, bicycle network through Sidney

Sea Level Rise Plan

- Development of a long term plan intended to mitigate the impacts of sea level rise as a result of global warming

Environmental Sustainability Strategy

- Development of an action oriented plan focused on achievable strategies.



Financial Information



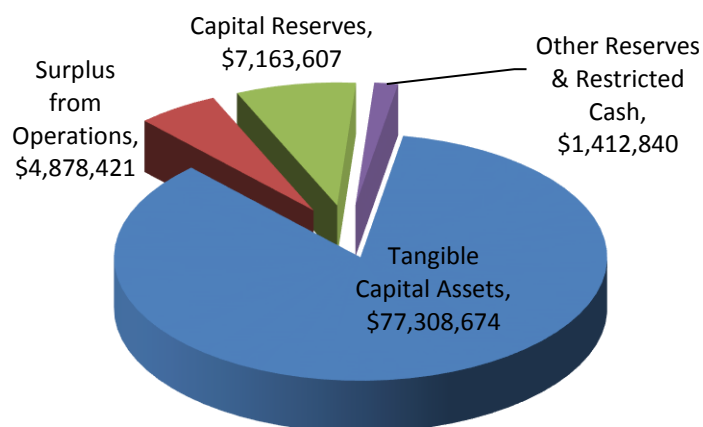
Management Discussion & Analysis

The financial statements are the responsibility of the Town's management and have been prepared in compliance with the Community Charter and generally accepted accounting principles. The annual financial statements are composed of two primary statements – the *Statement of Financial Position* (page 33) and the *Statement of Operations and Accumulated Surplus* (page 34). These primary statements are supplemented by extensive notes and tables that serve to better explain the Town's financial results and nature of operations. The notes are an integral part of the financial statements, as they provide additional details on the consolidated numbers found on the two primary statements. The statements and supporting notes are discussed in more detail below.

Statement of Financial Position

The *Statement of Financial Position* outlines the Town's financial health by providing a snapshot of the total Assets, Liabilities, and Accumulated Surplus as at December 31, 2016. Financial Assets include cash, as well as items that can or will be converted to cash within a short timeframe, such as investments and receivables. Financial Assets represent amounts that can be used to satisfy Liabilities and provide future services. All Liabilities of the Town are considered Financial Liabilities, as cash is required to settle them.

The net result of comparing Financial Assets to Financial Liabilities is called Net Financial Assets. The Town has reached a positive Net Financial Asset position of \$10,248,869, attributable to a relatively low level of debt, and a healthy balance of cash and investments; the latter reflects our level of reserves and accumulated surplus. The Town's position improved by \$1,199,555 in 2016, largely due to reductions in long-term debt, and an increase in both cash and investments; these were partially offset by a rise in deferred revenue, which resulted from an increase in developer deposits due to more robust development activity. The positive balance in Net Financial Assets presents a favourable indication of the Town's ability to fund future obligations.



Non-financial Assets is the next section of the *Statement of Financial Position*. This category is made up almost entirely of the net value of tangible capital assets (TCA), but also of smaller amounts for inventories of supplies and prepaid expenses, all of which are held for the provision of future services. The TCA amount represents the remaining value (cost less depreciation) of past investment in infrastructure, buildings, facilities, structures, vehicles, equipment and other long lasting items that provide services to residents over the useful lives of the assets. Inventories and prepaid expenses are assets that will likely be consumed as part of operations in the upcoming year, but cannot be easily converted to cash to meet financial obligations.

The bottom line on this statement is the Accumulated Surplus, which is the total of Net Financial Assets and Non-financial Assets, and represents the sum of all economic resources available to the Town to meet future financial and service obligations. The pie chart above breaks down the year ending Accumulated Surplus balance of \$90,763,542 into its various components. It is important to clarify that the Accumulated Surplus has been building over many years. Since it is comprised of both Financial and Non-financial Assets, it does not represent an available pool of funding. *Net Financial Assets* represent the amount available to satisfy *financial* obligations and *Non-financial Assets* represent the amount available to meet future *service* obligations. The Accumulated Surplus, which is broken down into various components in Note 7 (page 45) of the statements, is discussed in more detail in the following section.

Management Discussion & Analysis

Statement of Operations & Accumulated Surplus

The *Statement of Operations & Accumulated Surplus* presents the operational results by comparing revenues and expenses for the operating year, with the net difference being the “Annual Surplus”. The Annual Surplus essentially represents the increase in the Town’s ability to fund and provide future services. Total revenues of \$20,991,040 were slightly higher than 2015, mostly due to increased municipal property taxes, water and sewer user fees, and development related permit fees. Total expenses of \$19,091,636 were also higher than 2015, with inflationary and contracted increases being offset by administrative and operational savings.

The 2016 *Statement of Operations and Accumulated Surplus* indicates an Annual Surplus of \$1,899,404, which is broken down into the following components:

Net increase in Reserves & Restricted Cash	\$ 1,019,612
Net investment in Capital Assets	787,072
Net increase in Surplus from Operations	92,720
Annual Surplus	\$ 1,899,404

The *Annual Surplus* figure should not be considered as pure financial gain for the Town, nor an indication that we are collecting too much taxes and fees. It is important to acknowledge that much of the money being collected as tax revenue is earmarked for capital asset additions, for transfer to reserves for future use, or for repayment of debt. None of these legitimate uses of funds qualify as *expenses* for purposes of financial reporting; therefore, they are not reflected in the *Annual Surplus* amount, which may, as a result, appear to be inflated. The *Surplus from Operations* figure, which is the smallest component of the *Annual Surplus*, provides the most accurate indication of true operating results; the rest of the *Annual Surplus* has either been used to acquire capital, or set aside for future use.

The Annual Surplus is the net difference between the Town’s actual *revenues* and its *expenses* for the year, and is independent of any variance from the *budget* for the year. A budget column is included in the *Statement of Operations & Accumulated Surplus* to provide the reader with an indication of operating plans for the year and demonstrate public accountability; however, variances from budget are not discussed in the financial statements.

A comparison of budget to actuals would indicate that the Town realized an Annual Surplus \$1,051,266 higher than what was expected (budgeted). \$729,353 of this variance is due to higher than budgeted revenues (higher than expected Water, Sewer and development fee revenues; developer-constructed assets provided to the Town; gains on disposal of assets) while \$321,913 results from savings on the expense side (the Policing contract being the biggest factor).

Net Increase in Reserves

In the breakdown of the Annual Surplus above, one the biggest contributing factor is the net increase of \$1,018,300 in the Town’s reserves. Reserves are funds set aside to finance works (usually capital) in future years.

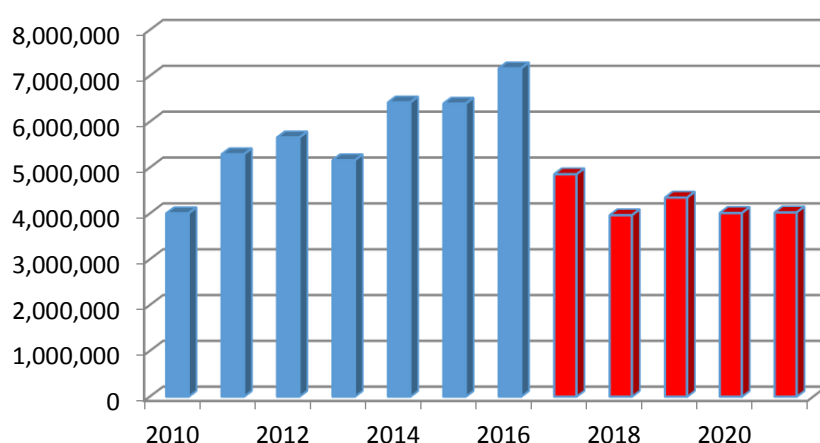
There are two classes of reserves. The more formal of these is indicated in Note 7 as “*Reserve funds set aside for specific purposes by Council*”. These are known as Statutory Reserves, in that they are created by bylaw, as allowed under provincial legislation. The establishing bylaws set out the purposes of the funds, and these purposes cannot be changed without a bylaw amendment. In other words, the funds must be used for the purposes for which the reserves were established.

The second subset of reserves is labeled “*Reserves set aside by Council*”. While less formal, these funds are also usually earmarked for specific purposes, but it is possible to redirect these funds for other uses, through the annual budget process. However, as most of the balances in these reserves are made up of funds carried forward for completion of specific projects or initiatives, redirection is generally not recommended, unless it has been established that the funds are no longer required for their original purpose.

Management Discussion & Analysis

The Town's total Statutory Reserves at year end amounted to \$7,163,607. Of this total, 25% represents the Town's Infrastructure Replacement reserves, while a further 29% is made up of reserves to replace Town vehicles, equipment and the ferry terminal. The primary purpose of maintaining these reserves is to set money aside in a systematic, evenly-distributed manner for the eventual replacement of existing Town assets when they reach the end of their useful lives; this practice helps to ensure financial sustainability. An additional 26% of the total Statutory Reserve balance represents Federal Gas Tax Funds being held for future eligible use.

The chart below shows the Town's total Statutory Reserve balances over the last seven years, and projected balances for the next five years. It illustrates the cyclical nature of the reserve balances, based on the timing of expenditures for which the reserves were created. The projected drop downwards in 2017 is due to the budgeted infrastructure projects to be funded from reserves.



Based on the current 5 year financial plan, the trend is for a diminishing reserve balance. This is due to the projected use of accumulated Gas Tax funds, as well as regular replacement of the Town's infrastructure. The ideal level of reserves depends on the Town's future needs and wants, and decisions around how to fund them.

Having a net reserve surplus or deficit in any given year is generally neither good nor bad; it is strictly a reflection of the Town's plans and spending patterns, and must be considered in conjunction with those plans for a full understanding of the impact. For example, in

years where the Town is putting aside money for a future purchase, there will be a reserve surplus. When those funds are actually used, an annual reserve deficit may occur. All of these events would fit within the Town's overall financial planning, despite the different year-by-year financial impacts.

