

DISTRICT OF OAK BAY

2018 ANNUAL REPORT (Year ended December 31, 2018)

Adopted by Oak Bay Council July 22, 2019





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OUR OAK BAY

We acknowledge that the land on which the District is located is the traditional territory of the Coast and Straits Salish Peoples. Specifically we recognize the Lekwungen-speaking people known today as the Songhees and Esquimalt Nations, and that their historic connections to these lands continue to this day.

The District is located on the southern tip of Vancouver Island in British Columbia. The City of Victoria borders Oak Bay’s west boundary, and the District of Saanich lies to the north. Oak Bay is one of 13 member municipalities comprising the Capital Regional District.

The University of Victoria is partially located in the District, as is a small portion of Camosun College. Additional community landmarks include other public and independent schools, two golf courses, a marina, a yacht club and a luxury boutique hotel.

Oak Bay is a beautiful seaside community that is defined by its residential neighbourhoods, village centres with local businesses, historic character, mature tree canopy, accessible shorelines and abundance of green space. All of these features combined make Oak Bay one of the world’s most desirable communities in which to live.

OAK BAY MISSION STATEMENT

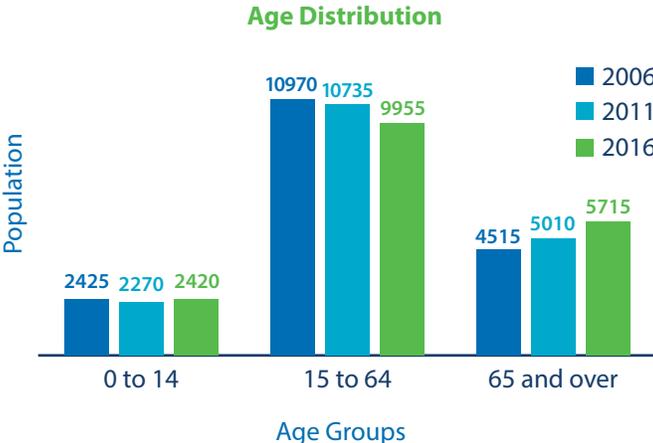
The District of Oak Bay holds that its purposes include:

- a) providing for good government of its community,
- b) providing for services, laws and other matters for community benefit,
- c) providing for stewardship of the public assets of its community, and
- d) fostering the economic, social and environmental well-being of its community.

(Community Charter, Section 7)

DID YOU KNOW?

- Oak Bay has **8,123** households with an average of **2.3** people per household.
- The graph below shows age demographics for the municipality over the past **10** years.



OAK BAY COMMUNITY PROFILE

Incorporated On July 2, 1906	Total Population 18,094*	Average Citizen Age 49.2 years*
Total Land Area 10.5 km²	Roads 105 km Sidewalks 142 km	Properties Included In The Heritage Register 102
Total Park Space 76 Ha	Total Recreation Facilities 5 & 1 Municipally Owned Par 3 Golf Course	Urban Forest Over 10,000 trees
Total Business Licences ⁺ 515	Total Building Permit Revenue ⁺ \$723,773	Total Construction Values ⁺ \$77 Million

* Statistics from 2016 Canada Census

⁺ Represent 2018 Values

CONNECT WITH US

In Person	2167 Oak Bay Avenue, Victoria, BC V8R 1G2		
Websites	General: www.oakbay.ca Police: www.oakbaypolice.org Parks, Recreation & Culture: www.oakbay.ca/parks-recreation		
Email	General: info@oakbay.ca		
Phone & Social Media	Municipal Hall General Inquiries: 250-598-3311 Public Works: 250-598-4501 Emergency Program: 250-592-9121 Fire – Non-Emergency: 250-592-9121 Police – Non-Emergency: 250-592-2424 Recreation Programs & Services: 250-595-7946	 DistrictOfOakBay RecOakBay	 @DistrictOakBay @OakBayFireDept @OakBayPolice @RecOakBay



OAK BAY MUNICIPAL COUNCIL

2014–2018



Top row left to right: Councillor Michelle Kirby, Councillor Tom Croft, Councillor Hazel Braithwaite, Councillor Kevin Murdoch

Bottom row left to right: Councillor Tara Ney, Mayor Nils Jensen, Councillor Eric Wood Zhelka

2018–2022



Top row left to right: Councillor Tara Ney, Councillor Andrew Appleton, Councillor Hazel Braithwaite, Councillor Cairine Green

Bottom row left to right: Councillor Esther Paterson, Mayor Kevin Murdoch, Councillor Eric Wood Zhelka

Oak Bay Council consists of a Mayor and six Councillors who are elected to four year terms. Members of the current Council were elected in October 2018.

Council is responsible for local government leadership including establishing Priorities and policies, and making decisions that reflect the best interests of Oak Bay citizens both today and for the future. Each member of Council represents the District of Oak Bay at large. Council members may also serve on District and regional committees, boards, and advisory groups where their function is to provide strategic input and direction to District initiatives, establish budget priorities, and provide advice on regional issues.

Council generally meets the second and fourth Monday of each month, and sits as Committee of the Whole on the third Monday of each month. Members of the public are welcome and encouraged to attend open meetings of Council. Meetings start at 7 pm in the Council Chambers unless otherwise noted. Meeting information is available at www.oakbay.ca.

CONNECT WITH OUR COUNCIL



Mayor Kevin Murdoch	mayor@oakbay.ca	250-896-4983
Councillor Andrew Appleton	aappleton@oakbay.ca	250-880-3247
Councillor Hazel Braithwaite	hbraithwaite@oakbay.ca	250-880-3443
Councillor Cairine Green	cgreen@oakbay.ca	250-920-9534
Councillor Tara Ney	tney@oakbay.ca	250-818-7213
Councillor Esther Paterson	epaterson@oakbay.ca	250-888-2975
Councillor Eric Wood Zhelka	ezhelka@oakbay.ca	250-704-8641

MESSAGE FROM THE MAYOR



I'm pleased to introduce the 2018 Annual Report on behalf of Oak Bay Council.

Oak Bay continues to be one of the most desirable places in the world to live. Building on our community strengths, celebrating our many volunteer contributions and built heritage, encouraging cultural and social connections, and protecting our natural environment remained top priorities throughout this year.

2018 saw continued efforts to build partnerships with other levels of government, including the Esquimalt and Songhees Nations, and 2019 will see more efforts to develop these and other public and private partnerships.

The end of 2018 saw a new Mayor and Council elected, a change in Chief Administrative Officer, the hiring of a new Director of Building and Planning, and other substantial changes. I would like to thank the outgoing Mayor and Council for their hard work over the last four years and welcome the new Council; every Councillor is devoted to this community and to Oak Bay's success and I appreciate their efforts to work together.

I would like to take this opportunity to thank our staff, those individuals who sit on our boards, members of our committees and commissions, our community groups and associations, and the citizens of Oak Bay who contribute their time and energy to enhancing the culture, prosperity, and development of our town.

Looking forward to 2019, I expect that regional cooperation and partnership, a focus on long-term fiscal and operational stewardship, and a willingness to tackle difficult issues such as housing will see Oak Bay continue to thrive in the coming years. I look forward to working diligently on continuous improvement to what is a wonderful community to live, learn, work, and play in.

A handwritten signature in black ink, appearing to read 'K Murdoch'. The signature is fluid and cursive.

Kevin Murdoch
Mayor, District of Oak Bay



MESSAGE FROM THE INTERIM CHIEF ADMINISTRATIVE OFFICER



Thank you for reading the District of Oak Bay's 2018 Annual Report; it serves as a key communication tool for our organization.

In addition to the District of Oak Bay's reflection on 2018 accomplishments and financial reporting, new to the Report this year is the inclusion of a "forward-looking lens" based on Council's current Strategic Priorities.

Also new to the 2018 Annual Report is an effort to increase the use of standardized metrics. In this way, achievements and service levels can be monitored with short and long-term trends more easily observed. These metrics will be augmented over time as a tool for enhancing reporting that is provided by the District.

We hope you enjoy this new approach to how the District is communicating its 2018 achievements, financial status and future benchmarks.

With an eye to continued improvement and progress, and building on a strong working relationship, Council and staff are well positioned to advance the community's interests. I remain impressed by the amount of great work that has been achieved by the District and inspired by the opportunities and challenges that remain.

Many thanks go out to our District staff who work diligently, often behind the scenes, to ensure that legislative requirements are met, that both essential and quality of life services are provided, and that Council is supported in achieving its Strategic Priorities. These efforts – combined with the boundless dedication of countless volunteers and community organizations – serve to preserve, protect, and enhance the outstanding quality of life that is uniquely Oak Bay's.

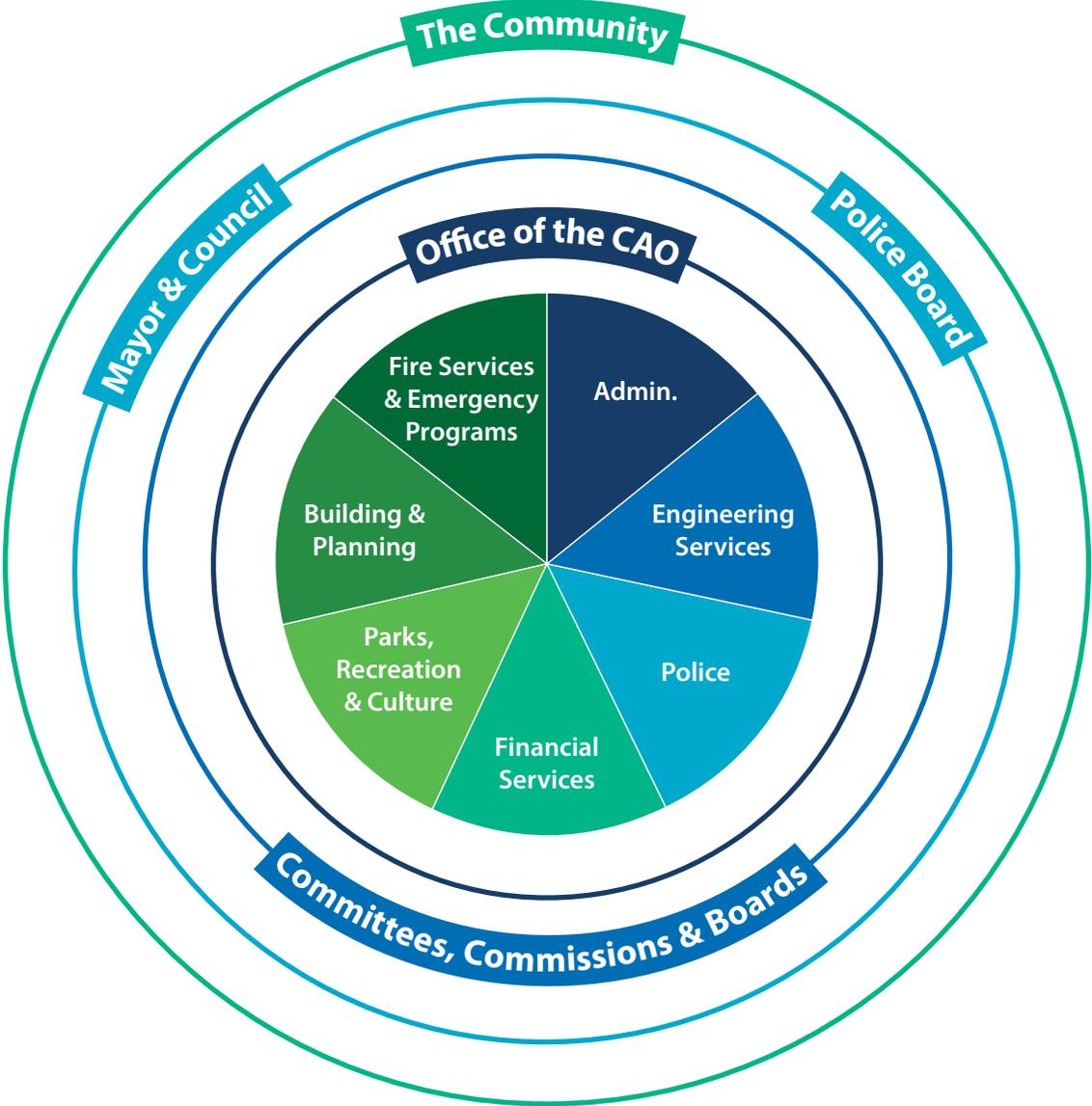
It is an honour and a pleasure to continue serving staff, Council, and our community in my capacity as Chief Administrative Officer for the District of Oak Bay.

A handwritten signature in black ink, appearing to read 'L. Varela'.

Lou Varela
Interim Chief Administrative Officer



DISTRICT OF OAK BAY ORGANIZATIONAL STRUCTURE



Lou Varela
Interim Chief
Administrative Officer

Bruce Anderson
Director of
Building and Planning

Bonnie Donnelly
Manager of
Human Resources

Andy Brinton
Chief Constable

Dan Horan
Director of
Engineering Services

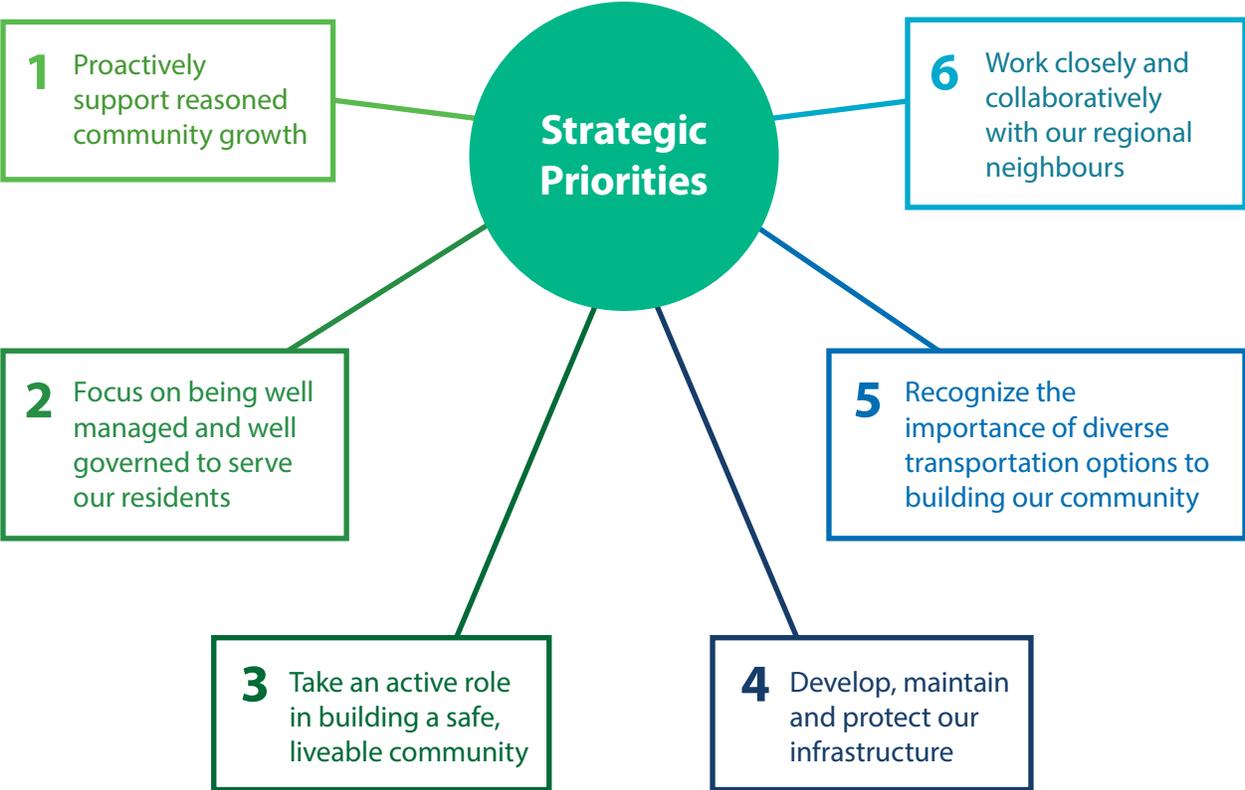
Ray Herman
Director of Parks,
Recreation and Culture

Warren Jones
Director of
Corporate Services

Debbie Carter
Director of
Financial Services

Dave Cockle
Fire Chief

COUNCIL'S STRATEGIC PRIORITIES 2015–2018



The 2017–2018 Strategic Plan established Council’s Priorities based on Community input and need, and identified the District’s highest Priorities to ensure that resources were directed to applicable projects. These projects reflected a long-term view and implementation of the Plan was monitored through regular reviews by Council. This Plan served as a roadmap for Council and municipal staff in 2018.