Increase in Restricted Cash

This small increase of \$1,313 represents the amount of cash the Town has paid into a sinking fund as security against its long term debt. When the debt is fully repaid, the restriction is removed, and the funds are returned to the Town for other purposes. Generally, they are put into a reserve.

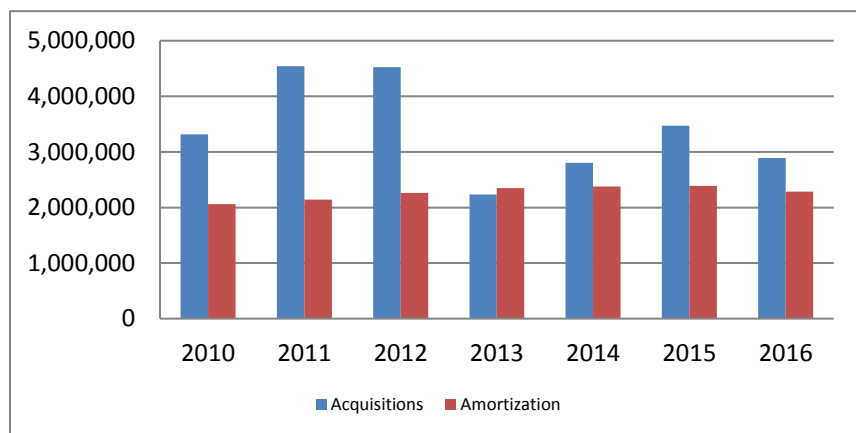
Net Investment in Capital Assets

A large contributing factor to the Annual Surplus is an increase of \$787,072 in *net investment in capital assets*. This was due to a net decrease of \$182,023 in debt and leases attributed to capital assets, and a \$605,049 increase in the net book value of TCA (\$3,089,469 in additions; less net disposals of \$16,037 and amortization of \$2,468,383). This increase in value means that the Town added more in TCA than it consumed. TCA are consumed through amortization (also known as depreciation); the cost of the asset is divided by its useful life, and expensed annually over that lifespan. This method of accounting spreads the value of the asset over its ability to provide services to residents.

The most significant capital additions during the year were: annual infrastructure replacement works, including the replacement of sewer and drainage on Resthaven Drive; procurement of the Fire Department's new fire engine; design and site preparation costs for the new Tulista skateboard park; and the preliminary design costs for the Community Safety Building, for which construction will commence in 2017.

Management Discussion & Analysis

The chart below shows the Town's TCA additions and amortization over the past 7 years. It demonstrates that in most years, there is a positive net investment in capital. 2013 was an exception, as the Town consumed more than it added, but this is not something to be concerned with, as it simply reflects the Town's financial and asset management plans for that particular year; only a longer-term pattern in this direction may indicate a cause for some concern.



Generally, it is good to have a positive net investment in capital each year, as this would indicate that you are renewing your assets more quickly than you are consuming them. The simple act of renewal would likely lead to a net increase in TCA, as the assets you are renewing are in current dollars, while the assets you are consuming are at historical (and therefore lower)

costs. However, that is a bit of a simplification, and the sufficiency of asset renewal must be considered in the full context of the Town's asset management plans. These plans are continually being developed and refined as we move forward with the Town's asset management strategy.

Net Increase in Surplus from Operations

The *net increase in surplus from operations* is perhaps the most important contributing factor to the Annual Surplus. The Surplus (or Deficit) from Operations provides the best indication of the current year's operating results. The previously discussed contributing factors to the Annual Surplus, which may result in a surplus or deficit in any given year depending on the Town's financial or asset management plans, are not true indicators of the current year's operating performance. The Surplus (or Deficit) from Operations in a given year represents the true increase (or decrease) in the Town's "disposable income" for future spending. The 2016 operations realized a surplus of \$180,553, but when netted against the use of \$87,833 of prior years' surplus for initial expenditures related to the Community Safety Building, it resulted in a net increase in Surplus from Operations of \$92,720. The table below shows the breakdown of the current year's net increase of Surplus from Operations:

General Operating Fund	\$ 218,517
Garbage Utility	11,356
Water Utility	(126,184)
Sewer Utility	76,864
Total Surplus from Operations	180,553
Use of Surplus	(87,833)
Net Increase in Accumulated Surplus from Operations	\$ 92,720

The largest contributor to this net increase was the General Operating fund, which realized a surplus of \$218,517; this resulted from better than expected revenues, and operational savings. On the revenue side, greater than anticipated development activity resulted in better than expected permit and development fee revenues.

Operational savings were notably realized within the RCMP policing contract due to temporary vacancies, and within Public Works, where savings were achieved as various maintenance programs were deferred in order to focus on infrastructure renewal projects, as well as on cost-recoverable work due to development. The 2016 Financial Plan included a budgeted transfer of \$250,000 from surplus to fund general operating expenses; however, as expected, the resulting year's operations did not necessitate this transfer.

Management Discussion & Analysis

The Garbage Utility, which operates on a cost recovery basis, realized a surplus of \$11,356. This surplus was expected, and in fact budgeted, as part of a plan to ensure garbage collection rates for residents and businesses remain unchanged for the duration of the Town's five-year contract with its garbage collection service provider. The contract includes cost increases to the Town in each year, so the budgeted surpluses in the first couple of years will offset expected deficits in the latter years, thus allowing user rates to remain constant throughout the contract.

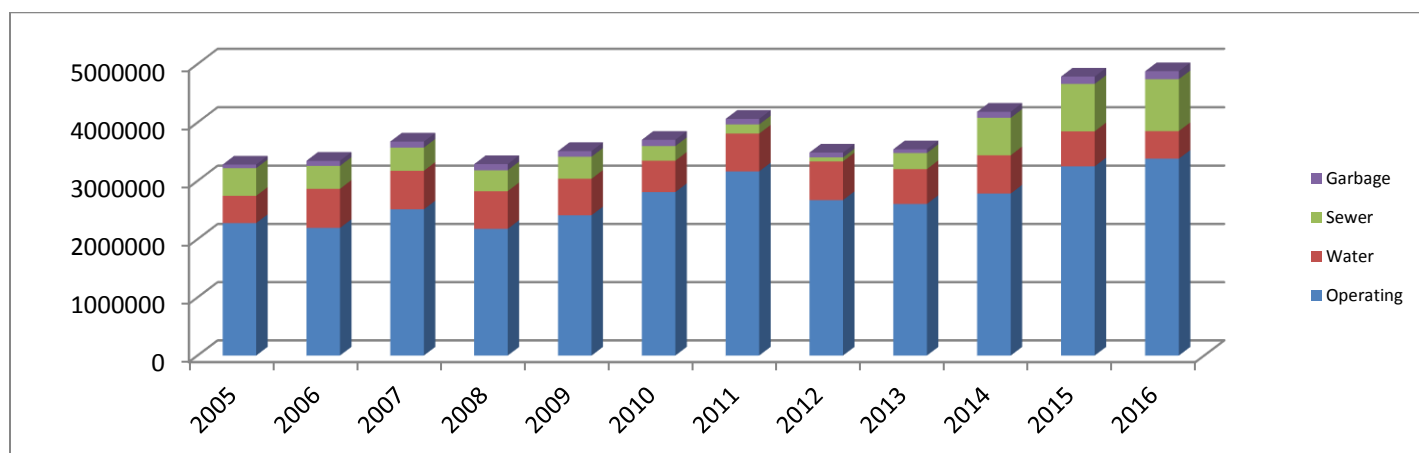
Each year, water revenues and expenses are budgeted using trends from previous years and levels of available surplus funding. In some years we realize surpluses and other years, deficits; this almost always depends on the volume of water consumption in any given year. The Water Utility realized a deficit of \$126,184 in 2016, as compared to a deficit of \$56,411 in 2015 and a surplus of \$59,151 in 2014. It is important to note that the Water Utility still maintains a healthy accumulated surplus balance from prior years' operations, which has been used in recent years to ensure user rates have remained unchanged, even in light of regular increases in bulk water costs. Given that water user fees alone do not entirely cover Water Utility operations, the greater than expected water consumption in 2016, along with some significant water systems repairs, were responsible for a larger than expected deficit.

The Sewer Utility realized a surplus of \$76,864, as sewer user fees collected, which are based on water usage, exceeded the budget. The Sewer Utility budget is also based on trends from previous years, but in some years actual results deviate from those trends; this was the case in 2015 and 2016, as a result of higher water usage in the shoulder seasons due to weather conditions. Over the past several years, the Sewer Utility has realized budgeted surpluses, which has allowed the accumulated balance to grow to acceptable policy levels after several years of deficits. As a result, the healthy accumulated surplus balance permitted 2016 Sewer Parcel Tax and Sewer User Rates to remain unchanged; this will also be the case in 2017.

The Town has a policy to determine the adequate level of Accumulated Surpluses from Operations. This policy ensures that we maintain sufficient funds for the following purposes:

- To provide an adequate reserve for major disasters or contingencies;
- To provide adequate working capital to reduce or eliminate the need for temporary borrowing throughout the year;
- Revenue stabilization: available funds to cover any revenue shortfalls and to prevent tax revenue fluctuations by funding non-recurring expenditure items.

The chart below illustrates the Town's *Accumulated Surplus from Operations* balances over the past 12 years, and the contribution from each of the Town's significant operational areas. When the net 2016 increase in *Surplus from Operations* is combined with surpluses from prior years, the year ending *Accumulated Surplus from Operations* balance grows to \$4,878,421, with all operational areas maintaining surplus levels that are healthy and meeting policy requirements.



Management Discussion & Analysis

Notes to Financial Statements

As indicated previously, the notes are an integral part of the financial statements. Firstly, they explain the nature of the organization, and its significant accounting policies. The individual notes also provide additional details to support the numbers on the two primary statements. Reference is made on the statements to a note number; users wishing to gain a better understanding of Town financial results should be referencing these notes as they read through the statements.

The Segmented Information note (Note 12) further assists readers of the statements in understanding the types of revenues and expenses attributable to specific Town functions for the unique services performed by each.

The notes also serve to identify potential commitments and liabilities not captured in the statements themselves. These exclusions can be for various reasons, but generally they represent events that do not fit the accounting definition of a liability, or cannot be reliably measured. Disclosing these items in the notes (Note 13) provides readers with some additional information to assist in their interpretation of the Town's financial position, and any potential risks. Users may then make their own decision as to the level of risk implicit with each item disclosed.

Financial Summary

The Financial Statements are a primary way for the Town to communicate financial information. It is our goal to make them accessible and informative to the reader. The 2016 financial statements reflect a continued dedication to sound financial management. This is evident through several indicators, including an improved financial position, both in Net Financial Assets and Accumulated Surplus, signifying expanded economic resources to provide future services. A net increase in the consolidated Surplus from Operations, notably from better than expected surpluses in General Operating and the Sewer Utility, complimented by healthy surplus balances in all operational areas, means more funds available for specific future funding needs. The Town's equity in capital assets and reserves increased during the past year, demonstrating a commitment from the Town to fund its infrastructure renewal. Furthermore, the Town continues to maintain low levels of debt, even with the approved debt funding for the Community Safety Building, and will maintain comparably low levels of manageable debt going forward that will allow flexibility in providing future services.

Consolidated Financial Statements

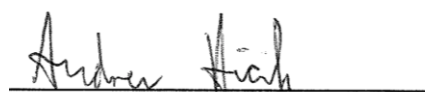
Financial Reporting Responsibility

The accompanying financial statements of the Town of Sidney (the “Town”) are the responsibility of management and have been prepared in compliance with legislation, and in accordance with public sector accounting standards for local governments, as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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 judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

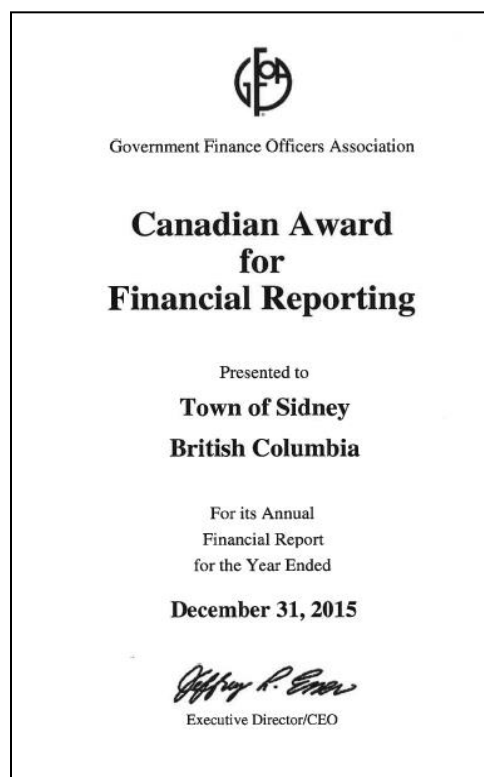
The Town’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Municipal Council, acting through its Standing Committees, meets with management and the external auditors to review the financial statements and discuss any significant reporting or internal control matters prior to their acceptance of the financial statements.

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



Director of Corporate Services



Consolidated Financial Statements



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

INDEPENDENT AUDITORS' REPORT

To Mayor and Councillors of the Town of Sidney

We have audited the accompanying financial statements of Town of Sidney, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Sidney as at December 31, 2016, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal line extending from the end of the signature.

Chartered Professional Accountants
May 2, 2017
Victoria, Canada

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.

Consolidated Financial Statements

Statement of Financial Position

Year ended December 31, 2016 with comparative figures for 2015

	2016	2015
Financial assets:		
Cash	\$ 2,878,558	\$ 4,009,671
Investments	13,101,665	10,542,038
Property taxes receivable	512,210	491,790
Accounts receivable	1,600,145	1,449,475
Restricted cash	48,281	46,968
	18,140,859	16,539,942
Liabilities:		
Accounts payable and accrued liabilities	1,600,729	1,449,801
Deferred revenue and deposits (note 2)	2,658,652	2,247,426
Employee future benefit obligations (note 3)	644,600	624,100
Lease obligations (note 4)	-	20,917
Long-term debt (note 5)	2,988,009	3,148,384
	7,891,990	7,490,628
Net financial assets	10,248,869	9,049,314
Non-financial assets:		
Tangible capital assets (note 6)	80,213,943	79,608,895
Inventory of supplies	152,071	122,766
Prepaid expenses	148,659	83,163
Accumulated surplus (note 7)	\$ 90,763,542	\$ 88,864,138

Commitments and contingent liabilities (note 13)

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

Consolidated Financial Statements

Statement of Operations and Accumulated Surplus

Year ended December 31, 2016 with comparative figures for 2015

	<i>Budget 2016 (note 11)</i>	<i>Actual 2016</i>	<i>Actual 2015</i>
Revenue:			
Net taxes available for municipal purposes (note 8)	\$ 12,531,642	\$ 12,493,456	\$ 12,274,566
Fees, rates and service charges	5,383,610	6,077,070	5,765,649
Government transfers (note 9)	2,032,535	1,447,553	1,367,563
Investment earnings	185,000	224,094	207,978
Gifts and contributions	18,000	314,972	479,969
Penalties and interest	96,100	94,691	102,915
Actuarial adjustment on debt	-	11,520	25,497
Other	14,800	327,684	212,319
Total revenue	20,261,687	20,991,040	20,436,456
Expenses:			
General government	2,422,735	2,397,475	2,195,906
Protective services	4,638,272	4,386,178	4,170,584
Transportation	3,636,351	3,642,772	3,575,292
Environmental health services	695,165	716,194	692,105
Environmental development	590,780	503,502	375,017
Leisure, parks and cultural	2,845,334	2,846,955	2,767,498
Water utility	1,903,901	2,033,944	2,048,836
Sewer utility	2,001,237	1,995,254	1,938,618
Other (note 10)	679,774	569,362	629,125
Total expenses	19,413,549	19,091,636	18,392,981
Annual surplus	848,138	1,899,404	2,043,475
Accumulated surplus, beginning of year	88,864,138	88,864,138	86,820,663
Accumulated surplus, end of year	\$ 89,712,276	\$ 90,763,542	\$ 88,864,138

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

Consolidated Financial Statements

Statement of Changes in Net Financial Assets

Year ended December 31, 2016 with comparative figures for 2015

	<i>Budget</i> <i>2016</i> <i>(note 11)</i>	<i>Actual</i> <i>2016</i>	<i>Actual</i> <i>2015</i>
Annual surplus	\$ 848,138	\$ 1,899,404	\$ 2,043,475
Acquisition of tangible capital assets	(7,357,225)	(3,074,162)	(3,473,284)
Amortization of tangible capital assets	2,450,000	2,468,382	2,390,729
Loss (gain) on disposal of tangible capital assets	-	(281,590)	23,437
Proceeds on disposal of tangible capital assets	-	282,322	17,843
	(4,059,087)	1,294,356	1,002,200
Acquisition of inventory of supplies	-	(152,071)	(122,766)
Acquisition of prepaid expense	-	(148,659)	(83,163)
Consumption of inventory of supplies	-	122,766	104,271
Use of prepaid expenses	-	83,163	114,066
Change in net financial assets	(4,059,087)	1,199,555	1,014,608
Net financial assets, beginning of year	9,049,314	9,049,314	8,034,706
Net financial assets, end of year	\$ 4,990,227	\$ 10,248,869	\$ 9,049,314

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

Consolidated Financial Statements

Statement of Cash Flows

Year ended December 31, 2016 with comparative figures for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,899,404	\$ 2,043,475
Items not involving cash:		
Amortization	2,468,382	2,390,729
Developer contribution of tangible capital assets	(263,361)	(273,334)
Change in employee benefits and other liabilities	20,500	(58,300)
Loss (gain) on disposal of tangible capital assets	(281,590)	23,437
Loss on leases	708	25
Actuarial adjustment on debt	(11,520)	(25,497)
Change in non-cash assets and liabilities:		
Property taxes receivable	(20,420)	7,381
Accounts receivable	(150,670)	155,660
Accounts payable and accrued liabilities	150,928	41,244
Deferred revenue	411,226	590,889
Inventory of supplies	(29,305)	(18,495)
Prepaid expenses	(65,496)	30,903
Net change in cash from operating activities	4,128,786	4,908,117
Capital activities:		
Proceeds on disposal of tangible capital assets	282,322	17,843
Cash used to acquire tangible capital assets	(2,810,801)	(3,199,950)
Net change in cash from capital activities	(2,528,479)	(3,182,107)
Investment activities:		
Investments	(2,559,627)	(1,004,948)
Net change in cash from investing activities	(2,559,627)	(1,004,948)
Financing activities		
Municipal Finance Authority debt reserve adjustment	(1,313)	(1,173)
Debt issued and assumed	-	25,300
Long-term debt repaid	(157,486)	(157,486)
Lease obligations and loan agreements repaid	(12,994)	(17,150)
Net change in cash from financing activities	(171,793)	(150,509)
Net change in cash and cash equivalents	(1,131,113)	570,553
Cash and cash equivalents, beginning of year	4,009,671	3,439,118
Cash and cash equivalents, end of year	\$ 2,878,558	\$ 4,009,671
Cash paid for interest	\$ 155,415	\$ 155,941
Cash received from interest	318,785	310,893

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

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

The Town of Sidney (the “Town”) is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and Community Charter. Its principal activities are the provision of local government services to residents of the Town. These services include administrative, protective, transportation, environmental, recreational, water, sewer and fiscal services.