In October 2018, the District of Oak Bay elected a new municipal Council which initiated a review of the existing Strategic Priorities and resulted in the establishment of a new set of five key areas of focus.

Importantly, the 2018 Annual Report reflects on previous Council’s Strategic Priorities (shown above), combined with a lens looking forward based on the current Council’s Strategic Priorities (shown on the following page).

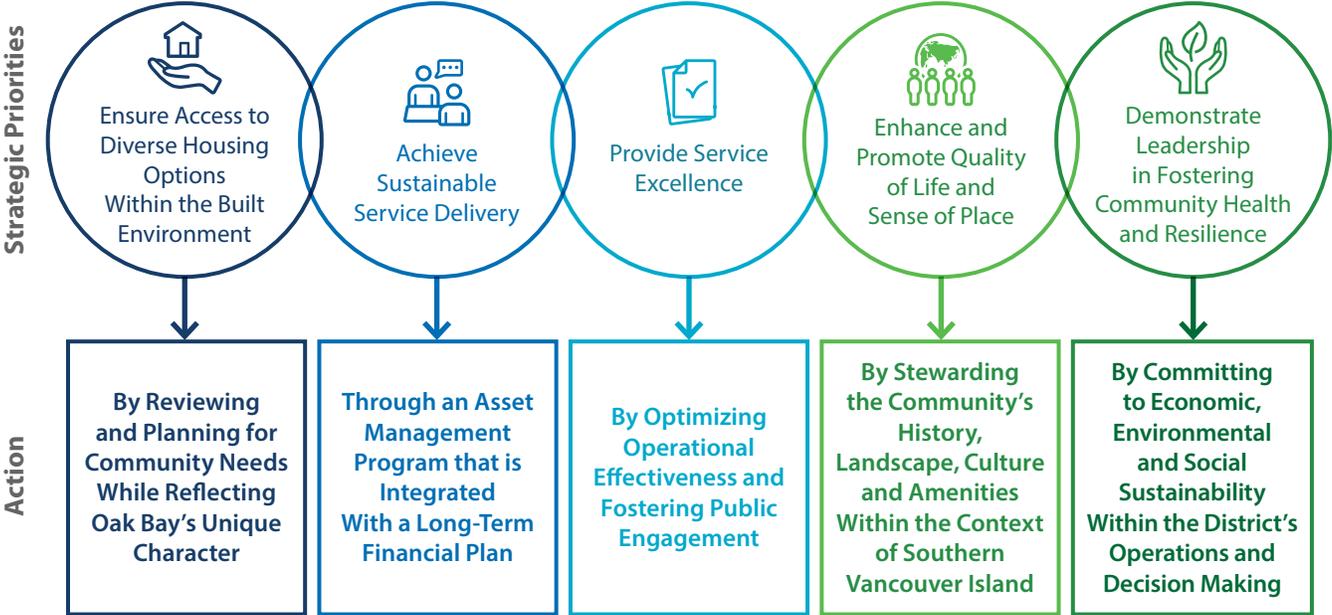
COUNCIL'S STRATEGIC PRIORITIES 2019–2022



Coming to grips with competing pressures on our finite resources is foundational in the path forward. Within this context, Council’s new Strategic Plan identifies five Strategic Priorities for the municipality. Subsequently, District staff develop work plans to implement these Priorities which will be achieved by:

-  reviewing and planning for community needs while reflecting Oak Bay’s unique character;
-  integrating an Asset Management Program with a long-term Financial Plan;
-  optimizing operational effectiveness and fostering public engagement;
-  stewarding the community’s history, landscape, culture, and amenities within the context of southern Vancouver Island; and
-  committing to economic, environmental, and social sustainability within the District’s operations and decision making.

MONITORING SUCCESS & DISTRICT PERFORMANCE



Alignment of Strategic Priorities with Official Community Plan and Corporate Goals

Goals	• Neighbourhoods	• Transportation	▶ Systems, Processes & Practices	• Heritage	• Climate Change & Energy
	• Built Environment	• Utilities & Services	▶ Plans, Bylaws & Policies	• Arts & Culture	• Natural Environment
	• Housing	▶ Facilities Management	▶ OCP Monitoring & Implementation	• Emergency Management	• Parks & Open Spaces
			▶ Public Engagement & Communications Plan	• Community Institutional & Social Well-Being	
			▶ Public Safety	• Business & Commerce	
			▶ Youth		
			▶ Relationship Building with the Lekwungen Peoples (Esquimalt & Songhees Nations)		

- Denotes goals identified in the Official Community Plan
- ▶ Denotes corporate goals

Strategic Priorities will be achieved through implementation of broad “actions”. Action statements encompass Official Community Plan (OCP) and corporate goals, recognized to be of importance to the District. Above, goals derived from the OCP are indicated with a bullet, and corporate goals are indicated with an arrow. Goals are subsequently implemented through department work plans. Metrics will be used, both in reporting and planning, to measure progress and observe year-over-year trends to inform operating and governance decisions.

Official Community Plan

Vision set by the community

Council Strategic Plan

Set Priorities in support of the community vision

Organizational Action Plan

Plan to implement Council's Strategic Plan

Annual Budget and 5 Year Financial Plan

Allocate resources to complete the work

Annual Report and Mid-Year Report

Report on progress

The District of Oak Bay's Official Community Plan served as a foundational document for the development of Council's 2019 Strategic Priorities. Moving forward, the District will strive to strengthen the connection between the OCP, Council's Strategic Priorities, Organization Action Plans, the annual Budget and Five-Year Financial Plan, and the Annual Report.

DISTRICT OF OAK BAY OFFICIAL COMMUNITY PLAN VISION STATEMENT

The vision statement is expressed in the present tense, as it represents the community's aspiration for how Oak Bay will be described in the future.

Oak Bay is a vibrant and safe community located in a spectacular natural setting. Residents are passionate and proud of the many qualities that make Oak Bay one-of-a-kind. These include its sense of community streetscapes, village charm, residential character, natural coastal environment, parks, recreation facilities and opportunities, enviable quality of life, vibrant arts and culture scene, high quality education opportunities, heritage values, mixed architectural styles, and well-conserved historic architecture.

Oak Bay is a dynamic community that respects and enhances the existing community structure and core characteristics that make it distinct from adjacent communities, while supporting the changes necessary to meet current and future needs. These features are central to Oak Bay's resilience and sustainability; protecting the best of what we have and adapting to embrace the future.

Oak Bay is a community that values and supports diversity in its population. It offers a broad range of residential, social, and cultural opportunities as well as commercial activities for its residents, and strives to be economically, environmentally, and socially sustainable in its practices. Oak Bay's residents are active contributors in local decision-making, working collaboratively with municipal Council and staff to ensure that Oak Bay will continue to thrive for years to come.

DEPARTMENTAL REPORTS



ADMINISTRATION



FINANCIAL SERVICES



PARKS, RECREATION & CULTURE



BUILDING & PLANNING



ENGINEERING SERVICES & PUBLIC WORKS



POLICE SERVICES



FIRE SERVICES



EMERGENCY PROGRAMS





ADMINISTRATION

The District of Oak Bay Administration function includes the Office of the Chief Administrative Officer, Corporate Services, Human Resources, and Archives. The first three departments are largely responsible for providing support services to the Corporation, Mayor and Council, as well as ensuring that Council Priorities are implemented. The Archives section collects, preserves, and shares the community's documented heritage.

The Chief Administrative Officer is Council's single employee who is ultimately responsible for implementing Council's Priorities and policies through the support of all other District staff. The Chief Administrative Officer also provides advice to Council and is responsible for implementing governance decisions as articulated in Council's resolutions.

Administration fulfills an important role in advancing municipal objectives by leading the following functions and activities:

- Organizing all meetings of Council, including preparation of agendas and minutes and providing meeting management
- Assisting in the preparation of Council's Strategic Priorities
- Administering the Strategic Plan, Budget process and Annual Report cycle
- Overseeing records management
- Processing requests for access to records and ensuring compliance with Freedom of Information and Protection of Privacy policies and legislation
- Administering leases and agreements for the District
- Issuing Special Event Permits
- Coordinating internal and external corporate communications
- Monitoring parking enforcement
- Implementing animal control
- Delivering human resource services including recruitment and selection, workforce planning, training and development, employee and labour relations, disability management, job evaluation, and health and safety
- Facilitating archives services



ADMINISTRATION 2018 HIGHLIGHTS

- Facilitated the quadrennial local government and school board elections with record voter turnout
- Welcomed the newly elected Municipal Council with an orientation session and hosted the Inaugural Meeting of Council
- Conducted a competition to hire an Interim Chief Administrative Officer
- Facilitated a hiring process for the Director of Building and Planning
- Commenced a new approach for the Strategic Planning and Budgeting processes
- Coordinated preparation of the 2017 Annual Report
- Assisted with the organization of the Municipal Dinner to recognize the contributions of our community volunteers
- Completed Phase 1 of the deer management study in partnership with the Urban Wildlife Stewardship Society and the Provincial Government to help fund and inform deer management decisions
- Participated in the regional Abandoned Boats Program and assisted with funding for the removal of 3 derelict vessels in Cadboro Bay
- Partnered with the Victoria Immigrant and Refugee Centre Society to provide housing to a Syrian family and to establish a transition house for people new to our community
- Hosted, in collaboration with the Bateman Centre, the Birds Eye View display at the Oak Bay Municipal Hall featuring custom illustrations, local photography, and videography in a stand-up exhibition celebrating the history of local migratory bird sanctuaries
- Supported the 2018 Global Relay Canadian Road Cycling Championships as a host community for the individual time trial event
- Welcomed over 150 students from Oak Bay schools to Oak Bay Archives
- Hosted an inaugural Archives Open House in the Council Chambers
- Continued a successful partnership between Oak Bay Archives and the Greater Victoria Public Library
- Researched and delivered the First World War Centenary Project
- Facilitated 120 job postings, mostly for auxiliary positions to support the operational needs of the Parks, Recreation and Culture department



DID YOU KNOW?

- Users access our website via desktop computer: **52%**, mobile: **38%**, and tablet: **10%**



ADMINISTRATION 2019 INITIATIVES



- •  • • Commence a review of the District's Records and Information Management Program
- •  • • Enhance public engagement and corporate communication activities (development of communications strategy and improved engagement with citizens)
-   • • Coordinate with Financial Services to install network connectivity and a display unit in the Committee Meeting Room
-   • • Collaborate with Financial Services to expand viewing capacity of Council meeting proceedings via the Municipal Hall lobby TV screen
- •  • • Liaise with Information Technology staff to increase access to website support
- •  • • Provide *Freedom of Information and Protection of Privacy Act* and media training for municipal Council and senior staff
- •  • • Initiate development of a Human Resources Plan that includes staff training and development
- •  • • Review the Strategic Plan, Budget, and Annual Report processes
- •  • • Undertake activities to enhance organizational optimization



DID YOU KNOW?

- Countries that accessed our website most frequently: **Canada, USA, UK, Germany and France**

Administration Metrics	2018	2017
Employees	7	7
Meetings of Council Supported	51	50
Meeting minutes posted on time (adopted at the next Council meeting)	46	*
Number of FOI Requests Received	21	*
Bylaws Reviewed	23	27
Parking Tickets Issued	4,307	2,790
Special Event Permits Issued	35	35
Block Party Permits Issued	35	30
Total web pages viewed	1,744,020	1,616,765
District-wide Regular Staff	190	192
District-wide Auxiliary Staff	300	290
District-wide Job Postings (includes auxiliary and regular)	120	*
Volunteer Hours Contributed to Archives	1,130	1,150
Archives Research Inquiries conducted	345	250
Archives Program Participants (school programs, history talks, special events)	450	400
Archival Collections Acquired	20	22

* New metrics for 2018



FINANCIAL SERVICES

Financial Services is responsible for the overall financial management of the municipality, payroll and benefits administration, procurement, risk management, insurance and information technology.