1. Significant accounting policies:

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

(a) Reporting entity:

The financial statements include a combination of the assets, liabilities, accumulated surplus, revenues and expenses of all of the Town’s activities and funds. Inter-departmental balances and organizational transactions have been eliminated.

(b) Basis of accounting:

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

(c) Government transfers:

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

(d) Property tax revenue:

Property tax revenue is recognized on an accrual basis using property assessment values established by BC Assessment for the current year and the tax rates established annually by Council. Tax revenues are recorded at the date property taxes are due. Assessments are subject to appeal and tax adjustments are recorded when the results of the appeals are known, and if required. An allowance for unresolved assessment appeals is also recorded.

(e) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation or 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 expenses are incurred, services are performed, or the tangible capital assets are acquired.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(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 deferred revenue balance.

(g) Employee future benefits:

The Town 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 Town's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and benefit increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(h) Non-financial assets:

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

(i) Tangible capital assets

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

Assets	Useful Life - Years
Land improvements	10 - 75
Buildings and building improvements	15 - 100
Vehicle, machinery and equipment	3 - 50
Water and wastewater infrastructure	12 - 75
Road infrastructure	25 - 100

Amortization is charged annually. 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 Town's ability to provide services, or when the value of future economic benefits associated with the asset is less than the book value.

(ii) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, with the value of the contribution recorded as revenue.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

- (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.

- (iv) Interest capitalization

The Town does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

- (v) Leased tangible capital assets

Leased assets which transfer substantially all 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.

- (i) Foreign currency:

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the reporting date, and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Gains or losses on foreign currency translations are included as revenues or expenses.

- (j) 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, the 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, contaminated sites and contingent liabilities. Actual results could differ from these estimates.

- (k) Contaminated Sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

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

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

2. Deferred revenue and deposits:

The deferred revenues and deposits reported on the statement of financial position are comprised of the following:

	Balance at Dec 31, 2015	Recognized as revenue	Interest earned	Current year deferred	Balance at Dec 31, 2016
Prepaid property taxes	\$ 1,242,846	\$(1,242,846)	\$ -	\$ 1,344,921	\$ 1,344,921
Prepaid fees and charges	181,931	(163,964)	-	248,599	266,566
Deferred developer contributions & deposits	502,377	(478,313)	2,300	439,855	466,219
Deposits on hold	320,272	(320,022)	-	580,696	580,946
	<u>\$ 2,247,426</u>	<u>\$(2,205,145)</u>	<u>\$ 2,300</u>	<u>\$ 2,614,071</u>	<u>\$ 2,658,652</u>

3. Employee future benefit obligations:

The Town provides sick leave and certain other benefits to its employees. Some employees of the Town are entitled to payments related to unused vacation, sick leave and other allowances upon resignation or retirement. These amounts and other employee related liabilities will require funding in future periods.

Information regarding the Town's obligations for employee future benefits is as follows:

	2016	2015
Accrued employee benefit obligations:		
Balance, beginning of year	\$ 785,300	\$ 758,600
Current service cost	89,100	86,900
Interest cost	26,100	24,900
Benefits paid	(115,700)	(182,300)
Actuarial adjustment	(9,100)	97,200
Balance, end of year	<u>775,700</u>	<u>785,300</u>
Unamortized net actuarial loss	(131,100)	(161,200)
Accrued employee benefit obligations	<u>\$ 644,600</u>	<u>\$ 624,100</u>

Any actuarial gain or loss is amortized over a period equal to the employees' average remaining service lifetime, estimated to be 10 years (2015 – 11 years).

The amount recorded for these benefits is based on an actuarial valuation performed by an independent firm using a projected benefit actuarial valuation method pro-rated on services.

This valuation is reviewed on a periodic basis. The most recent actuarial valuation of the Town's employee future benefits was completed as at December 31, 2016.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

3. Employee future benefit obligations (continued):

The significant actuarial assumptions adopted in measuring the Town's accrued benefit obligation are as follows:

	2016	2015
Discount rates	3.30%	3.10%
Expected wage and salary increases	2.50%	2.50%

The Town funds the employee future benefits with the tax revenues from the general operating fund and from surplus amounts appropriated for this purpose. The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$136,200 (2015 – 124,000).

Other pension plan:

The Town and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

The most recent valuation, as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits. 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, with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to the individual employers participating in the Plan.

The Town paid \$567,728 for employer contributions (2015 - \$574,537) and Town employees paid \$481,370 for employee contributions (2015 - \$492,060) to the plan in fiscal 2016.

GVLRA – CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 and its sole purpose is to provide a long-term disability income benefit plan for municipal employees in the Capital Region. The Town and its employees (CUPE & Exempt) each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2014. At December 31, 2015, the total plan provision for approved and unreported claims was \$19,101,700 with a net deficit of \$1,519,599. The actuary does not attribute portions of the unfunded liability to individual employers. The Town paid \$80,703 for employer contributions (2015 - \$79,959) and Town employees paid \$80,885 for employee contributions (2015 - \$80,369) to the plan in 2016.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

4. Lease obligations:

Prior to 2016, the Town entered into capital lease agreements with the Municipal Finance Authority (MFA), for various office equipment and for terms ranging to five years. The MFA began winding down its leasing program in mid-2014 and developed a new program for the financing of equipment. To take advantage of lower interest rates and the ability to gain immediate ownership of the leased assets, the Town transferred its remaining 2 capital leases to the equipment financing program in 2016; accordingly, the Town maintains no year ending lease obligations.

	2016	2015
2016	\$ -	\$ 8,145
2017	-	6,915
2018	-	5,696
2019	-	1,335
2020	-	-
Total minimum lease payments	-	22,091
Less: amount representing interest (at prime less 1%)	-	(1,174)
Present value of net minimum capital lease payments	\$ -	\$ 20,917

Interest expense incurred during 2016 on lease obligations before transfer to the new equipment financing program amounted to \$386 (2015 - \$549).

5. Long-term debt:

(a) The Town issues debt instruments through the Municipal Finance Authority (MFA), pursuant to loan authorization and security issuing bylaws under authority of the Community Charter and the Local Government Act, to finance certain capital expenditures. Sinking fund contributions, managed by the MFA, are made annually. The related actuarial allocations in respect to the repayment structure are reflected as a reduction of the related long-term debt.

(b) Gross amount of debt and the amount of the actuarial allocation of assets available to retire the debt are as follows:

	Gross debt	Actuarial allocation	Net debt 2016	Net debt 2015
Short-term and other debt	\$ 75,299	\$ -	\$ 75,299	\$ 109,668
Long-term debt	3,850,000	937,290	2,912,710	3,038,716
	\$ 3,925,299	\$ 937,290	\$ 2,988,009	\$ 3,148,384

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

5. Long-term debt (continued):

Under borrowing arrangements with the MFA, the Town is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the Town. At December 31, 2016 there were contingent demand notes of \$95,705 (2015 – \$95,705) and cash deposits of \$48,281 (2015 - \$46,968). The demand notes are not included in the financial statements of the Town; however, the cash deposits are included in the financial statements as restricted cash.

(c) Long-term debt estimated principal repayments over the next five years:

2017	\$	169,183
2018		125,111
2019		120,914
2020		118,032
2021		114,486

Scheduled debt repayments may be suspended should sinking fund accumulations exceed original estimates.

(d) Total interest paid on long-term and short-term debt during the year was \$154,662 (2015 - \$155,394).

(e) Existing long-term debt matures in annual amounts to the year 2037, and interest rates range from 2.4% to 4.65%. The weighted average interest rate for 2016 was 3.81% (2015 – 3.82%).

(f) During 2016 the Town adopted the Community Safety Building Loan Authorization Bylaw No. 2111 which was approved by the Inspector of Municipalities and authorizes the Town to borrow \$10,000,000 through the MFA for construction of a new Community Safety Building. At December 31, 2016, the Town has not drawn upon these funds.

(g) Included in other debt are Equipment Financing Loan Agreements with the Municipal Finance Authority totaling \$32,299 (2015 – 23,668) to finance the purchase of tangible capital assets.

The loans are repaid in monthly payments of \$1,006 with maturity dates ranging from 2018 to 2020. The loans are repayable on demand upon occurrence of any events of default. Interest is charged on a daily floating rate basis and compounded monthly. At year end, the current floating rate was 1.39% per annum. Interest paid during the year was \$367 (2015 - \$127) and has been included in expenses on the statement of operations. As a condition of borrowing, the Town has issued promissory notes in the value of \$41,068 to the MFA.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

6. Tangible capital assets:

Cost	Balance at Dec 31, 2015	Additions / Transfers	Disposals	Balance at Dec 31, 2016
Land	\$ 15,143,104	\$ -	\$ (1,804)	\$ 15,141,300
Land improvements	12,867,170	17,637	-	12,884,807
Building and building improvements	14,966,333	8,073	-	14,974,406
Vehicles, machinery and equipment	9,803,252	1,078,077	(167,961)	10,713,368
Water and wastewater infrastructure	37,631,888	1,269,266	-	38,901,155
Roads infrastructure	27,496,981	572,180	(14,475)	28,054,686
Assets under construction	711,474	128,929	(1,499)	838,904
Total	\$ 118,620,202	\$ 3,074,162	\$ (185,738)	\$ 121,508,626

Accumulated Amortization	Balance at Dec 31, 2015	Amortization Expense	Disposals	Balance at Dec 31, 2016
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	4,191,821	367,688	-	4,559,509
Building and building improvements	6,470,312	402,333	(13,581)	6,859,064
Vehicles, machinery and equipment	4,815,636	646,977	(155,228)	5,307,385
Water and wastewater infrastructure	14,263,963	545,630	(1,723)	14,807,870
Roads infrastructure	9,269,575	505,754	(14,475)	9,760,854
Assets under construction	-	-	-	-
Total	\$ 39,011,307	\$ 2,468,382	\$ (185,007)	\$ 41,294,683

Net Book Value	Balance at Dec 31, 2015	Balance at Dec 31, 2016
Land	\$ 15,143,104	\$ 15,141,300
Land improvements	8,675,349	8,325,298
Building and building improvements	8,496,021	8,115,342
Vehicles, machinery and equipment	4,987,616	5,405,983
Water and wastewater infrastructure	23,367,925	24,093,284
Roads infrastructure	18,227,406	18,293,832
Assets under construction	711,474	838,904
Total	\$ 79,608,895	\$ 80,213,943

(a) Assets under construction

Assets under construction having a value of \$838,904 (2015 - \$711,474) have not been amortized. Amortization of these assets will commence when the assets are available for service.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

6. Tangible capital assets (continued):

(b) Contributed tangible capital assets

Contributed capital assets are recognized at fair market value at the date of contribution and consist of water, wastewater and roads infrastructure. The value of contributed assets received during the year is \$263,361 (2015 - \$273,334).

(c) Works of art and historical cultural assets

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

7. Accumulated surplus:

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

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 77,308,674	\$ 76,521,602
Surplus from operations	4,878,421	4,785,701
Total surplus	82,187,095	81,307,303
Reserves set aside by Council:		
Miscellaneous operating purposes	497,510	504,780
Miscellaneous capital purposes	867,049	612,122
Total reserves	1,364,559	1,116,902
Reserves funds set aside for specific purposes by Council:		
Land sale proceeds	281,752	16,452
Parkland acquisition	127,494	125,494
Off-street parking	86,686	80,586
Computer replacement	451,907	436,427
General equipment replacement	886,236	715,225
Fire equipment replacement	134,672	478,205
Water capital	351,975	346,475
Sewer capital	23,416	23,016
Infrastructure replacement	1,818,925	1,566,553
Water rates stabilization	247,955	244,055
Amenities	41,733	20,076
Ferry terminal	626,475	467,725
Contingency	77,033	69,933
Agreements	165,857	143,428
Gas Tax - Community Works Fund	1,841,491	1,659,315
Total reserve funds	7,163,607	6,392,965
Restricted cash	48,281	46,968
	\$ 90,763,542	\$ 88,864,138

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

7. Accumulated surplus (continued):

The Town periodically receives Gas Tax Agreement funds from the federal government. These funds, along with interest earned on the funds, are recorded as revenues and transferred to reserves until they are used to fund eligible expenditures under the Agreement.

	2016	2015
Federal gas tax agreement funds		
Gas tax agreement funds, beginning of year	\$ 1,659,315	\$ 1,185,044
Amounts received during the year	524,040	506,971
Interest earned restricted for projects	26,400	19,300
Expenditures	(368,264)	(52,000)
Gas tax agreements funds, end of year	\$ 1,841,491	\$ 1,659,315

8. Net taxes available for municipal purposes:

	2016	2015
Taxes:		
Property taxes	\$ 22,682,526	\$ 22,369,590
Revenue in lieu of taxes	237,207	217,674
Other	851,163	1,108,836
	23,770,896	23,696,100
Less taxes on behalf of:		
Provincial Government School Authorities	6,385,190	6,581,187
Capital Regional District	2,267,047	2,206,380
Capital Regional Hospital District	1,026,703	1,022,555
BC Transit	1,129,590	1,136,257
BC Assessment Authority	202,309	211,814
Municipal Finance Authority	710	685
Business Improvement Area	265,891	262,656
	11,277,440	11,421,534
Net taxes available for municipal purposes	\$ 12,493,456	\$ 12,274,566

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

9. Government transfers:

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met. The government transfers reported on the statement of operations are:

	2016	2015
Federal grants:		
Gas Tax - Community Works Funding	\$ 524,040	\$ 506,971
	524,040	506,971
Provincial grants:		
Federal / provincial capital grant programs	-	15,518
Small community protection grant	338,942	349,363
Traffic fine revenue sharing	115,480	130,384
Other provincial grants	898	120
	455,320	495,385
Regional and other local government transfers:		
Policing	294,880	279,653
Recreation	49,669	64,441
Other	123,644	21,113
	468,193	365,207
Total government transfer revenue	\$ 1,447,553	\$ 1,367,563

10. Other expenses:

	2016	2015
Grants to non-government organizations:		
Sidney and North Saanich Memorial Park Society	\$ 263,836	\$ 255,527
Saanich Peninsula Chamber of Commerce	60,150	60,000
New Marine Centre Society	65,000	65,000
Sidney Business Improvement Area Society	33,825	24,000
Peninsula Celebrations Society	12,000	12,000
Other	44,599	32,303
	479,410	448,830
Interest on prepaid taxes	2,820	3,908
Amortization and net loss on miscellaneous assets	15,785	69,997
Other	71,347	106,390
	\$ 569,362	\$ 629,125

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

11. Budget data:

The budget data presented in these financial statements is based upon the 2016-2020 Financial Plan adopted by Council on May 9, 2016. The table below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenues:	
Financial Plan	\$ 19,852,048
Add:	
Vancouver Island Regional Library Levy	675,530
Less:	
Sidney Business Improvement Area Levy	(265,891)
Total revenue	20,261,687
Expenses:	
Financial Plan	19,003,910
Add:	
Vancouver Island Regional Library Levy	675,530
Less:	
Sidney Business Improvement Area Levy	(265,891)
Total Expenses	19,413,549
Annual surplus	\$ 848,138

12. Segmented information:

The Town of Sidney is a diversified organization that provides a wide range of services. These services have been captured in specific functions that have been separately disclosed in the segmented information as follows:

(i) General Government:

The General Government function is comprised of Legislative Services (Council and Committees) and General Administration, which includes Financial Management, Driver Services, Computer Services, Common Services, and other administrative activities related to the management of the Town.

(ii) Protective Services:

The Protective Services function is comprised of five core services: Emergency Measures, Fire Protection, Police Protection, Court House, and Building & Bylaw Enforcement.

Emergency Measures captures the Town's emergency preparedness programs that ensure the Town is prepared and able to respond to the devastating effects of a disaster or major catastrophic event.

Fire Protection services are carried out by the Town's Fire Department, whose mandate is to provide critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies.

Police Protection services are performed under contract by the RCMP, who ensure the safety of lives and property in the Town through law enforcement, the maintenance of law and order, and the prevention of crime.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

12. Segmented information (continued):

Building and Bylaw Enforcement promotes, facilitates and enforces general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community.

(iii) Transportation Services:

The Transportation Services function is responsible for a wide variety of transportation services including Roads, Storm Drainage, Dock & Port Facilities, and Hydrants.

The Roads function's principal activity is the development and maintenance of the Town's roadway systems through the Public Works department. The main services include Traffic Services consisting of street sign, street painting and traffic light control maintenance; Street Lighting; Road, Curb, Sidewalk and Cul-de-sac repairs and maintenance; Boulevard Trees; and Street Sweeping.

The Storm Drains service performs preventative maintenance and repairs to the Town's storm drain system, maintains and repairs storm drain ditches, and cleans catch basins.

Dock & Ports Facilities captures maintenance of the Town's docks and port infrastructure.

Hydrant services pertain to the maintenance of existing and installation of new fire hydrants.

(iv) Environmental Health Services:

Environmental Health Services provides garbage, organics and compost collection and disposal services to residents and businesses through the Town's designated contractors.

(v) Environmental Development Services:

Environmental Development Services administers zoning and related bylaws, and provides long range planning and policy services, as well as providing administrative support to Building and Bylaw Enforcement functions.

(vi) Leisure, Parks and Cultural Services:

Leisure, Parks & Cultural Services is comprised of four different functions: Parks, Library, Senior's Centre and Museums.

Parks is responsible for the maintenance, planning and development of Town park facilities such as ornamental gardens, natural ecosystems, playgrounds for recreational and cultural enjoyment in a beautiful and safe environment. It also preserves and enhances green spaces on public lands.

Library services are specific to maintenance of the Town owned library building, and funding to Vancouver Island Regional Library to operate and manage the library.

The Town owned Shoal Activity Centre is operated by Beacon Community Services, who receive funding from the Town to provide senior related programs.

Museum services include providing space and funding to the Saanich Peninsula Museum Society to manage and operate the Town's Historical Museum and Archives. The Town also provides space to the New Marine Centre Society for the operation of the Shaw Centre for the Salish Sea.

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

12. Segmented information (continued):

(vii) Sewer and Water Utilities:

The Sewer Utility protects the environment and human health from the impacts of liquid waste generated as a result of human occupation and development in the Town. The Town operates a collection system, which transfers wastewater to a sub-regional treatment facility.

The Water Utility delivers clean, safe and aesthetically pleasing potable water, in accordance with the Provincial Drinking Water Protection Act, to the residents of the Town. The water is for the purpose of domestic consumption, irrigation and firefighting. The Town operates a water distribution system only, using treated water purchased in bulk from the Regional District.

(viii) Other:

Other includes all revenues and expenses not captured in the other segmentation categories.

Other revenues include municipal taxes, provincial and federal government grants, traffic fine revenues, investment income, developer contributions and other miscellaneous sources of revenue.

Other expenses include community support funding and grants, economic development, contingencies and other miscellaneous expenses.

The resulting annual surplus is primarily used for budgeted transfers to reserves and debt principal repayments.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. Property taxation and revenue in-lieu of taxes are apportioned to the functions based on year end operating results and funding of capital expenditures.