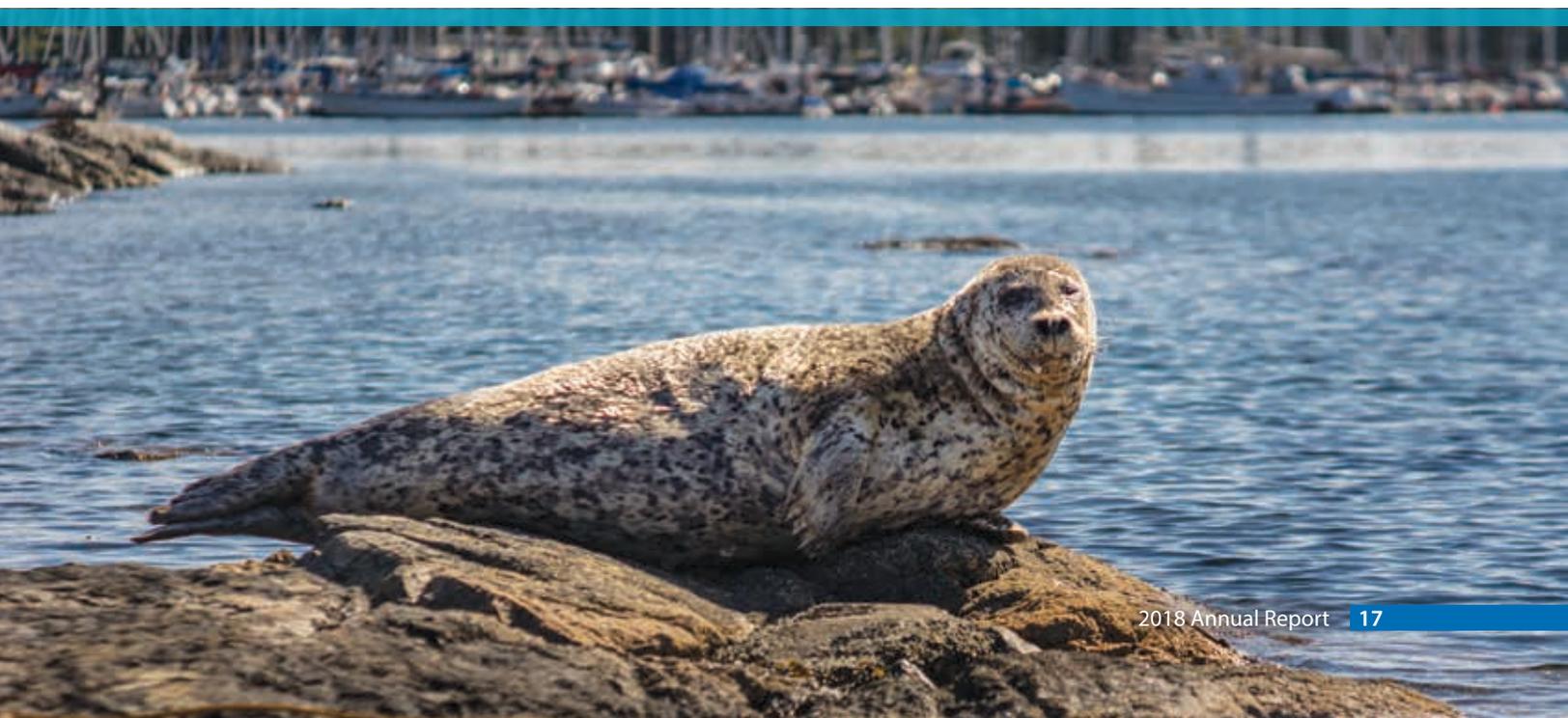
A full range of financial services are provided including: accounting, audit, budgeting, cash management, accounts payable, accounts receivable, payroll processing of five different payroll groups and the maintenance of benefit programs for all staff.

Financial Services leads the following functions:

- The daily billing and collection of all revenues including property taxes, utility bills, dog licences, business licences, permits, and a variety of other fees and charges. Pre-approved installment tax and utility payment systems are provided in addition to online services
- The provision of fiscal services including debt-servicing costs, interest charges, transfers to reserves, and contingency
- Long-term financial planning, asset management, equipment replacement planning, and policy development are just some of the many other services provided
- The District's information technology, including network design, security, and maintenance of the computer networks

FINANCIAL SERVICES 2018 HIGHLIGHTS

- Implemented financial statement software
- Developed the Reserve Fund and Surplus Policy
- Commenced the Citizen Budget online engagement tool
- Initiated long-term financial planning as part of the asset management plan in conjunction with Engineering Services
- Reviewed Elected Officials' compensation
- Coordinated preparation of the Five-Year Financial Plan



FINANCIAL SERVICES 2019 INITIATIVES



- •  • • Upgrade software to implement additional school tax levies for the Province
- •  • • Implement new Employer's Health Tax
- •   • • Enhance corporate procurement process
- •  • • Commence development of a long-term financial sustainability plan
- •  • • Undertake Budget software implementation
-  • • • Continue long-term financial planning and asset management



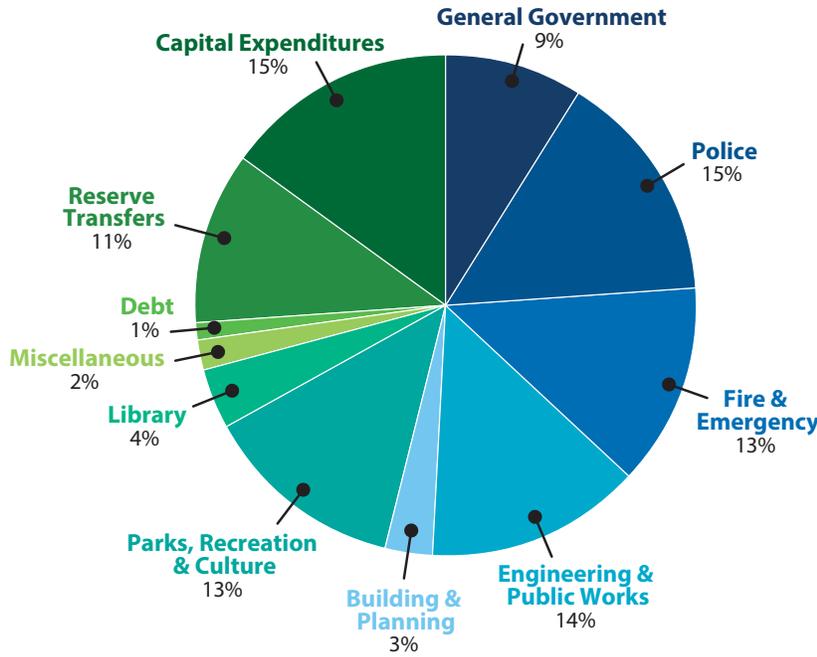


Financial Services Metrics	2018	2017
Employees	7.8	7.8
Cash Receipting and Banking (transactions processed)		
• EDI/ECOM	17,963	17,602
• Cash/Cheque/POS	16,782	17,520
• Utility Pre-Authorized Withdrawal	2,808	2,764
• Property Tax Pre-Authorized Withdrawal	6,193	6,245
Dog Licences Processed	1,669	1,686
Payroll	839	697
• T4s issued		
Property Tax Notices		
• Levies	\$43,563,783	\$42,028,144
• Notices Issued	6,577	6,576
• Electronic Home Owner Grants	1,725	1,722
• Paper Home Owner Grants	2,824	2,989
• Total Home Owner Grants Claimed	4,549	4,711
Deferment Applications Processed	995	955
Utility Bills Issued	18,059	18,096
Accounts Payable		
• Invoices Processed	18,068	18,101
Information Technology		
• Support Tickets	724	*
Procurement		
• RFP & Tenders Issued	24	10

* New metrics for 2018

DID YOU KNOW?

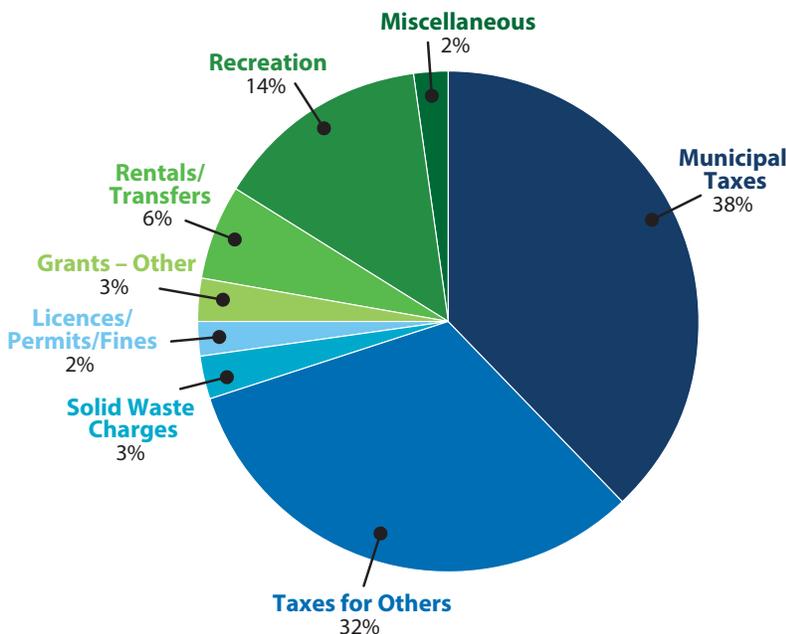
2018 Expenditures – Your Tax Dollars at Work



Wondering where your money goes when you pay your property taxes? From police, fire and emergency services to recreation services and reserves for future upgrades and replacement of aging infrastructure, your money goes toward providing a variety of services and amenities for the community.

DID YOU KNOW?

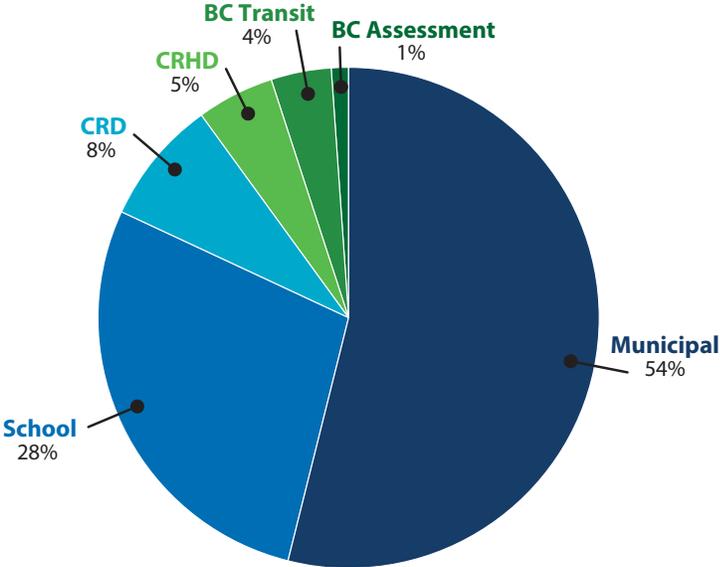
2018 Revenue Budget – Where the Money Comes From



Long-term financial sustainability is an important goal for the District of Oak Bay. On an annual basis, Council and staff work together to prepare a five-year Financial Plan. We continually aim to manage the delicate balance of providing the necessary services and amenities with the ability to pay for them, while also focusing on planning for long-term impact on the community.

DID YOU KNOW?

2018 Property Taxes Collected by Agency



The municipal portion of the annual property tax bill represents **54%** which goes toward funding the District’s services and amenities. The remaining **46%** of property taxes are collected on behalf of other taxing agencies over which the District has no control.





PARKS, RECREATION AND CULTURE

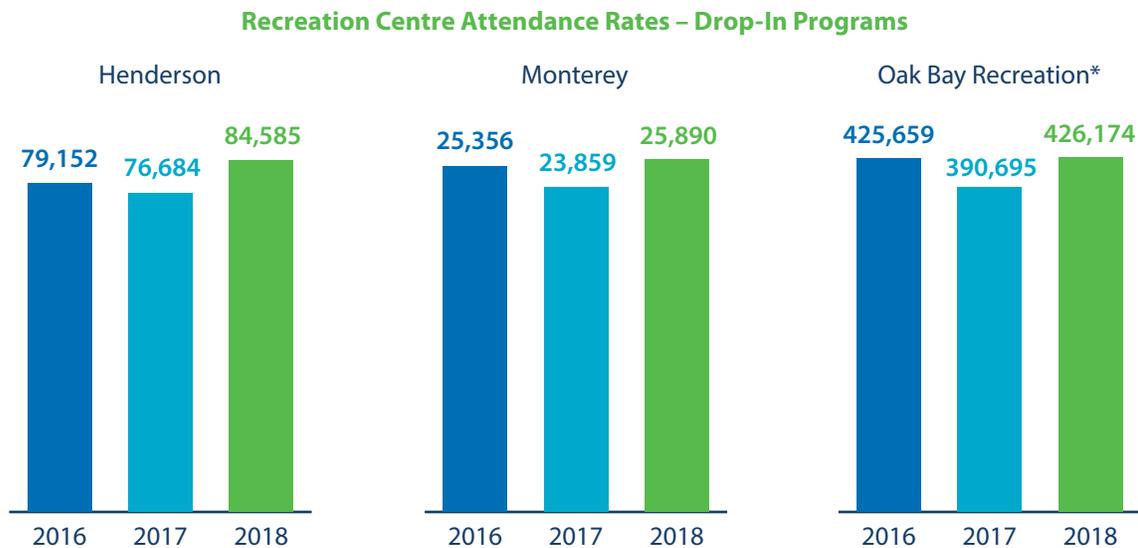
Parks, Recreation and Culture operates under the auspices of the Parks, Recreation and Culture Commission, a body appointed by Council and established by bylaw. A wide array of programs and services are provided including the operation of the Oak Bay Recreation Centre, Henderson Recreation Centre, Monterey Recreation Centre, Windsor Pavilion and the Neighbourhood Learning Centre in Oak Bay High School.

The Parks Division maintains:

- 76+ hectares of park spaces which include playing fields, natural areas, lawns and gardens, and the Henderson Par 3 Golf Course
- 27 kilometres of public irrigated boulevards and beach accesses
- 2.5 km of municipal hedging
- 10,000+ trees in the urban forest
- 11 playgrounds
- 300 benches and picnic tables

The Culture Division, introduced in 2016, supports a wide variety of arts and culture initiatives in the community including public art displays, concerts in the park, and numerous special events.

Each of the three recreation facilities experienced an increase in attendance rates for drop-in programs in 2018 when compared with previous years.



* The pool at Oak Bay Recreation Centre was shut down for maintenance in 2017 contributing to the reduction in drop-in attendance

PARKS, RECREATION AND CULTURE 2018 HIGHLIGHTS

- A master planning process was undertaken for Carnarvon Park. A consultant, Lees & Associates, was hired and a thorough public consultation process was initiated. Adoption of the plan is expected in Q3 of 2019
- Two multi-sport Games announcements for Victoria include Oak Bay as a host for some of the sport activities. It was announced that the 2020 Francophone Games and the 2021 55+ BC Games will both be coming to Victoria
- Oak Bay received a \$668,069 grant under the Federal Gas Tax Strategic Priorities Program to install an innovative Energy Loop/heat transfer system at the Oak Bay Recreation Centre. The use of waste heat will help further reduce the District’s environmental footprint by reducing the facility’s GHG emissions by 154.5 tonnes of CO² per year when completed. This represents a reduction of 81.3% for the Recreation Centre and 14.2% for the District of Oak Bay as a whole

PARKS, RECREATION AND CULTURE 2019 INITIATIVES



-  •   Complete the Walbran Park Railing Project
-    • Replace the Sports View Lounge carpet
- •    Upgrade the Windsor Park picnic shelter
-     Replace the Anderson Hill Park kiosk
- •   • Reduce 1-Guard pool shifts
- • •  Continue implementation of the Urban Forest Strategy

DID YOU KNOW?

• Parks Staff and Volunteers maintain **29** park areas.

• The filter for the main pool filters approximately **3.7 million** litres of water per day.

• The **3,460** ice cleans undertaken in 2018 equals approximately **4,100 km** of travel.

• Over **3,000** people are estimated to have visited Windsor Pavilion in 2018.



The Municipality of Oak Bay, through the annual Budget process, allocates a total of \$20,000 annually for capital and maintenance of Public Art to the Public Art Reserve Fund. Ten percent (10%) of the annual contribution (\$2,000) is committed to maintenance of existing works; the balance (\$18,000) is used for the purchase, planning, design, and fabrication/installation of Public Art. To date, the District of Oak Bay has retained the following pieces of art for permanent display:

Arts and Culture: Inventory of Permanent Art Installations				
Sculpture & Artist	Location	Date Installed	Cost	Source of Funding
"Salish Sea," by Chris Paul	Oak Bay Marina Parking Lot/ Turkey Head	May, 2015	\$23,600	\$9,700 from public donations; \$4,600 from Arts and Culture Operating Budget surplus; \$9,300 from Oak Bay Public Arts Fund
"Rebirth," by David Hunwick	Entrance Park at the corner of Foul Bay Road and Oak Bay Avenue	May, 2016	\$17,250	\$10,000 Province of BC Grant; \$7,250 Oak Bay Public Arts Fund
"Sleeping Giants," by Nathan Scott and Fred Dobbs	Front lawn of Oak Bay Municipal Hall	May, 2017	\$16,585	2016 People's Choice Winner: \$16,585 Oak Bay Public Arts Fund
"The Hunt," by Ken Hall	Queen's Park on Beach Drive	January, 2018	\$25,000	\$10,000 Province of BC Grant; \$15,000 Public Donations
"Bodhi Frog," by Doug Taylor	Willows Beach Esplanade at Estevan Avenue	January, 2018	\$11,000	\$11,000 Private donation to the District of Oak Bay
"Lunar Transitions," by Fred Dobbs	Garden at Monterey Recreation Centre and Oak Bay Public Library	May, 2018	\$21,060	2017 People's Choice Winner; \$21,060 from Oak Bay Public Art Fund
"Gardner's Gown," by Bev Petow	Scented Garden at Windsor Park	May, 2019	\$8,000	\$8,000 Private donation to the District of Oak Bay
"Salmon Cycle," by Trinita Waller	Bowker Creek Walkway near Monterey Avenue	June, 2019	\$20,160	2018 People's Choice Winner; \$20,160 Oak Bay Public Arts Fund



DID YOU KNOW?

- The Oak Bay Public Art Advisory Committee hosts guided sculpture walking tours. These tours leave from the Monterey Rec Centre at 10:30 a.m. on the second Tuesday of the month, July through October, weather permitting.

Parks, Recreation and Culture Metrics	2018	2017
Employees		
• Regular	70	68
• Auxiliary	300	300

Parks Department Metrics	2018	2017
Calls for Service - Trees	520 received 486 completed	648 received 603 completed
Tree Permits for Private Property	260	276
Protected Trees Removed from Private Land (over 60 cm in diameter)	169	133
Trees Removed for Construction (over 60 cm diameter)	26	24
• Trees Replanted (as per Tree Protection Bylaw)	41	38
Trees Removed from Public Land	77	72
• Trees Replaced on Public Land	117	96
Friends of Uplands Park Education and Stewardship Events	169	148
• Total Participants	3,969	2,849
Public and School Volunteer Hours for Invasive Species Removal and Planting		
• Uplands Park	1,400	900
• Anderson Hill	400	330
• Trafalgar Park	1,450	2,195
Volunteer Hours		
• Native Plant Gardens	140	125
• Brighton Walkway	200	150
• Foreshore at Queen's Park	130	*
Total amount of Biomass removed from nature area parks	630 cubic yards	250 cubic yards
• Chipped	50 cubic yards	100 cubic yards
• Unchipped	580 cubic yards	150 cubic yards

* New metrics for 2018

Recreation and Culture Metrics	2018	2017
Ice Cleans	3,460	*
Film Productions	7	12
Concerts held in the Upstairs Lounge	28	28
Total Programs Offered	4,538	*
Total Participants Registered in Programs	36,836	*

* New metrics for 2018



BUILDING AND PLANNING

The department works with residents, stakeholders, the development community, and Council to manage change and guide the District's sustainable growth. Building and Planning is responsible for long-range land use planning and special projects, and for processing land use applications and Building Permits. The department works with Council and the community to create long-range plans and policies that support our economic, environmental, heritage and social goals in order to ensure a safe, healthy and sustainable lifestyle for the residents of Oak Bay.

The department undertakes the following functions and activities:

- Develops policies and programs that support the vision of the Official Community Plan, Zoning Bylaw and Building Bylaw
- Manages and processes: Board of Variance submissions, Building Permits, Development Permits, Development Variance Permits, Heritage additions, Heritage Alteration Permits, Heritage Revitalization Agreements, Official Community Plan amendments; rezoning proposals, siting and design submissions, and subdivision proposals
- Provides technical and administrative support to the Advisory Design Panel, Board of Variance and Heritage Commission
- Reviews and issues business licences for businesses operating within the District of Oak Bay
- Provides stewardship of records and files for land use applications, building permits, bylaw complaint files and business licences

BUILDING AND PLANNING 2018 HIGHLIGHTS

- BC Energy Step Code – implemented Step 1 of the Energy Step Code program through bylaw amendment, applied requirements to Building Permit process, applied for and received a grant from BC Hydro to offer financial rebates to homeowners
- Secondary Suites Study – commenced study to review secondary suites with consultant selection and background review
- Submitted a Federal funding application for a regional sea level rise study in collaboration with the Capital Region District and member municipalities
- Heritage Conservation Area (HCA) – continuation of HCA Working Group process with the presentation of the proposed HCA Guidelines to Council
- Development Cost Charges and Community Amenity Contributions presentation to Council and direction for a Community Amenity Contribution policy and subsequent Development Cost Charges review
- Regional Growth Strategy – completed discussions with CRD staff and Intermunicipal working group leading to adoption of the 2018 Regional Growth Strategy
- Allan Cassidy Awards – three awards presented for best design for new home, home renovation, and commercial/institutional

BUILDING AND PLANNING 2019 INITIATIVES



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Complete the Secondary Suite Study
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Participate in Sea Level Rise Study with CRD
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Prepare a Housing Needs Report
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Develop a Community Amenity Contribution Policy
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 - 

Implement the Building Energy Step Code
- 
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 -
 -

Undertake a process to amend the OCP for a new Heritage Conservation Area

GENERAL METRICS

Building and Planning Metrics	2018	2017
Employees	9	8
Bylaw Enforcement		*
<ul style="list-style-type: none"> • Complaints Received • Site Investigations • Tickets Issued 	130 33 11	
Building Inspections	2,788	*
Properties on Heritage Register	102	98
OCP Public Engagement Events	6	*

* New metrics for 2018



LAND USE APPLICATIONS

Application Type	Number Received	
	2018	2017
Board of Variance	2	4
Building Permits	791	1,071
Covenant Amendment	0	0
Development Permit	7	3
Development Variance Permit	13	18
Land Use Contracts	0	0
Heritage Addition	6	4
Heritage Alteration Permit	6	1
Heritage Revitalization Agreement	5	1
OCP Amendment	0	1
Siting and Design	20	23
Subdivision	3	6
Zoning	2	5
TOTAL	855	1,137

BUILDING AND BUSINESS LICENCE REVENUES

Activity	2018	2017
Building Permits	\$723,773	\$872,024
Business Licences	\$95,155	\$97,860
OCP and Zoning Amendments	\$6,000	\$5,000
Development and Development Variance Permits	\$17,600	\$21,000
Other Permits	\$16,450	\$6,750
Subdivision	\$1,300	\$5,050
TOTAL	\$860,278	\$1,007,684

CONSTRUCTION VALUES (\$ MILLIONS)*

Activity	2018	2017
Residential	\$58.2	\$54.2
Commercial	\$17.5	\$8.5
Other	\$1.5	\$16.3
YEAR END TOTAL	\$77.2	\$79.0

* Values include rounding

BUILDING PERMITS ISSUED*

Permit Type	2018
Residential	
• Single Family Dwelling	303
• Multi Family Dwelling	30
Commercial	
• Commercial	13
Public & Community	
• Institutional	5
Miscellaneous	
• Accessory Buildings	26
• Accessory Structures	2
• Demolition	34
• House Move	6
• Plumbing	245
• Irrigation	69
• Wood Burning Appliances	1
• Blasting	14
• Signs	8
• Renewal (completing expired permits)	5
TOTAL	761

* New metrics for 2018

DID YOU KNOW?

- A Heritage Conservation Area (HCA) is a neighbourhood or area identified in the Official Community Plan as holding distinct heritage character or value. An HCA is created to provide long-term protection of these distinctive areas. This is accomplished by amending the Official Community Plan which allows the District of Oak Bay to consider the historical aspects of buildings, other structures, land, or features that contribute to the overall character of a neighbourhood.
- The Prospect neighbourhood area (bordered by Oak Bay Avenue, Beach Drive, Prospect Place, San Carlos Place, and York Place) was identified as an HCA candidate and a Working Group was established in late 2017 by Council. The HCA Working Group, together with consultants and staff support, prepared a Statement of Significance for community input. This was followed by work on the proposed Prospect Heritage Conservation Area Guidelines, including further community input through a series of public information sessions. The HCA Working Group produced a document entitled *Prospect Heritage Conservation Area: Proposed Guidelines* at the end of 2018. The HCA Working Group wrapped up their involvement in anticipation of Council considering the HCA as an OCP amendment in 2019.



ENGINEERING SERVICES AND PUBLIC WORKS

Engineering Services is responsible for the District's key infrastructure services including: water distribution, wastewater collection, solid waste collection, and transportation. Under the guidance of Council, Engineering Services is committed to developing and renewing Oak Bay's municipal infrastructure and utilities in sustainable ways to meet the community's present and future needs. The team accomplishes this via the following major functions:

- Planning and design of municipal engineering services
- Monitoring infrastructure asset management through asset data collection, analysis, planning, and prioritization
- Managing and supporting capital projects
- Coordinating construction projects to install, rehabilitate or renew storm drains, sanitary sewers and water mains
- Completing construction projects to resurface or replace sidewalks and roads
- Implementing construction projects that deliver safer streets for pedestrians, cyclists and drivers
- Providing daily operations and maintenance of infrastructure such as sewers, roads, sidewalks, water distribution, traffic control, and street lighting

ENGINEERING SERVICES AND PUBLIC WORKS 2018 HIGHLIGHTS

- Completed the final phase of the Henderson Road water main extension; one of the most complex capital projects completed by the District in quite some time. The project provides an additional water distribution route to South Oak Bay, increasing resiliency and supporting the District's goal of providing safe drinking water and reliable fire-fighting capability for residents. A Clean Water Wastewater Fund grant of \$1.38M covered 83% of the costs for this capital project. The first phase of the project began in 2016, starting at Neil Street and ending at Middowne Road. The final phase of the project began in September 2017, extending the water main from Middowne Road to Lansdowne Road and Foul Bay Road. The underground portion of the project was completed in summer 2018, with final road/sidewalk and landscaping rehabilitation completed in fall 2018
- Finished the detailed design for the Humber Catchment portion of the Uplands Sewer Separation Project. The District engaged McElhanney Consulting Services to start the work in summer 2017, with final deliverables completed in the spring of 2018, on time and under budget. This project was supported by a Clean Water Wastewater Fund grant covering 83% of the project costs. The District used this shelf-ready project as the basis for an Investing in Canada Infrastructure Program (Green Infrastructure) grant application, seeking funding for the construction of the Humber Catchment combined sewer separation project
- Constructed new bike lanes on Cadboro Bay Road between Foul Bay Road and Bowker Avenue as part of the Cadboro Bay Road bicycle lanes project in summer of 2018. 50% of the project costs were covered by the Provincial government through the BikeBC grant program
- Installed pedestrian-activated rectangular rapid flashing beacons at the Foul Bay Road and Brighton Avenue crosswalk



Engineering Services Metrics	2018	2017
Employees	54	54
Storm Main Replaced	285 m	209 m
New Fire Hydrants	3	5
Catch Basins Replaced	7	7
Storm Drain/Sewer Manholes Replaced	1	6
Sanitary Sewer Trenchless Rehabilitation Program	1.7 km	1.4 km
Road Rehabilitation Completed	15,294 m	8,623 m
Sidewalk Replaced	545 m	135 m
Curb Drops Installed	13	10
CCTV Pipe Condition Assessments		
• Storm Main	7 km	11 km
• Sewer Main	14 km	17 km
Storm/Sanitary/Water Service Connections	Demand: 209 Completed: 148	Demand: 188 Completed: 126
Traffic Speed/Volume Counts Conducted	11	10



DID YOU KNOW?

- The District maintains:

99.6 km of sanitary sewer mains

115 km of water mains

140 km of storm sewer mains

105 km of roads

142 km of sidewalk



POLICE SERVICES

The members of the Oak Bay Police Department are committed to the promotion of partnerships within the community, leading to sharing in the delivery of police services. We pledge to: treat all people equally and with respect, uphold the Canadian Charter of Rights and Freedoms, and serve, protect and work with the community and other agencies to prevent and resolve problems that affect the community's safety and quality of life. The Police Department is responsible for law enforcement, conducting investigations, providing prevention programs, and coordinating community outreach and communication to maintain order.