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

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

12. Segmented information (continued):

	General Government	Protective Services	Transportation	Environmental Health Services	Environmental Development	Leisure, Parks and Cultural	Water Utility	Sewer Utility	Other	2016
Revenue:										
Taxes for municipal purposes	\$ 1,774,494	\$ 3,320,351	\$ 1,758,855	\$ 154,242	\$ 367,173	\$ 2,074,235	\$ 350,640	\$ 500,343	\$ 2,193,123	\$ 12,493,456
Fees, rates and service charges	399,336	619,076	787,433	571,063	41,895	193,511	1,734,745	1,717,450	12,561	6,077,070
Government transfers	-	408,524	898	-	-	49,669	-	-	988,462	1,447,553
Investment earnings	-	-	-	-	-	-	-	-	224,094	224,094
Gifts and contributions	-	3,933	281,039	-	-	-	-	-	30,000	314,972
Penalties and interest	-	-	-	2,244	-	-	5,351	5,938	81,158	94,691
Actuarial adjustment on debt	-	-	-	-	-	-	-	-	11,520	11,520
Other	30,524	-	-	-	-	-	-	-	297,160	327,684
Total revenue	2,204,354	4,351,884	2,828,225	727,549	409,068	2,317,415	2,090,736	2,223,731	3,838,078	20,991,040
Expenses:										
Salaries, wages and benefits	1,491,785	1,849,168	1,607,906	112,643	338,791	969,858	365,527	248,550	6,866	6,991,094
Contracted services	589,869	2,108,045	400,125	564,895	160,157	1,016,283	51,467	1,445,371	376,599	6,712,811
Supplies and equipment	95,112	190,899	408,005	38,656	4,554	304,388	1,417,294	138,837	-	2,597,745
Debt interest	532	-	35,609	-	-	115,146	-	-	-	151,287
Other	8,306	(13,721)	-	-	-	-	(520)	-	176,252	170,317
Amortization	211,871	251,787	1,191,127	-	-	441,280	200,176	162,496	9,645	2,468,382
Total expenses	2,397,475	4,386,178	3,642,772	716,194	503,502	2,846,955	2,033,944	1,995,254	569,362	19,091,636
Annual surplus	\$ (193,121)	\$ (34,294)	\$ (814,547)	\$ 11,355	\$ (94,434)	\$ (529,540)	\$ 56,792	\$ 228,477	\$ 3,268,716	\$ 1,899,404

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

12. Segmented information (continued):

	General Government	Protective Services	Transportation	Environmental Health Services	Environmental Development	Leisure, Parks and Cultural	Water Utility	Sewer Utility	Other	2015
Revenue:										
Taxes for municipal purposes	\$ 1,669,495	\$ 3,412,764	\$ 1,695,252	\$ 142,471	\$ 332,059	\$ 2,058,427	\$ 356,141	\$ 501,000	\$ 2,106,957	\$ 12,274,566
Fees, rates and service charges	383,987	493,148	694,444	569,566	42,958	186,192	1,689,236	1,702,701	3,417	5,765,649
Government transfers	-	303,700	12,707	-	-	64,441	-	-	986,715	1,367,563
Investment earnings	-	-	-	-	-	-	-	-	207,978	207,978
Gifts and contributions	-	1,760	149,984	-	-	5,000	33,000	90,350	199,875	479,969
Penalties and interest	-	-	-	2,175	-	-	5,354	6,169	89,217	102,915
Actuarial adjustment on debt	-	-	-	-	-	-	-	-	25,497	25,497
Other	-	-	-	-	-	-	-	-	212,319	212,319
Total revenue	2,053,482	4,211,372	2,552,387	714,212	375,017	2,314,060	2,083,731	2,300,220	3,831,975	20,436,456
Expenses:										
Salaries, wages and benefits	1,710,815	1,650,965	1,661,080	104,408	342,463	916,421	411,682	265,526	15,186	7,078,546
Contracted services	557,569	2,147,357	350,159	546,881	26,469	1,073,764	36,857	1,370,205	355,102	6,464,363
Supplies and equipment	(254,414)	125,149	353,197	40,816	6,085	224,290	1,373,169	141,604	55	2,009,951
Debt interest	407	14	36,222	-	-	119,299	-	-	-	155,942
Other	4,590	9,256	7,750	-	-	-	31,803	-	240,051	293,450
Amortization	176,939	237,843	1,166,884	-	-	433,724	195,325	161,283	18,731	2,390,729
Total expenses	2,195,906	4,170,584	3,575,292	692,105	375,017	2,767,498	2,048,836	1,938,618	629,125	18,392,981
Annual surplus	\$ (142,424)	\$ 40,788	\$ (1,022,905)	\$ 22,107	\$ -	\$ (453,438)	\$ 34,895	\$ 361,602	\$ 3,202,850	\$ 2,043,475

Consolidated Financial Statements

Notes to Financial Statements

Year ended December 31, 2016

13. Commitments and contingent liabilities:

- (a) Under Section 836 of the Local Government Act, all member municipalities are jointly and severally liable for the indebtedness of the Capital Regional District in the event of default by the Regional District.
- (b) The Town is a participant in the Municipal Insurance Association of British Columbia (MIABC). Should the MIABC pay out claims in excess of premiums received, it is possible that the Town, along with other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.
- (c) The Town is a shareholder and member of Capital Regional Emergency Service Telecommunications (CREST) Incorporated, which provides centralized emergency communications and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.
- (d) The Town has an RCMP Premises Agreement with the District of North Saanich for the provision of accommodations for a joint RCMP detachment. The parties jointly own the building occupied by the policing detachment, in proportion to their relative contributions to the principal repayment of the debt incurred in order to construct the building. North Saanich's proportionate share is approximately 36%. The Agreement requires the Town to pay to North Saanich their proportionate share of the fair market value of the building should the parties eventually decide to terminate their agreement to provide joint accommodations.

A market value study commissioned in 2011 places North Saanich's share at approximately \$615,000. The Town has in place a temporary borrowing bylaw to cover any potential payout should the agreement be terminated; however, there is no intention at this time to contemplate termination of the agreement.

- (e) The Town has entered into a Memorandum of Understanding (MOU) with the Memorial Park Society (MPS) for the use of part of their lands for two specific purposes: an easement access to the Town's future Community Safety Building just south of MPS lands; and the future construction of a parking lot. The MOU commits the Town to two separate payment streams, neither of which is considered a liability at Dec 31, 2016. Under the terms of the MOU, which is to be replaced with a formal agreement in 2017, the Town will make payments to MPS as follows:

For the easement access: a total of \$400,000, payable over a five-year term. The payment shall be \$80,000 per calendar year, pro-rated in the first and last year to reflect the actual start date of the agreement.

For the lands to be used as a public parking lot: the Town shall pay the equivalent of 0.5% of the previous year's municipal property tax revenues, for as long as the parking agreement continues to be in place. This amount is estimated at \$55,000 for 2017 (to be pro-rated based on starting date of agreement); future year payments are estimated to increase by 2.5% annually.

The Town has also committed to assuming responsibility for grounds maintenance at the Mary Winspear Centre (the local theatre and conference facility owned and operated by MPS) beginning in 2017. An annual limit of \$25,000 has been set for ground maintenance, with an annual inflation factor being applied starting in the sixth year.

14. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current year.

Statistical Information



Statistical Information

Taxable Assessment of Land & Improvements

(in thousands)

	2016	2015	2014	2013	2012
Residential	\$ 2,399,073	\$ 2,283,466	\$ 2,244,663	\$ 2,256,892	\$ 2,391,910
Utilities	1,131	1,100	1,153	1,132	1,132
Light Industrial	38,278	38,604	37,346	37,912	36,322
Business / Other	388,014	380,423	382,777	368,405	363,459
Recreation / Non-profit	31,496	27,272	26,883	27,486	26,949
Farm	112	116	116	118	118
	\$ 2,858,104	\$ 2,730,981	\$ 2,692,938	\$ 2,691,945	\$ 2,819,890

Source: BC Assessment Revised Roll

New Construction

	2016	2015	2014	2013	2012
Residential *					
# of Permits	117	90	69	68	63
Permit Value	\$ 43,810,346	\$ 24,675,005	\$ 10,572,245	\$ 4,174,831	\$ 4,868,500
Net # of Units Added	136	93	27	13	14
Commercial *					
# of Permits	31	17	15	22	17
Permit Value	\$ 1,787,600	\$ 677,000	\$ 1,310,185	\$ 4,870,188	\$ 1,487,800
Total					
# of Permits	148	107	84	90	80
Permit Value	\$ 45,597,946	\$ 25,352,005	\$ 11,882,430	\$ 9,045,019	\$ 6,356,300
Taxes Generated from New Growth ^	\$ 157,992	\$ 49,955	\$ 84,020	\$ 39,537	\$ 44,176

* Residential construction includes new construction, additions and alterations. Commercial construction includes new construction and tenant improvements.

^ Growth in the tax base occurs as construction projects are completed, whereas permit values are reported when issued. As such, there is usually a lag between the time permit values are reported and the time related tax revenues are realized.