POLICE SERVICES 2018 HIGHLIGHTS

- Continued to take an active role in building a safe and liveable community by ensuring public safety through proactive enforcement, public education and quality investigations
- Worked collaboratively with regional neighbours by taking part in the area's integrated policing teams and maintaining strong relationships with the other police agencies throughout the Capital Regional District
- Implemented year one of the 2018–2022 Police Department Strategic Plan, focusing on reducing property crime and traffic incidents and increasing public engagement
- Enhanced external communications with the completion of the Police Department website and improved social media presence
- Enhanced safety in the schools through the School Liaison Officer Program with initiatives such as Safe Transportation to School in the elementary schools and the PARTY (Prevent Alcohol and Risk Related Trauma in Youth) program in the high school
- Maintained a proactive and high visibility presence in the community through bicycle and foot patrols, marine patrols, and general enforcement initiatives
- Continued relationship building with the business community by supporting events such as the BIA Summer Markets
- Supported community events through provision of traffic control and public safety presence
- Supplied community presence support throughout the year attending block parties and conducting vacant home checks
- Maintained presence on National and Provincial Committees such as the Victims of Crime Committee, the Police Ethics Committee, and the Mental Health Response Committee
- Provided Implicit Bias Awareness Training for all members to enhance our officers' understanding of any potential biases they may have to ensure we deliver our services in an impartial manner
- Promoted road safety through the implementation of provincial enforcement campaigns such as Distracted Driving initiatives
- Maintained regional participation in the Mobile Youth Services Team, the Special Combined Forces Enforcement Unit, the Integrated Road Safety Unit, Vancouver Island Integrated Major Crime Unit, the Greater Victoria Emergency Response Team, Domestic Violence Unit, and the Crowd Management Team
- Continued staff development through in-service training and further development of a Crisis Incident Stress Management (CISM) team
- Welcomed 2 new police officers and 1 new civilian support employee to backfill retirements

Offence	2018	2017
Homicide	0	2
Robbery	0	0
Assaults/Sex Assaults	38	28
Utter Threats	4	13
B&E – business	6	5
B&E – residence	18	23
B&E – other	7	5
Theft of Motor Vehicle	12	4
Theft from Motor Vehicle	105	107
Theft under \$5,000	77	66
Fraud	38	45
Mischief	138	109
Cause Disturbance	22	13
Counterfeit Currency	1	2
Trespass at Night	1	1
Breach/Bail Violations	14	8
Drug Possession	14	29
Impaired Drivers (CC and 90 day IRP)	16	33
Fail to Stop (Provincial)	13	15
Category	2018	2017
Bylaw Infractions	236	186
Parking Violations	138	141
Collisions	121	143
Assist Public	756	649
Lost and Found	327	309
Suspicious Persons	465	414
False Alarms	334	345
Liquor Offences	41	38
Property Check Program	253	221
Violation Tickets/Warnings Issued	1,321	1,391
PRIME FILE COUNT	4,812	4,590
Employees	2018	2017
Sworn Police Officers Funded by Oak Bay	23	23
Civilian Staff	3.6	3.6
Sworn Police Officers Externally Funded	3	3
TOTAL	29.6	29.6

POLICE SERVICES 2019 INITIATIVES



- •  • • Enhance community engagement and visibility
- •  • • Reduce property crime
- •  • • Improve traffic safety

For more details on 2019 Police Department initiatives, please visit www.oakbaypolice.org/about/Strategic-Plan.

Police Metrics*	2018	2017
Property Crime		
• Theft From Autos	105	105
• Theft of Bikes	42	55
• B & E Residential	18	25
Traffic Incidences		
• Pedestrian Injury Collisions	8	7
• Total Injury Collisions	20	28
• Total Number of Collisions	121	122
• Number of Injured Cyclists	7	12

* To measure the Community Engagement/Visibility priority there will be a public survey at the mid-way point of Oak Bay Police's five year Strategic Plan





FIRE SERVICES

The mission of the Fire Department is to provide exceptional fire protection and public safety services to prevent the loss of life and property through:

- Stressing prevention, early intervention and emergency pre-planning to ensure the protection of life, property and the environment
- Delivering prompt and effective fire prevention, emergency preparedness and intervention services
- Delivering fire and emergency management services that are community based by ensuring that our programs and priorities align with the needs of the residents and businesses in the District of Oak Bay
- Taking an integrated, systematic approach to emergency and public safety issues and services
- Providing support to both team members and victims after trauma and crisis

FIRE SERVICES 2018 HIGHLIGHTS

- Played an active role in building a safe community by ensuring the protection of life, property and the environment
- Enforced regulations including building and municipal bylaws and the BC Fire Code to ensure that our community is liveable and safe
- Submitted updated municipal bylaws to align with the *Fire Safety Act*
- Worked collaboratively with our neighbouring municipalities and partners to provide services to our residents
- Invested in technology through our dispatch provider and CREST radio system to enhance protection of life and fire fighter safety
- Purchased a more versatile pickup truck support vehicle to replace a 12-year-old unit. The new vehicle enhances response capability with both 4X4 and towing capacity
- Participated in the Provincial First Responder Program and the Capital Regional District Hazardous Materials Response Team as well as the Resuscitation Outcomes Consortium (ROC) program for pre-hospital cardiac pulmonary resuscitation (CPR) research
- Continued the Voluntary Fire/Life Safety Upgrade Program for private buildings as a systematic way for the department to work with property owners to enhance fire safety for residents
- Maintained active participation in community events such as the Remembrance Day Service, Halloween Bonfire, Christmas Light Up, Christmas Sail-Past, Victoria Day Parade, BIA Summer Markets, Oak Bay Tea Party Parade and community block parties, which enhances our service commitment with the community
- Deployed members to assist with BC Interior wildfires. Assistant Fire Chief Darren Lee contributed his expertise to the Provincial Wildfire efforts this year. He spent seven days in Burns Lake and two days in Summerland in Command and Control positions

FIRE SERVICES 2019 INITIATIVES



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- Continue support for the Fire Department Health & Wellness program to develop the physical and mental resiliency of front line staff
- Renew the fire dispatch contract for a five-year period beginning January 1, 2019 and ending December 31, 2023
- Utilize the Capital Region Emergency Services Telecommunications (CREST) system to communicate during emergency and non-emergency incidents. CREST is forecasting that the core four Fire Departments will be transitioned over to the new P25 digital system in the second quarter of 2019. Compatible portable and mobile radio equipment has been put in place and is ready for the switchover
- Provide initial and ongoing training to personnel to ensure proficiency across all disciplines, safe and effective operations, and to support succession planning
- Paint the exterior of the fire station which was last painted in 2008
- Enlarge one of the Fire Hall bay doors on the 1938 portion of the station as the existing opening is too small to accommodate modern fire apparatus
- Replace hoses, nozzles, appliances and other small equipment as per industry standards and guidelines based on a prioritized replacement strategy



Fire Services Metrics	2018	2017
Employees	28	28
<ul style="list-style-type: none"> • Uniformed Members • Civilian Staff 	26 2	26 2
Response to Requests for Assistance	1,331	1,524
<ul style="list-style-type: none"> • Medical • Fire 	720 611	858 666
Response to Significant Fires	15	19
<ul style="list-style-type: none"> • Estimated Value of Fire Loss 	\$422,648	\$4,000,000
Fire Prevention Inspections	353	387
New Business Inspections	32	18
Company Inspections and Pre-plan Updates	83	127
Smoke Alarm Program and Inspections	35	28
Significant Life-Safety Building Upgrades	74	71
Review of Building Plans & Code Research	25	181
Education Sessions	40	45
University of Victoria		
<ul style="list-style-type: none"> • Response to Requests for Assistance • Fire Prevention Inspections & Consultations 	57 59	88 34
Investigation of Fire Services Bylaw Complaints	31	13
Underground Oil Storage Tanks Inspections	70	121
Department Personnel Training Hours Completed	8,472	*

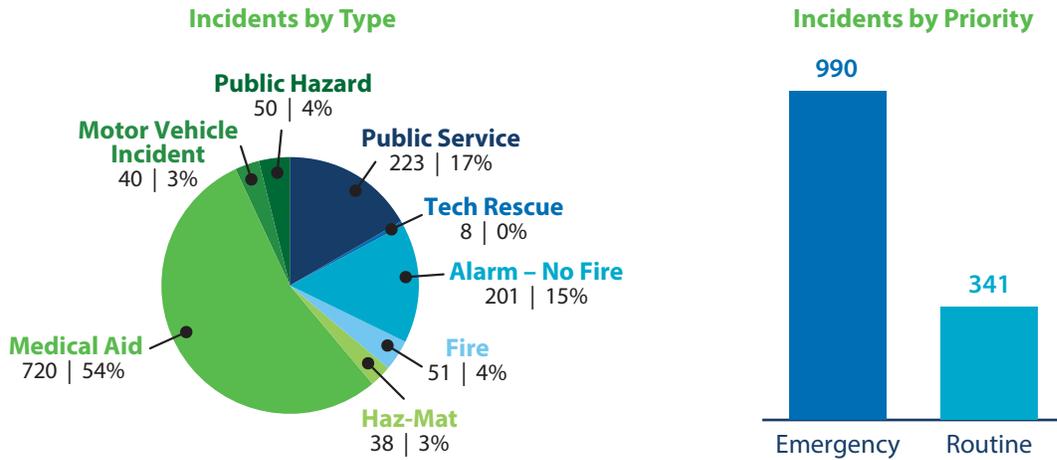
* New metrics for 2018



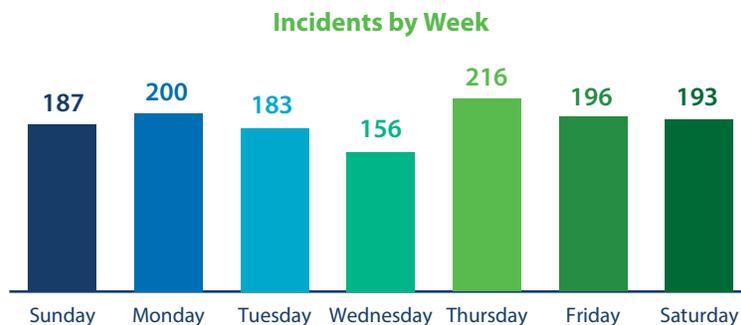
DID YOU KNOW?

- The average Fire Services emergency response time is **4 minutes** and **36 seconds**.

The Oak Bay Fire Department responds to many different types of incidents. The main categories are illustrated in the pie chart below and the distribution of calls between emergency and routine responses are shown in the bar graph.



The following two charts illustrate how calls are distributed by month and day of the week. In June of 2018 there was a marked decrease in requests from the British Columbia Ambulance Service for medical responses due to changes in their dispatch protocols.





EMERGENCY PROGRAM

The purpose of the Emergency Program is to assist the District of Oak Bay in its preparation and planning to mitigate, prevent, prepare for, respond to, and recover from major emergencies and disasters that affect the municipality and its residents.

EMERGENCY PROGRAM 2018 HIGHLIGHTS

- Continued to play an active role in increasing the District's ability to meet its legislative responsibilities as outlined in the *BC Emergency Program Act* and District of Oak Bay Emergency Program Bylaw
- Explored and implemented all opportunities to improve the effectiveness and efficiency of emergency services in the municipality
- Established robust partnerships with the Province, the region, and neighbouring local governments to effectively achieve regional cooperation or mutual aid in the event of major emergencies and disasters, either affecting Oak Bay specifically or affecting multiple jurisdictions within the region
- Promoted and advocated for emergency preparedness through displays at the Oak Bay Business Improvement Association Summer Markets and participation in the Oak Bay Tea Party Parade and ShakeOut BC events
- Distributed emergency preparedness materials at Block Watch meetings and summer block parties, and in all municipal buildings. Maintained a print campaign emphasizing the importance of emergency preparedness
- Oak Bay Emergency Program members have served as chair of the Vancouver Island Emergency Preparedness Conference, as an active member of the Local Government Emergency Program Advisory Commission, as well as many other regional committees and conferences intended to develop regional cooperation throughout the capital region
- Represented local government on the Regional Emergency Management Partnership Committee
- Enhanced resources through robust partnerships with local government mutual aid partners, the University of Victoria, Island Health and HEMBC, as well as local and regional suppliers. The Oak Bay Emergency Program received two provincial grants to continue development of its program mobilization initiative



EMERGENCY PROGRAM 2019 INITIATIVES



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 - Acquire a new Emergency Support Services trailer and a new communications trailer, in the 1st and 2nd quarter of 2019 respectively, using grants from the Province of BC
- 
 - Continue public education on emergency preparedness through public information sessions to be held throughout the year to ensure that our residents have access to the information that they need to prepare for small emergencies and large scale disasters
- 
 - Update the grade 3 education program for students to ensure that the message is relevant for today's children and that information is consistent with modern curriculum
- 
 - Provide training for senior municipal staff with a tabletop scenario planned to exercise the skills required during an emergency event

Emergency Program Metrics	2018	2017
Residents Provided Emergency Preparedness Training	1,100	300
Training Opportunities Provided to Volunteers, Staff and Council Members	85	25
Volunteers	60	60
Volunteers Reaching Service Anniversaries:		*
• 5 Years	5	
• 10 Years	2	
• 20 Years	3	
• 25 Years	1	
Volunteers Recruited	10	*
Volunteers Departing (retirements, relocations, other)	8	*
Total Grant Money Received	\$25,000	*

* New metrics for 2018

DID YOU KNOW?

- The Oak Bay Emergency Program staffs four volunteer teams: Emergency Support Services, Radio Communications, Emergency Preparedness Education, and Emergency Preparedness Advisory Group.

NEW FOR 2019

ACHIEVE SUSTAINABLE SERVICE DELIVERY

Asset Management Program Update

The District has adopted an asset management approach to planning and delivering services to the community. The approach aims to enable the Council to make informed decisions about sustainable service delivery by integrating the skills, expertise and activities of people with knowledge about the community's physical assets and the District's finances. The District has adopted the definition of sustainable service delivery outlined by *Asset Management BC* in their [Asset Management for Sustainable Service Delivery guidebook](#):

"[Sustainable Service Delivery]...ensures that current community service needs, and how those services are delivered (in a socially, economically and environmentally responsible manner), do not compromise the ability of future generations to meet their own needs. Communities build and maintain infrastructure to provide services. These services support our quality of life, protect our health and safety, and promote social, economic and environmental well-being. Failure to care for our infrastructure, manage our natural resources and protect the benefits provided by nature risks degrading, or even losing, the services communities enjoy, and that future generations may rely on. Sound asset management practices support Sustainable Service Delivery by considering community priorities, informed by an understanding of the trade-offs between the available resources and the desired services."

2015 – 2018 HIGHLIGHTS

- In 2015, Council provided strategic direction to staff to start a multi-year, multi-project initiative to develop an Asset Management Program
- Between 2015 and 2018, some key foundational steps of an Asset Management Program were initiated. Some of these include the following:
 - Expansion of the storm/sewer televising and condition assessment program (July 2015 – present)
 - Delivery of municipal buildings condition assessment and needs analysis (summer 2016)
 - Delivery of a consultant's report on an asset management plan (fall 2016)
 - Council program updates on the state of infrastructure and asset management practices (March and November 2017)
 - Council briefs on reserves policy and debt financing (February/March 2018)
- Council adopted an Asset Management Policy on March 26, 2018, which captured some guiding principles and key responsibilities and accountabilities. The broad concepts and practices described in *Asset Management BC's Framework for Sustainable Asset Management* were endorsed by the Council. Oak Bay's approach of using program and project management best practices to plan and deliver on key asset management requirements was formally endorsed. This approach is intended to better enable organizational change, development of asset management plans and the creation of decision-making tools

- Council adopted an Asset Management Strategy that serves as a program charter, capturing the District’s high level, long-term approach to achieving its asset management aims. This includes how the District will achieve strategic goals, set asset management objectives, assign governance responsibilities, and outline the asset management system, structure and content. The final deliverables of the Asset Management Program will be the full adoption of asset management practices as part of the District’s standard ways of effectively achieving long-term strategic and financial objectives
- In May 2018, Council approved a 1% tax revenue increase as well as allocation of 2018 Gas Tax Funds to the Infrastructure Reserve. The aim of this decision was to start saving, knowing that some of the key projects in the asset management program will deliver decision-making tools to inform decisions on how best to address the infrastructure deficit, and how to best spend the money saved for this infrastructure work

2019 NEXT STEPS



-   • • Provide Council with a 2019 Budget and Five-Year Financial Plan that addresses funding recommendations informed by the asset management program, including continued contributions to the Infrastructure Reserve savings plans, as well as gradual increases to rehabilitation work in water, sewer, storm and transportation in order to move towards sustainable service delivery targets
-   • • Engage a consultant to support the District in developing a 20-year Long-Term Financial Sustainability Plan, including decision-making and analysis tools for sustainable service delivery planning
-   • • Deliver a Water Distribution System Master Plan to better inform planning for water system rehabilitation
- •  • • Build on the changes made in the 2019 Strategic Priorities and budget development process, in preparation for development of the 2020 Budget

DEMONSTRATE LEADERSHIP IN FOSTERING COMMUNITY HEALTH & RESILIENCE

In 2019, Council developed a new Priority to demonstrate leadership in fostering community health and resilience. This Priority includes economic, environmental and social sustainability. This is a Priority that permeates each of Council’s other four Priorities. While this Priority was new to 2019, much work has occurred throughout the District in 2018 and years before. For the purpose of this 2018 Annual Report, a series of highlights are provided to demonstrate the broad range of efforts that the District has undertaken to protect and preserve the quality of life for existing and future residents of Oak Bay.

ECONOMIC SUSTAINABILITY HIGHLIGHTS

- The District received a total of \$3,066,972 in grants from a variety of funding sources

Grants Received	2018 (\$)
BC Government Room Tax	167,477
Bike BC - Cadboro Bay Bike Lanes	78,160
Climate Action (CARIP)	32,658
Federal Gas Tax	851,133
Henderson Water Main	678,094
ESS Mobilization Grant	11,165
Humber Catchment Detailed Design – Uplands Combined Sewer Separation	186,556
Oak Bay Recreation Centre Energy Loop	665,563
Opioid Overdose Response	1,003
Small Community Grant	171,851
Traffic Fine Revenue	203,312
Urban Deer Management	20,000

- The Oak Bay Fire Department reduced operating costs of the District by responding to 67 calls for assistance for after-hours incidents involving both municipal and private infrastructure. These incidents generally involved safety issues or the potential for property or environmental damage
- The District of Oak Bay participated in a buyers group with the District of Saanich, City of Victoria, District of Central Saanich, and the Capital Regional District to reduce the total costs associated with procuring equipment and associated support necessary to conduct the Elections in 2018. This yielded a cost savings for the District of \$8,019
- Oak Bay is pleased to be one of the members of the South Island Prosperity Partnership (SIPP) contributing \$44,331 towards the project in 2018. SIPP consists of approximately 40 members working towards a common goal of achieving economic prosperity for the region. Membership includes representation from local governments, First Nations communities, post-secondary institutions, non-profits, industry and sector associations, and a mix of private businesses
- The Oak Bay Business Improvement Association (Oak Bay BIA) represents members from 150 businesses and organizations located on Hampshire Road, Theatre Lane, Wilmot Place, and Oak Bay Avenue from Monterey Avenue to Foul Bay Road. The Oak Bay BIA exists to promote local member businesses and to contribute to the community at large. This is achieved by advertising and promoting products and services offered by local businesses, and by sponsoring a number of community events and festivities that have become local traditions. Celebrations such as the

Christmas Light Up, the BIA Summer Markets, and the Halloween Trick or Treat event ensure that the Oak Bay BIA profile is visible year round. Each year the District provides flow-through grant funding to the BIA in order to achieve these goals. The grant funds are recovered through an annual tax levy from land and improvements within the designated business improvement area for projects included in the annual budget, submitted by the Oak Bay Village Business Association and approved by Council

- The Oak Bay Tourism Committee was formed in 1989 and exists to promote tourism in Oak Bay. It is funded by a 2% hotel room tax administered by the Province in partnership with the municipality. The tax is collected by the Oak Bay Beach Hotel and the Oak Bay Guest House, and remitted to the Province which in turn passes the funding on to the Committee through the District. The Committee is accountable to Council through an established Financial Planning and Reporting process and works in partnership with Council, staff, and other community committees. The amount of the hotel tax received from the Province in 2018 was \$167,477
- The Greater Victoria Joint Purchasing Group (GVJPG) was formed by local government organizations and school districts who participate in purchasing goods and services. The purpose of the GVJPG is to increase the purchasing power of the individual participants by obtaining best value through increased collective volumes and contract administration. Participants meet once a month for 10 months to network and review annual contracts

- The District of Oak Bay purchased water from the CRD in the following amounts:

Year	Amount purchased (m3)	Total Cost (\$)
2018	3,289,637	2,185,503
2017	3,211,197	2,047,138

- The District of Oak Bay participates in a wide range of regional cooperative efforts that include information-sharing forums, joint service provision and reciprocal agreements. Examples of these cooperative efforts include, but are not limited to:
 - Meetings of the Chief Administrative Officers
 - Meetings of the Fire Chiefs
 - Meetings of the Corporate Officers
 - Meetings of the Financial Officers
 - Membership in the Greater Victoria Labour Relations Association
 - Participation in regional Water Quality Management, regional transportation initiatives, core area liquid waste management, emergency management, and environmental initiatives like stormwater quality and watershed management
 - Participation in the Intermunicipal Business Licence Program
 - Participation in Fire Mutual Aid Agreements

DID YOU KNOW?

ENVIRONMENTAL SUSTAINABILITY HIGHLIGHTS

- Adopted Level 1 of the BC Energy Step Code on November 1, 2018. This is a provincial initiative that provides a consistent tiered approach, based on performance standards, to achieving more energy-efficient buildings. As one of many items contained within the provincial CleanBC blueprint, the Step Code will ensure all new construction in Oak Bay and across the Province is net zero energy ready by 2032. This program is also supported through \$20,000 in funding from BC Hydro, through which Oak Bay residents can receive rebates where additional steps are taken to ensure energy efficiency
- The Climate Action Revenue Incentive Program (CARIP) is a conditional grant program that provides funding to BC Climate Action Charter signatories (local governments) equivalent to 100% of the carbon taxes they pay directly. Oak Bay received a grant of \$32,658 bringing the balance of the Climate Action Reserve Fund to \$245,000 as of December 31, 2018. Oak Bay is proud to have received carbon neutral designation in 2018. According to the Ministry of Environment's *Becoming Carbon Neutral*, carbon neutrality involves **measuring** operational greenhouse gas emissions, **planning and taking action** to reduce emissions, **offsetting** the remainder, demonstrating leadership through annual **public reporting** of these achievements, and undergoing independent **verification** to ensure completeness and accuracy. Despite receiving this designation the District recognizes that there is still much work to be done in this area
- Maintained a commitment to addressing derelict vessels. While derelict vessels are truly a senior government responsibility, Council recognizes the importance of the environment and pristine shorelines to Oak Bay residents. The District has continued to provide funding to partner with senior governments and the community to address derelict vessels. In 2018, largely due to community efforts, three derelict vessels were removed from Cadboro Bay. The District also continues to partner in the regional district initiative to address the issue of derelict and abandoned vessels on a broader regional basis
- Upgraded 1.7 km of sanitary sewer mainlines through trenchless technologies using cured-in-place techniques. Using trenchless technologies significantly reduced Greenhouse Gas Emissions in 2018, helping the District to maintain carbon neutral status
- Continued to monitor and assess the erosion at McNeill Bay, with the aim of developing a longer term solution to preserve and protect the foreshore in that area
- Constructed an additional 700 metres of bike lanes in the District in 2018
- Remained an active partner in the Bowker Creek Urban Watershed Renewal Initiative (BCI), a collaboration between local governments, community groups, institutions and private citizens to improve the health of Bowker Creek and its watershed. The Capital Regional District, in partnership with the BCI's municipal partners – the City of Victoria, the District of Saanich and the District of Oak Bay – engaged an engineering consultant to conduct a Bowker Creek Daylighting Feasibility Study to be completed in late 2019

The following table outlines the number of combined sewer overflows – events where a combination of sanitary sewage and stormwater is discharged into the ocean at the Humber and Rutland Pump Stations in the Uplands. Eliminating these combined sewer overflows is required under the Province’s Municipal Wastewater Regulation, and is the primary objective of the District’s Uplands Sewer Separation Project.

Outfall	Number of overflows per year	
	2018	2017
Humber Pump Station	10	2
Rutland Pump Station	12	5

The following table describes the materials collected at the transfer station at the Public Works Yard.

Recycled Materials Collected	2018	2017
Organics	2,971 tonnes	3,257 tonnes
Solid Waste – Yard	708 tonnes	747 tonnes
Solid Waste – Curb	1,011 tonnes	1,167 tonnes
Steel Recycling	208 tonnes	210 tonnes
Mixed Recycling	227 tonnes	282 tonnes

The following table provides an overview of the electric vehicle charging station usage at the Oak Bay Municipal Hall.

Electric Vehicle Charging Metrics	2018*
Vehicles Charged	2,430
Total Charging Time	5,105 hours 42 minutes
Total Energy Used	19,490 kWh
Total Cost (Approximate)	\$1,765
Longest Connection Time	11 hours 57 minutes (69.033 kWh)
Median Connection Time	1 hour 10 minutes (6.814 kWh)
Average Connection Time	1 hour 34 minutes

* New metrics for 2018

DID YOU KNOW?

- In order to deliver high-quality drinking water to residents, the District (in partnership with the Capital Regional District) collects and tests a minimum of 19 bacteriological water samples per month from Oak Bay’s water system. This testing program is a significant part of how the District and the Capital Regional District work together to comply with the British Columbia *Drinking Water Protection Act* and the *Drinking Water Protection Regulation*.
- The Fire Department collects expired fire extinguishers and uses them to train individuals on their safe and effective use.

Urban Deer Management Project

We share this beautiful space with many native species including Vancouver Island's indigenous Columbia black tailed deer. Oak Bay has taken a leadership role in urban deer management – research jointly conducted with the Provincial Government and the Urban Wildlife Stewardship Society (UWSS) – providing Oak Bay Council and residents with valuable information that has not been available to any community prior to this innovative project.

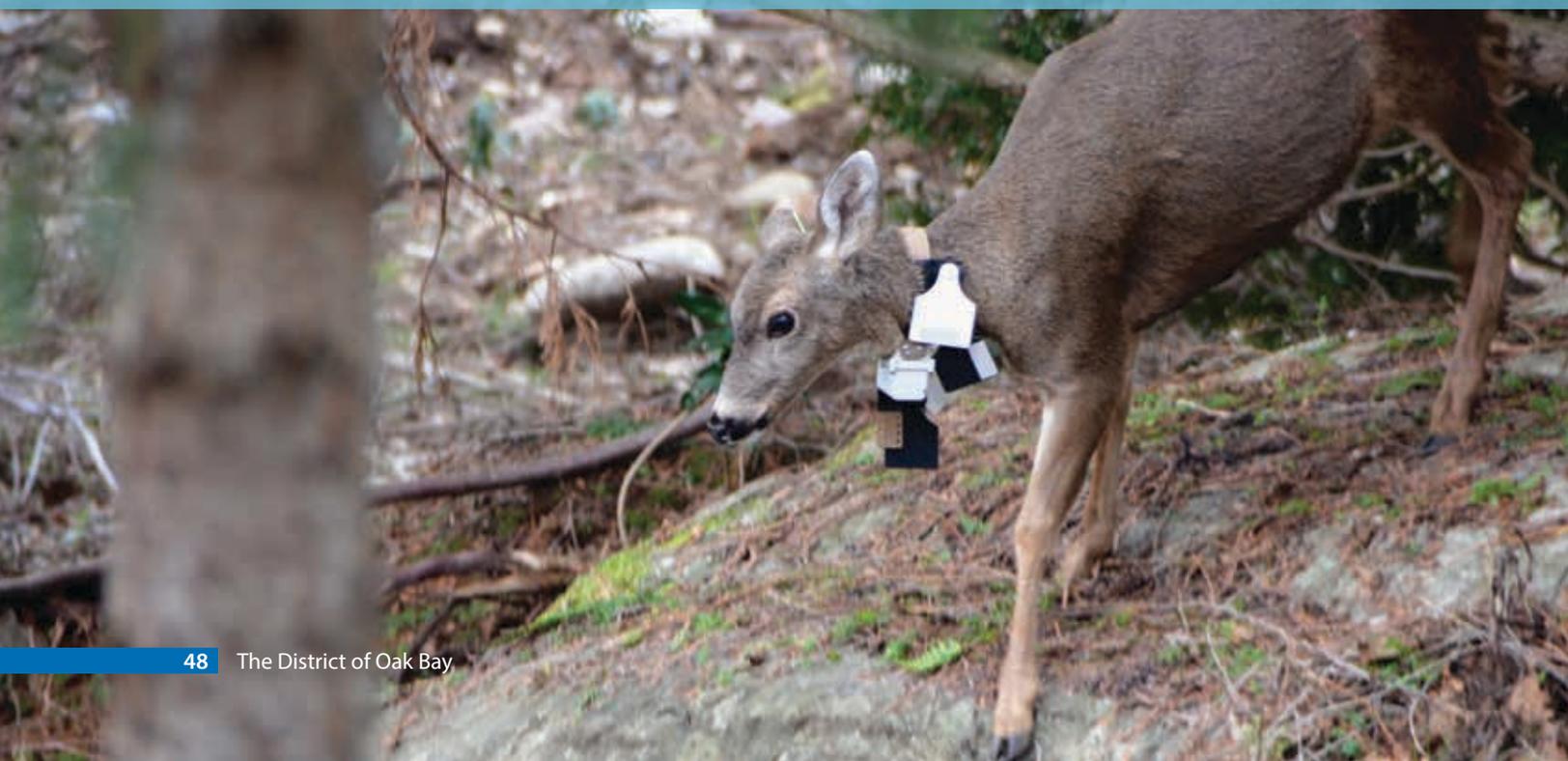
Effective urban deer population control starts with sound science, and the current, ongoing scientific research is providing Council with the ability to engage in successful long-term, cost-effective planning and management.

The preliminary data collected from 20 GPS collared does and 39 remote cameras deployed across Oak Bay since 2018 is providing us with an accurate and precise understanding of deer distribution, movement and population size. The first population estimate was generated by independent researchers applying cutting-edge analytical techniques, and we now know that there are approximately 100 deer in Oak Bay (with a 95% confidence interval). This is the most precise and robust estimate of Oak Bay's deer population in its history.

In September 2019 a field team will begin immuno-contraception (IC) of uncollared does. The contraception program will take place until mid-October, prior to the rutting season that begins in November. Although the provincial permit provides for up to 80 does to be administered IC, given the population size we now expect there are considerably fewer than that in Oak Bay. Some does may elude best efforts to administer IC in the first year – so we expect there will still be new fawns in spring, though far fewer than usual.