Source: Town of Sidney Finance Department

Statistical Information

Property Tax Rates & Revenue

	2016	2015	2014	2013	2012
Municipal (per '000 of assessment)					
Residential	3.12172	3.18658	3.13700	3.02379	2.74853
Utilities	18.26900	18.83945	18.38083	17.14415	16.66567
Light Industrial	7.30760	6.76922	5.87377	5.63886	5.12819
Business / Other	7.30760	7.53578	7.35233	7.36702	7.31739
Recreation / Non-profit	4.40741	4.68413	4.62168	4.38581	4.34597
Farm	4.09471	4.06177	3.96193	3.78459	3.67642
Total - including School, Regional, Transit, etc (per '000 of assessment)					
Residential	6.19211	6.39772	6.36982	6.16581	5.73564
Utilities	39.51017	40.37523	39.82376	38.54170	37.96911
Light Industrial	17.07153	16.85907	15.96915	20.36017	15.15622
Business / Other	16.79481	17.54801	17.55195	17.66947	17.66173
Recreation / Non-profit	9.31160	9.87741	9.90659	9.57793	9.49179
Farm	12.71314	12.68589	12.56851	12.31440	12.14122
Municipal Property Tax Billings by Class					
Residential	\$ 7,489,234	\$ 7,272,378	\$ 7,041,509	\$ 6,824,368	\$ 6,575,960
Utilities	20,660	20,731	21,199	19,412	18,859
Light Industrial	279,723	261,321	219,360	213,780	186,266
Business / Other	2,826,375	2,866,859	2,819,306	2,719,050	2,655,058
Recreation / Non-profit	138,818	127,885	126,140	120,548	122,136
Farm	461	471	459	448	2,617
	\$ 10,755,271	\$ 10,549,644	\$ 10,227,973	\$ 9,897,606	\$ 9,560,896

Source: Town of Sidney Finance Department

Statistical Information

Property Tax Levied and Collected

	2016	2015	2014	2013	2012
Municipal	\$ 10,755,271	\$ 10,549,644	\$ 10,227,973	\$ 9,897,606	\$ 9,560,896
Parcel Taxes	852,000	845,460	922,443	915,506	908,328
School	6,404,119	6,581,187	6,660,279	6,544,831	6,638,686
Regional District	2,272,451	2,206,380	2,134,275	2,073,310	2,017,745
BC Transit	1,132,125	1,136,257	1,142,336	1,058,799	969,881
Hospital District	1,029,207	1,022,555	1,044,756	1,003,443	1,002,650
Regional Library	677,145	661,068	628,350	597,327	565,295
BC Assessment	202,865	211,814	218,127	216,888	222,402
Municipal Finance Authority	712	684	677	673	696
Business Improvement Area Society	269,222	262,656	256,251	250,000	-
Total Tax Levied	\$ 23,595,117	\$ 23,477,705	\$ 23,235,467	\$ 22,558,383	\$ 21,886,579
Total Current Taxes Levied	\$ 23,595,117	\$ 23,477,705	\$ 23,235,467	\$ 22,558,383	\$ 21,886,579
Current Taxes Collected	23,262,821	23,162,188	22,917,057	22,249,615	21,633,638
Percentage	98.59%	98.66%	98.63%	98.63%	98.84%
Arrears Taxes Outstanding, Beginning of Year	415,834	418,702	437,162	376,969	484,216
Arrears Taxes Collected	281,644	298,502	335,865	276,458	409,226
Percentage	67.73%	71.29%	76.83%	73.34%	84.51%
Total Tax Collections*	\$ 23,544,465	\$ 23,460,690	\$ 23,252,922	\$ 22,526,073	\$ 22,042,864

* Tax collections are inclusive of both current and prior year levies.

Source: Town of Sidney Finance Department

Statistical Information

Principal Corporate Tax Payers

Registered Owner	Primary Use	2016 Municipal Tax Levied	2016 Total Tax Levied
Sidney Marina Co Ltd	Marina / Boat Storage / Charters	\$ 144,565	\$ 319,523
Jim Pattison Developments Ltd	Retail	100,835	246,024
Damka Lumber & Development Ltd	Retail	100,206	244,489
Malaview Development Ltd	Manufacturing / Retail	92,010	210,762
0928818 BC Ltd	Hotel	86,505	209,105
Washington State Department Of Transportation	Ferry Terminal	78,690	180,384
P & L Holdings Ltd	Hotel / Office / Retail	78,009	189,560
JR Estates Inc	Senior Care Facility	72,330	130,133
West Sidney Business Park Ltd	Manufacturing / Office / Retail	64,020	146,693
Ko & Shew Ltd	Office / Retail	63,980	155,748
Nicholson Manufacturing Ltd	Industrial / Electrical	63,011	146,961
Sidney Pier Properties Ltd	Hotel	60,615	136,114
Sidney Centre Holdings Ltd	Office / Retail	58,933	143,681
HOB0 Holdings Ltd	Office / Retail	58,526	140,723
Emerald Isle Motor Inn Ltd	Hotel	57,004	138,969
Port Sidney Marina Inc	Marina	56,842	123,676
360204 BC Ltd	Office / Retail	51,947	124,454
Amica Mature Lifestyles Inc	Senior Care Facility	51,582	102,139
Scottplast Engineering Ltd	Manufacturing	49,718	115,908
Wendon Manufacturing Ltd	Manufacturing	46,313	107,953
Sidney Pier Holdings	Office / Retail	43,256	104,092
Albion Properties Ltd	Office / Retail	40,216	96,494
Tait Bros Enterprises Ltd	Hotel	38,810	93,949
Beacon Community Association	Retail / Senior Care Facility	37,825	86,296
0806289 BC Ltd	Office / Retail	36,891	84,553
Milwest Holdings Ltd	Storage Facility	34,896	79,967
Ralmax Properties Ltd	Manufacturing	34,225	79,785
Tudor Estates Ltd	Retail	32,955	80,230
BC Telephone Co	Telecommunications	20,066	82,044
Total		\$ 1,754,780	\$ 4,100,406

Source: Town of Sidney Finance Department

Statistical Information

Debenture Debt

(in thousands, except per capita data)

	2016		2015		2014		2013		2012
Gross Outstanding Debt	\$	3,925	\$	3,960	\$	4,018	\$	7,188	\$ 7,238
Less: Actuarial Allocation		937		811		710		3,698	3,527
Net Debt	\$	2,988	\$	3,148	\$	3,308	\$	3,490	\$ 3,712
Debt Servicing Cost *									
Property Tax Supported	\$	320	\$	315	\$	314	\$	332	\$ 475
Specified Area		-		-		4		5	7
Total Debt Servicing Cost	\$	320	\$	315	\$	318	\$	337	\$ 483
Gross Debt Servicing Limit	\$	4,860,537	\$	4,812	\$	4,570	\$	4,322	\$ 4,316
Debt Capacity Available	\$	4,538,771	\$	4,482	\$	4,214	\$	3,911	\$ 3,753
Population		11,672		11,178		11,178		11,178	11,178
# of Households		5,603		5,328		5,328		5,328	5,328
Net Debt per Capita	\$	256	\$	282	\$	296	\$	312	\$ 332
Net Debt per Household		533		591		621		655	697
Debt Servicing per Capita	\$	27	\$	28	\$	28	\$	30	\$ 43
Debt Servicing per Household		57		59		60		63	91

* Debt servicing cost includes principal and interest payments made during the year.

Source: Town of Sidney Finance Department
& Statistics Canada

Statistical Information

Statement of Financial Position

(in thousands)

	2016		2015		2014		2013		2012	
Financial Assets	\$	18,141	\$	16,540	\$	15,126	\$	14,164	\$	14,302
Financial Liabilities		7,892		7,491		7,092		7,870		9,019
Net Financial Assets	\$	10,249	\$	9,049	\$	8,035	\$	6,294	\$	5,283

Consolidated Statement of Operations

(in thousands)

	2016		2015		2014		2013		2012	
Revenue	\$	20,991	\$	20,436	\$	20,125	\$	18,770	\$	19,266
Expenses		19,092		18,393		17,894		17,913		18,045
Annual Surplus		1,899		2,043		2,230		857		1,221
Accumulated Surplus, Beginning of Year		88,864		86,821		84,590		83,733		82,512
Accumulated Surplus, End of Year	\$	90,764	\$	88,864	\$	86,821	\$	84,590	\$	83,733

Source: Town of Sidney Finance Department

Statistical Information

Revenues and Expenses

(in thousands)

	2016	2015	2014	2013	2012
Revenue					
Property Taxes	\$ 12,493	\$ 12,275	\$ 11,990	\$ 11,629	\$ 11,247
Fees, Rates and Service Charges	6,077	5,766	5,403	5,006	5,131
Government Transfers	1,448	1,368	1,960	1,684	2,382
Investment Earnings	224	208	215	180	183
Gifts and Contributions	315	480	292	74	144
Penalties and Interest	95	103	90	91	100
Actuarial Adjustments on Debt	12	25	21	48	62
Other	328	212	154	58	18
	\$ 20,991	\$ 20,436	\$ 20,125	\$ 18,770	\$ 19,266

Expenses by Function					
General Government	\$ 2,397	\$ 2,196	\$ 2,246	\$ 2,306	\$ 2,255
Protective Services	4,386	4,171	4,070	3,955	3,847
Transportation	3,643	3,575	3,434	3,627	3,645
Environmental Health Services	716	692	676	514	502
Environmental Development	504	375	366	343	297
Leisure, Parks and Cultural	2,847	2,767	2,777	2,683	2,550
Water Utility	2,034	2,049	1,823	1,869	1,825
Sewer Utility	1,995	1,939	1,921	2,097	2,404
Other	569	629	582	519	720
	\$ 19,092	\$ 18,393	\$ 17,894	\$ 17,913	\$ 18,045

Expenses by Object					
Salaries, Wages and Benefits	\$ 6,991	\$ 7,079	\$ 6,795	\$ 6,648	\$ 6,194
Contracted Services	6,713	6,464	6,405	6,261	6,721
Supplies and Equipment	2,598	2,010	1,974	2,297	2,042
Debt Interest	151	156	158	165	207
Amortization	170	293	185	192	2,264
Other	2,468	2,391	2,378	2,350	616
	\$ 19,092	\$ 18,393	\$ 17,894	\$ 17,913	\$ 18,045