As a multi-year project, ongoing research will expand the insights into Oak Bay's deer population including changes in density, demographics, and the response to management actions. This critical information will continue to inform management strategies going forward.

For more information on Oak Bay's deer management project and information on reducing human-deer conflict, please see the Oak Bay website www.oakbay.ca/our-community/pets-animals/deer or the UWSS website www.uwss.ca.

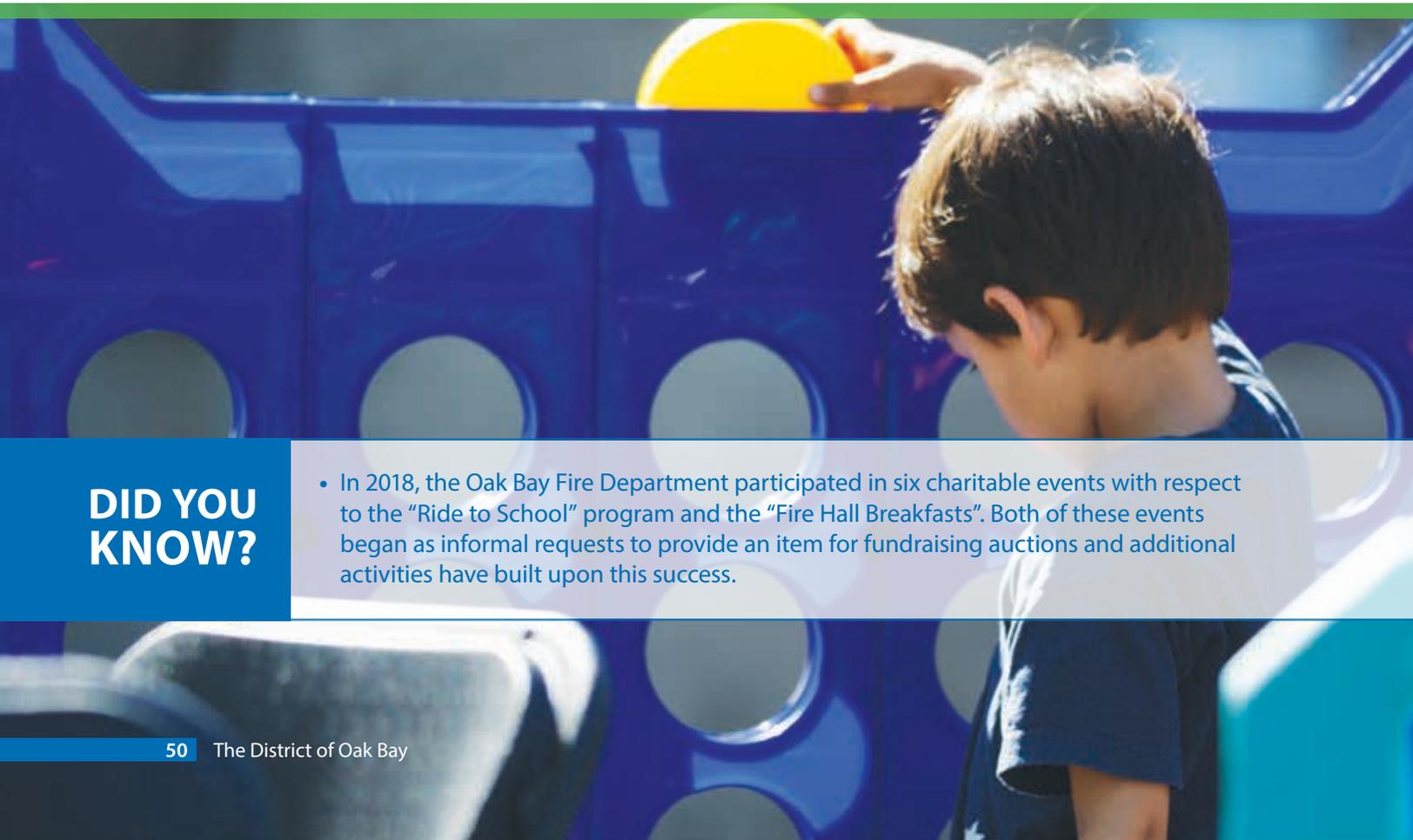


SOCIAL SUSTAINABILITY HIGHLIGHTS

The District of Oak Bay supports the following organizations, including, but not limited to:

<p>Greater Victoria Crossing Guards Association</p>	<p>The Greater Victoria Crossing Guards Association is a non-profit organization that provides trained crossing guards across the Greater Victoria area to ensure the safety of schoolchildren and other pedestrians in school zone areas</p>
<p>Leases: Oak Bay Lawn Bowling Club Oak Bay Scouts and Guides Oak Bay Search and Rescue</p>	<p>The District of Oak Bay partners with a number of community groups and organizations by providing lease agreements. Partners include: The Oak Bay Lawn Bowling Club, offering both outdoor and indoor bowling opportunities as well as year-round daily club activities; Oak Bay Scouts and Girl Guides, providing opportunities for children and youth to challenge themselves, give back to their communities and be empowered as young individuals through enriching experiences; and Oak Bay Search and Rescue, a member in the community for 40 years, consisting of volunteer first responders dedicated to saving lives on the water</p>
<p>Victoria Immigrant and Refugee Centre Society (VIRCS)</p>	<p>VIRCS is a non-profit organization that helps immigrants, refugees, new Canadian citizens, and visible minorities settle and adapt into new lives in Greater Victoria. VIRCS staff provide a wide range of services to an average of 3,000 clients annually</p> <p>In 2018 the District and VIRCS undertook a Welcome House cooperative agreement</p> <p>A Welcome House is a socially-proposed home that facilitates the resettlement of refugees who may have barriers to adjusting and integrating to life in Canada. The Welcome House on Monterey is hosted by a mix of staff and community volunteers who are experienced with resettling refugees, trauma, language acquisition and other situations commonly faced by refugees. The purpose of a Welcome House is to create a gentle transition into the community at a pace that enables incremental independence for the refugee family as they build personal capacities and create lasting community connections and a new life</p>
<p>Oak Bay Volunteer Services</p>	<p>Oak Bay Volunteer Services provides direct volunteer services to Oak Bay residents with the purpose of providing clients with individual services and social contacts in such a way as to help them maintain their independence and improve their quality of life. Services include assistance with transportation (driving, social walks and wheelchair assistance), income tax returns, minor home repairs, gardening, reassurance phone calls and visits</p>
<p>Heritage Conservation Area Working Group</p>	<p>The HCA Working Group is a community-led initiative of 10 Oak Bay residents designed to help inform and guide community discussions that will explore options, policies and regulations for formal heritage designation in Oak Bay. A proposed Heritage Conservation Area bordered by Oak Bay Avenue, Beach Drive, Prospect Place, San Carlos Place, and York Place is being considered by the HCA Working Group</p>

Fire Department public education and awareness programs	The Oak Bay Fire Department provides various opportunities for community education, including CPR training, fire extinguisher training, and Fire Hall tours. The purpose of these community education programs is to foster a greater sense of community safety and well-being
Block Watches	Block Watch is a free program offered by the Oak Bay Police Department in an effort to build safer communities throughout Oak Bay via a neighbour-helping-neighbour program. Block Watch, through training, education and communication, aims to reduce the opportunity for property offences within a neighbourhood
Police School Liaison	Oak Bay Police's School Liaison is critical in establishing and maintaining relationships with the students of Oak Bay's schools – providing a unique way for children and youth to be connected to their community's police force. Additionally, the School Liaison is critical in identifying and addressing property crime (especially bike theft) that occurs around schools, as well as traffic speed violations in school zones
Police participation in the Greater Victoria Police Diversity Advisory Committee	The GVPDAC includes police representatives and diverse community representation from across Greater Victoria. The committee seeks to create positive relationships and improve understanding between police and the community
Increased number of trained bike patrol officers	70% of Oak Bay police officers are bike patrol trained



DID YOU KNOW?

- In 2018, the Oak Bay Fire Department participated in six charitable events with respect to the "Ride to School" program and the "Fire Hall Breakfasts". Both of these events began as informal requests to provide an item for fundraising auctions and additional activities have built upon this success.

Oak Bay Parks, Recreation and Culture partners with other providers in the capital region on the following:

- | | |
|---------------------|---|
| Low Cost Programs | <ul style="list-style-type: none"> • Leisure Involvement For Everyone (LIFE) Program • Canadian Tire Jumpstart Program • KidSport Program |
| Sponsorship | <ul style="list-style-type: none"> • BC Transit Campaign • Positive Ticketing – South Island Police Services • Physical Literacy and You (PLAY) • Regional Complimentary Admission Passes |
| Program Development | <ul style="list-style-type: none"> • Greater Victoria Regional Annual Pass • Recreation Integration Victoria • Active Parent Pass (Island Health) |
| Ongoing Committees | <ul style="list-style-type: none"> • Inter-Municipal Parks & Recreation Directors (IMPRD) • Greater Victoria Active Communities Committee (Managers) • Victoria Youth Programmers Committee • Aquatics Committee • Fitness Committee • Arena Committee • Administrative Committee • Marketing Committee |

DID YOU KNOW?

- The Monterey Recreation Centre is an adult-focused recreation centre, operated in partnership with a not-for-profit organization called the Monterey Recreation Activity Association (MRAA). It is a shared model of operations whereby the District’s Recreation staff organize and run “traditional” recreation programs, events, trips, etc. as well as a full service Café and small coffee/treat bar. The Association runs volunteer led clubs such as Billiards, Dance, Choir, Arts, Stamp, Woodcrafters, etc. Monday to Friday daytime registered recreation programs are for those 50 years and up and the Centre also offers general adult programming in the evenings and on weekends. Membership to the MRAA can be purchased for those 50 and better for \$46/year which provides access to all of the clubs free of charge (generally as there may be equipment/supply fees) and discounts on program/event registration and participation. The Centre also acts as a vital social hub for many seniors in our community.
 - The Centre offers multi-purpose spaces, a billiards/snooker room, a Café, a computer lab, woodworking and lapidary workshops and a large reception space used for community events, socials and programs. Spaces are available for rental.
-
- There are approximately **56** Block Watch Programs in Oak Bay.

DISTRICT OF OAK BAY'S VOLUNTEER ADVISORY BODIES

Volunteerism is one of Oak Bay's most distinguished characteristics and our community is enriched with many vibrant community hubs, passionate organizations and citizen leaders, young and old, who are dedicated to enhancing our community in meaningful ways. The municipality relies on volunteers to help provide research and advice on community matters; these volunteers serve on standing committees as well as project-specific working groups. Volunteers are an integral part of Oak Bay's unique character providing valuable services to the community and strengthening our sense of belonging and well-being. These advisory bodies are highly valued and facilitate connections between shared causes and interests. On behalf of Council, thank you to all of our municipal volunteers and residents who are engaged across our community. We are grateful to all those who provide time, wisdom, and energy to help inform, nurture, and celebrate our community.

ADVISORY DESIGN PANEL

The Advisory Design Panel serves as an advisory body to Council to review the design merits of select development proposals and provide recommendations to staff for consideration in negotiating and processing development applications. The Panel also participates in the selection of the Allan Cassidy Recognition of Renovation and Building Achievement Awards.

The objectives of the Panel are to:

- review the design merits of select development proposals;
- assist staff in establishing guidelines to ensure that the form and character of future development is of a high quality that meets the needs of the community; and
- recommend to Council, through the Allan Cassidy Recognition of Renovation and Building Achievement Awards, projects that have demonstrated innovation and high standards in urban and landscape design.

ADVISORY PLANNING COMMISSION

The Advisory Planning Commission advises Council on matters respecting land use, community planning, or proposed bylaws and certain permits under Part 26 of the *Local Government Act*. The Commission may review:

- development policies and initiatives that promote a sustainable community by linking land use, transportation, environment, climate change, economy, heritage, social and cultural considerations;
- measures for progress toward achieving Official Community Plan goals and objectives;
- proposed amendments to the Official Community Plan and Zoning Bylaw to ensure they remain effective and relevant documents;
- Official Community Plan amendment applications, rezoning applications and land use contract amendments to ensure proposed developments comply with the policies and objectives of the Official Community Plan; and
- select development permits and development variance permits.

BOARD OF VARIANCE

This quasi-judicial body is established under the provisions of the British Columbia *Local Government Act*, which requires every municipality that has enacted a Zoning Bylaw to establish and appoint a Board of Variance. Upon application, the Board has authority to vary provisions of the Zoning Bylaw that do not change the permitted use or density. Before exercising that authority, it must be able to make a finding that compliance with the bylaw would cause an undue hardship and that the requested variance will not, among other things, substantially affect the use and enjoyment of adjacent land, the natural environment, or defeat the intention of the bylaw.

HERITAGE COMMISSION

The Heritage Commission combines the former Heritage Committee and Heritage Advisory Panel into one entity. The Commission's mandate is to:

- advise Council on such heritage matters as may be referred to it;
- undertake or support projects and research relative to the architectural, cultural, documentary and natural heritage of the Municipality of Oak Bay, including, but not limited to: the maintenance of inventories of real property of heritage value, recommendations to Council regarding the content of the community heritage register, and the preparation and maintenance of a Heritage Strategic Plan and Heritage Management Plan, both of which are to be approved by Council;
- promote heritage awareness and provide leadership in heritage initiatives;
- advise Council on any matter related to the heritage significance of any building, structure or landscape feature within the Municipality of Oak Bay; and
- make recommendations to Council as to the annual allocation of funding from the municipal budget for the purpose of the Commission's mandate.

The Commission also advises Council on specific referrals in the following categories: aspects of specific land redevelopment applications, proposals for heritage designation or preservation to be registered against title to real property, applications to alter designated or protected heritage structures, assessments of property subject to a temporary protection order, and regulatory initiatives pertaining to heritage conservation.

HERITAGE FOUNDATION

The Heritage Foundation is incorporated under the British Columbia *Societies Act*. The Foundation raises funds for the conservation and restoration of heritage properties along with other community heritage initiatives. Heritage Foundation directors and members are collectively knowledgeable in the history of Oak Bay, regional architectural development and design, sound construction practices, or general knowledge that will further the purposes of this Foundation.

OAK BAY TOURISM COMMITTEE

The Tourism Committee was established pursuant to a Provincial requirement that specified municipal hotel taxes collected on tourist accommodation must be applied to the promotion of tourism within Oak Bay. Subject to the submission of a budget and business plan to the District, the Committee operates autonomously.

PARKS, RECREATION & CULTURE COMMISSION

The Parks, Recreation and Culture Commission is responsible for overseeing the parks and recreation function, including developing the annual budget, engaging in long-term planning to anticipated future needs, policy matters related to the delivery of recreation programs, the care and custody of recreation facilities, and providing a forum for public input.