Source: Town of Sidney Finance Department

Statistical Information

Reserve Funds

	2016	2015	2014	2013	2012
Reserves Set Aside by Council					
Miscellaneous Operating Purposes	\$ 497,510	\$ 504,780	\$ 412,640	\$ 568,576	\$ 825,448
Miscellaneous Capital Purposes	867,049	612,122	493,321	601,861	494,769
	1,364,559	1,116,902	905,961	1,170,437	1,320,217
Reserve Funds Set Aside for Specific Purposes by Council					
Land Sale Proceeds	281,752	16,452	16,152	15,852	15,675
Parkland Acquisition	127,494	125,494	619	619	612
Off-Street Parking	86,686	80,586	74,586	68,686	72,577
Computer Replacement	451,907	436,427	504,561	396,537	381,771
General Equipment Replacement	886,236	715,225	671,082	491,742	398,516
Fire Equipment Replacement	134,672	478,205	450,779	325,379	249,524
Water Capital	351,975	346,475	340,875	335,275	267,541
Sewer Capital	23,416	23,016	22,616	22,216	21,927
Infrastructure	1,818,925	1,566,553	2,201,990	2,326,558	1,745,147
Water Rates Stabilization	247,955	244,055	240,155	236,255	233,183
Amenities	41,733	20,076	39,476	97,549	107,029
Ferry Terminal	626,475	467,725	490,005	553,377	549,894
Contingency	77,033	69,933	62,933	201,133	218,257
Agreements	165,857	143,428	120,078	88,318	74,550
Gax Tax - Community Works Fund	1,841,491	1,659,315	1,185,044	-	-
	7,163,607	6,392,965	6,420,951	5,159,496	4,336,203
Restricted Cash	48,281	46,968	45,795	45,067	45,022
Total Reserves	\$ 8,576,446	\$ 7,556,835	\$ 7,372,707	\$ 6,375,000	\$ 5,701,442

Source: Town of Sidney Finance Department

Statistical Information

Capital Expenditures & Funding Sources

	2016	2015	2014	2013	2012
Expenditures					
General Government	\$ 111,579	\$ 363,938	\$ 71,170	\$ 158,832	\$ 96,377
Protective Services	685,423	208,375	58,751	63,576	10,241
Transportation	708,847	1,741,595	1,660,070	1,845,228	2,923,337
Environmental Development	-	-	-	33,974	-
Leisure, Parks and Cultural	367,565	98,856	377,217	128,481	1,436,521
Water Utility	351,125	568,116	298,200	19,661	183,619
Sewer Utility	348,049	391,786	155,726	98,012	59,714
	\$ 2,572,587	\$ 3,372,666	\$ 2,621,135	\$ 2,347,763	\$ 4,709,810
Funding Sources					
Property Taxes	\$ 138,858	\$ 331,695	\$ 227,360	\$ 259,889	\$ 188,209
Grants	-	20,605	20,500	20,000	722,754
Gifts & Donations	-	-	47,150	4,014	23,703
Gas Tax	288,831	52,000	93,862	807,669	540,787
Debt	-	25,300	-	-	1,097,763
Agreements Reserve	2,003	-	-	13,974	-
Amenity Reserve	8,643	95,000	82,124	10,685	25,000
Computer Equipment Reserve	81,420	180,334	576	95,607	58,503
Contingency Reserve	-	-	124,500	-	-
Ferry Terminal Reserve	6,750	188,379	227,572	114,122	-
Fire Equipment Reserve	-	-	-	50,867	-
Infrastructure Reserve	1,136,029	1,988,136	1,435,069	576,688	932,184
Land Reserve	-	-	-	-	83,145
Off-Street Parking Reserve	-	-	-	9,524	33,315
Vehicle Reserve	567,721	323,032	67,759	147,796	79,605
Reserves Set Aside by Council - Capital	99,565	44,278	163,717	195,806	351,204
Surplus from Operations	212,083	61,074	85,000	-	471,008
Other	30,683	62,832	45,945	41,121	102,628
	\$ 2,572,587	\$ 3,372,666	\$ 2,621,135	\$ 2,347,763	\$ 4,709,810

Source: Town of Sidney Finance Department

Statistical Information

Community Support Payments & Property Tax Exemptions

	Community Support Payments	Municipal Property Tax Exemption	2016 Total	2015 Total
676 Kittyhawk Air Cadets Squadron	\$ 1,000	\$ -	\$ 1,000	\$ 1,000
Army, Navy and Air Force Veterans of Canada	-	19,614	19,614	19,965
Ballet Victoria	500	-	500	-
BC Aviation Museum	500	-	500	500
Boy Scouts & Girl Guide Hall	-	3,023	3,023	3,624
Church of Jesus Christ of Latter Day Saints	-	11,324	11,324	12,191
Community Arts Council of the Saanich Peninsula	4,500	625	5,125	5,164
Creatures of Habitat	-	-	-	500
Crisis Intervention and Public Information	500	-	500	500
Greater Victoria Bike to Work Society	500	-	500	500
Memorial Park Society / Mary Winspear Centre	263,836	83,212	347,048	340,464
Navy League of Canada	500	-	500	-
New Marine Centre Society	65,000	17,509	82,509	83,056
O.R.C.C.A.	1,000	-	1,000	1,000
Peace Lutheran Church	-	7,064	7,064	7,570
Peninsula Baseball & Softball Association	500	-	500	500
Peninsula Celebrations Society	12,000	-	12,000	12,000
Peninsula Dry Grad Society	1,000	-	1,000	1,000
Peninsula Figure Skating Club	500	-	500	500
Peninsula Streams Society	-	-	-	500
Saanich Marine Rescue Society	1,600	-	1,600	1,500
Saanich Peninsula Chamber of Commerce	60,150	3,494	63,644	63,619
Saanich Peninsula Christadelphians	-	2,990	2,990	3,163
Saanich Peninsula Pipe Band	500	-	500	-
Saanich Peninsula Piranha Swim Club	500	-	500	500
School District #63	9,139	-	9,139	9,803
Shoal Centre / Beacon Community Services	7,000	58,724	65,724	66,811
Sidney Business Improvement Area Society	33,825	-	33,825	24,000
Sidney Concert Series	500	-	500	-
Sidney Guide & Scout Hall Society	500	-	500	-
Sidney Historical Museum	-	6,004	6,004	6,141
Sidney Lion's Food Bank	-	3,368	3,368	3,473
South Island Prosperity Project	11,860	-	11,860	-
St. Andrew's Anglican Church	-	4,760	4,760	5,010
St. Elizabeth Church	-	8,063	8,063	8,616
St. Paul's United Church	-	3,913	3,913	4,135
Vancouver Island South Film & Media Commission	500	-	500	500
Victoria Human Exchange Society	1,500	-	1,500	1,500
	\$ 479,410	\$ 233,689	\$ 713,099	\$ 689,306

Source: Town of Sidney Finance Department

Statistical Information

Strategic Community Investment Funds Plan and Progress Report

Small Community Portion of SCI Funds		
Intended Use	Performance Targets	Progress made in reporting period
Use funding to support local government services to minimize tax rates increases.	Minimize tax rate increases	\$338,942 in Small Community Grants were received in 2016. These funds were used to fund general municipal services in 2016. A tax increase of 3.15% would have been required to generate the level of funding used in 2016.

Traffic Fine Revenue Portion of SCI Funds		
Intended Use	Performance Targets	Progress made in reporting period
Use funding to support police enforcement.	100% of funds are used to support police enforcement over the term of the SCI agreement.	\$115,480 in Traffic Fine Revenue was received in 2016. These funds were used towards the police operating budget in 2016.

Source: Town of Sidney Finance Department

Demographic Information



Demographic Information

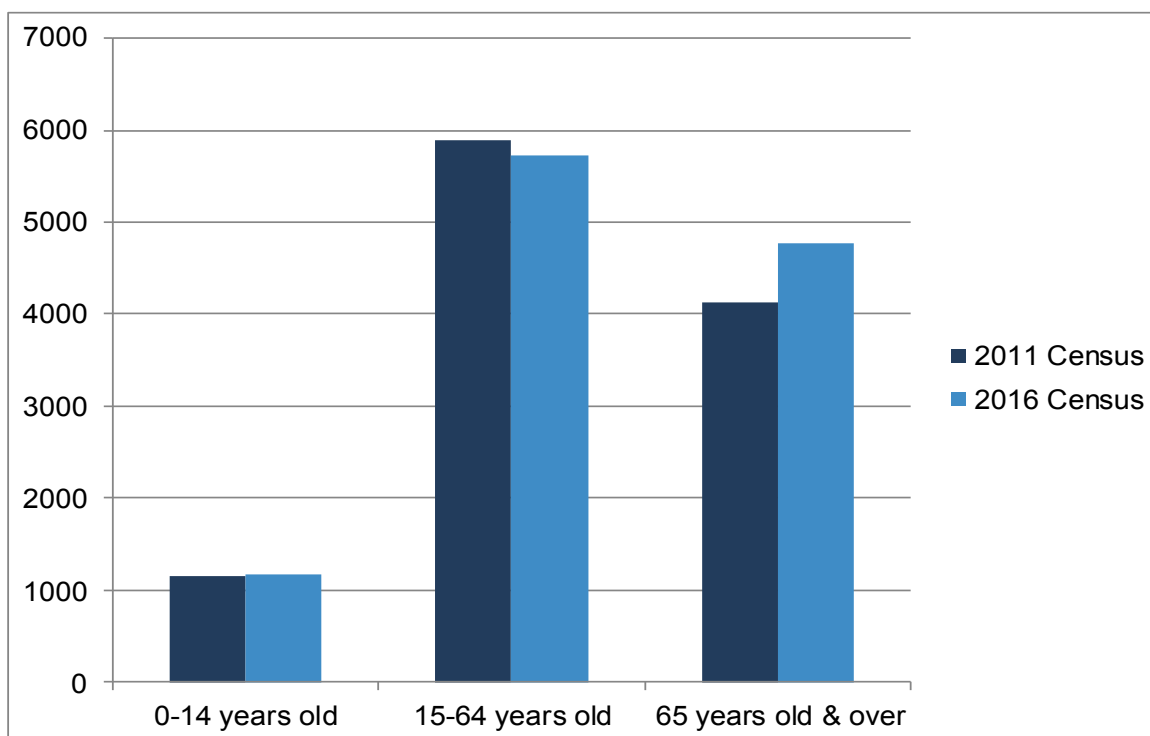
Population and Dwelling Counts

Sidney

Capital Regional District

Population in 2016	11,672	383,360
Population in 2011	11,178	359,991
2011 to 2016 population change (%)	4.4	6.5
Total private dwellings	5,960	183,562

Sidney's Age Distribution



Source: Census 2016

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