POLICE BOARD

In British Columbia, municipal Police Departments are overseen by an appointed Police Board made up of civilian members of the community. Under the *Police Act* a municipal Police Board is the employer of all sworn and civilian staff of the Police Department, develops the annual police budget in consultation with the Chief Constable, and is required to determine the priorities, goals and objectives of the Police Department. A Police Board consists of the Mayor, who acts as chair, one person appointed by the municipal Council and up to seven people appointed by the Province. Board members are volunteers and are selected from a variety of backgrounds.

PUBLIC ARTS ADVISORY COMMITTEE

The Public Arts Advisory Committee is comprised of community members drawn from diverse backgrounds including areas such as art professionals, historians, architects, and visual artists with representation from the business and general community, including youth representation. The Committee has four functions:

1. Develop a Public Art Strategy for the acquisition of Public Art to be brought to the Parks, Recreation and Culture Commission annually for review;
2. Develop calls for artist proposals and select artwork for display and acquisition;
3. Prepare art selection for evaluation and review by the Public Art Inter-departmental Staff Team;
4. Advise and consult on specific issues, such as proposed gifts, donations, bequests, de-accessions and loans of artworks to the municipal collection.

2019 INITIATIVES



Undertake a review of the Volunteer Advisory Bodies to ensure that the efforts, processes, and procedures of these Bodies are optimized to support Council in its decision-making processes

APPENDICES

MESSAGE FROM THE DIRECTOR OF FINANCIAL SERVICES



As Director of Financial Services for the Corporation of the District of Oak Bay, I am pleased to present the District's audited financial statements for the year ending December 31, 2018. The statements have been prepared pursuant to 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 are the responsibility of the District's management. To assist in its responsibility, management maintains budget, accounting and internal control systems to provide reasonable assurances for the safeguarding of assets, authorizations of transactions and reliability of records.

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 District as at December 31, 2018 and the results of its operations and its cash flows for the year then ended. The District maintains a system of internal controls designed to safeguard the assets of the District and provide reliable financial information.

The financial results reflect an improved financial position and a continued commitment to sound financial management. Investment in tangible capital assets such as roads, sidewalks, and water and sewer pipes increased \$2.5 million. Total reserves increased by \$3 million, while operating fund surplus increased by \$2.1 million. All of this strengthens Oak Bay's overall financial position by \$7.9 million and places Oak Bay in a better position to provide sustainable services to our community over the long term.

Operating results for last year were higher than expected in investment income, recreation services and grants. Expenses were above budget due to an increase in staffing levels to support the increased attendance at Oak Bay Recreation, thus also reflecting a revenue increase in the same area.

The District continues to have low levels of debt and a reasonable level of reserves, and remains committed to renewing its infrastructure. In 2018, Council approved a 1% increase toward the infrastructure renewal reserve to assist with replacing our aging infrastructure. 2019 saw a 2% incremental tax increase for this reserve.

Oak Bay's prudent approach to financial management is reflected in the increasing financial asset levels, low long-term debt, and reserve levels. While Oak Bay 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 District's long-term financial sustainability. Facing new challenges each day, the District strives for continuous improvement in their operations in order to provide the highest possible level of service, while controlling costs.

A handwritten signature in black ink that reads "D. Carter".

Debbie Carter, MBA, CPA, CGA
Director of Financial Services

THE CORPORATION OF THE DISTRICT OF OAK BAY

STATEMENT OF FINANCIAL POSITION

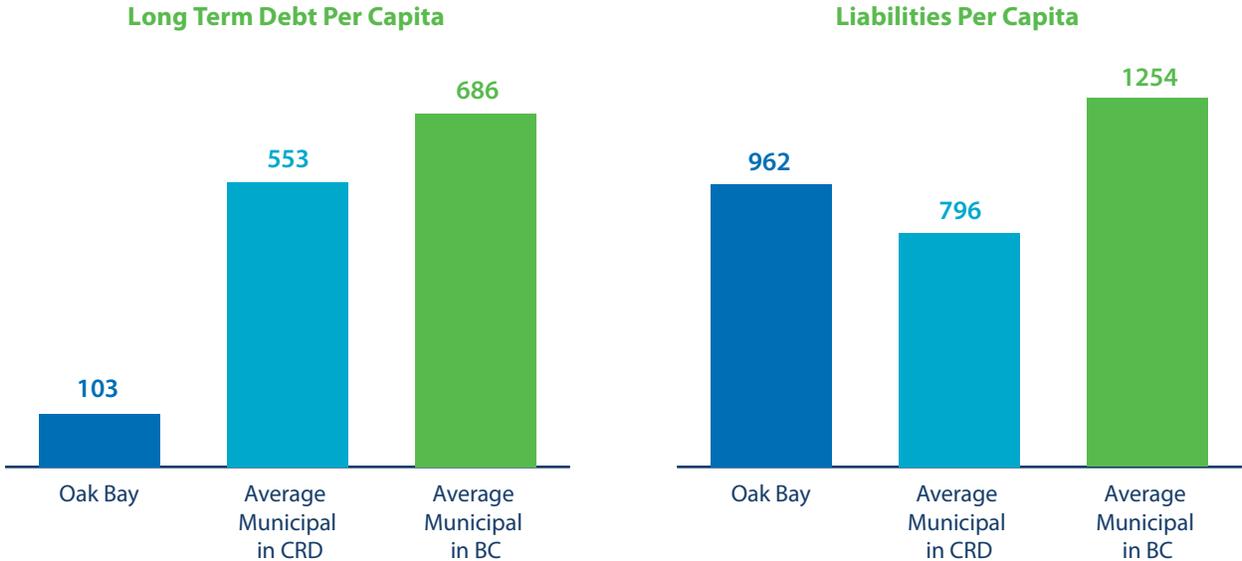
The District’s overall financial position improved by \$7.9 million (M) in 2018 (\$87.3 to \$95.2). This is an increase in net financial assets (financial assets minus financial liabilities) of \$5.7M (\$28.7 to \$34.4) and \$2.2M in non-financial assets such as tangible capital assets, inventory and prepaid expenses.

- **Financial Assets:** Financial assets are cash, investments and receivables. The increase of \$9.1M is primarily due to cash surplus from operations, which includes committed funds such as deposits held and projects that are carried forward. This amount also includes grants that are receivable.
- **Financial Liabilities:** Financial liabilities are accounts payable, developer deposits, prepaid property taxes, deferred revenues, and long-term debt. Liabilities increased \$3.4M primarily due to higher deposits taken.
- **Non-Financial Assets:** Non-financial assets are tangible capital assets, prepaid expenses and inventories. The District acquired \$4.7M, disposed of \$0.1M and amortized \$2.2M of capital assets in 2018.

Reserves increased by \$3.0M (\$27.1 to \$30.1) primarily due to transfers for equipment, capital works and infrastructure renewal and we also used less than budgeted reserves funding for capital expenditures during the year. Surplus increased from operations by \$2.1M largely due to funds held on deposit and projects started but not yet completed.

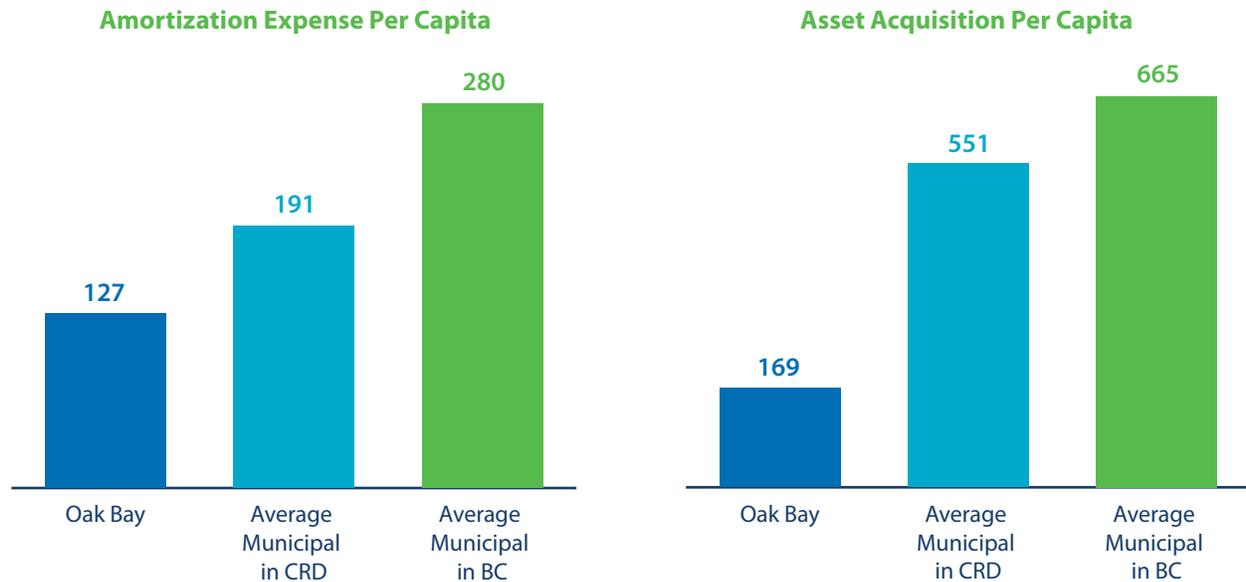
Total surplus and reserves of \$36.9M are modest for a municipality of our scope and are generally in accordance with the District’s Reserves Policy.

Liabilities and debt are important factors in municipal financial health. Oak Bay has low levels of debt and comparable levels of liabilities on a per capita basis regionally and across the Province.



Tangible Capital Assets (municipal infrastructure): Measures of Asset Sustainability include annual acquisition spending relative to the asset base, amortization, new infrastructure required, and long-term asset replacement plans.

Amortization expense is relatively low in comparison with the region and provincially, which reflects the age of the District’s infrastructure.

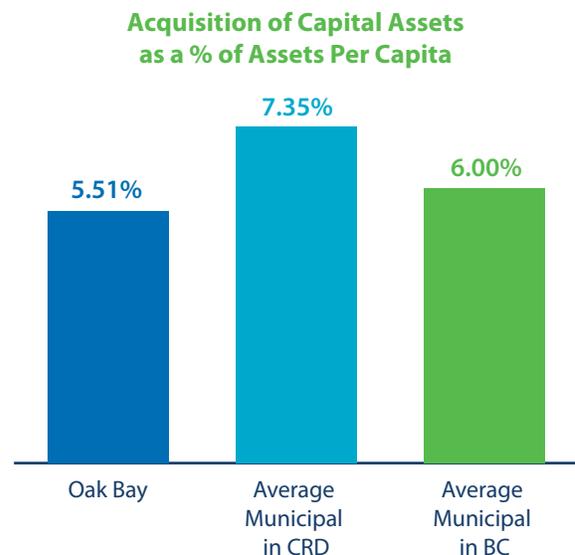


Local spending on replacement of infrastructure is significantly below average for the region and province.

The District is only slightly exceeding historical amortization with asset replacement. Asset replacement should be significantly higher than historical amortization to be sustainable.

The municipality has started to increase spending to reach sustainable asset replacement levels.

The District is not keeping pace with assets wearing out at the present rate of replacement.



CONCLUSION

Oak Bay improved its financial strength in 2018, increasing levels of assets and reserves and managing overall revenues and expenses within the 2018 Financial Plan Budget.

The District is only just beginning to increase asset acquisition to ensure that assets are replaced on a sustainable basis. Continued financial discipline to move forward on the path outlined in the District’s asset management approach will be a critical success factor in the municipality’s long-term financial health and sustainability.

APPENDIX B – REPORT ON PERMISSIVE TAX EXEMPTIONS

THE DISTRICT OF THE CORPORATION OF OAK BAY

2018 Permissive Property Tax Exemptions

<u>Name</u>	<u>Municipal Tax Relief</u>
Emmanuel Baptist Church	\$14,546.56
Guide Hall	\$1,015.24
Kiwanis Manor	\$5,597.53
Kiwanis Tea Room	\$440.81
Oak Bay Lawn Bowling Club	\$6,949.72
Oak Bay United Church	\$8,095.96
Queenswood Montessori School	\$2,849.46
St. Mary's Church	\$9,603.32
St. Patrick's Church	\$28,638.10
St. Phillip's Church	\$3,756.11
Scout Hall	\$1,547.39
	<hr/>
	\$83,040.20

APPENDIX C – FINANCIAL INFORMATION ACT REPORTS

**THE CORPORATION OF THE DISTRICT OF OAK BAY
SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID
TO OR ON BEHALF OF EACH EMPLOYEE
FOR THE YEAR 2018**

1. ELECTED OFFICIALS

	<u>Remuneration</u>	<u>Expenses</u>	<u>Allowances</u>	<u>Total</u>
Appleton, A	\$1,312.90	\$0.00	\$656.43	\$1,969.33
Braithwaite, H.	\$8,447.08	\$615.00	\$4,219.92	\$13,282.00
Croft, T. H.	\$7,157.62	\$0.00	\$3,575.21	\$10,732.83
Green, C	\$1,312.90	\$0.00	\$656.43	\$1,969.33
Jensen, N. B.	\$16,866.63	\$3,320.63	\$8,425.12	\$28,612.38
Kirby, M. W.	\$7,157.62	\$1,800.25	\$3,575.21	\$12,533.08
Murdoch, K.	\$10,251.40	\$2,050.32	\$5,122.12	\$17,423.84
Ney, T.	\$8,447.08	\$583.50	\$4,219.92	\$13,250.50
Paterson, E	\$1,312.90	\$0.00	\$656.43	\$1,969.33
Zhelka, E.	\$8,447.08	\$2,736.30	\$4,219.92	\$15,403.30
	<u>\$70,713.21</u>	<u>\$11,106.00</u>	<u>\$35,326.71</u>	<u>\$117,145.92</u>

**THE CORPORATION OF THE DISTRICT OF OAK BAY
SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID
TO OR ON BEHALF OF EACH EMPLOYEE
FOR THE YEAR 2018**

2. OTHER EMPLOYEES

Name	Department	Remuneration	Expenses
Adam, Daniel	Fire	\$ 126,107	\$ 968
Adsett, Duane	Fire	\$ 140,365	\$ 1,074
Ahokas, Jason	Fire	\$ 133,027	\$ 1,238
Ballantyne, John	Fire	\$ 131,785	\$ 2,377
Beaumont, Kyle	Fire	\$ 122,638	\$ 1,189
Brown, Cody	Fire	\$ 116,477	\$ 1,215
Brozuk, David	Public Works	\$ 118,233	\$ -
Buser, Rene	Building & Planning	\$ 79,519	\$ 1,507
Carlson, Caitlin	Recreation	\$ 77,052	\$ -
Carter, Debbie	Finance	\$ 155,681	\$ 4,203
Cobus, Leslie	Recreation	\$ 77,635	\$ -
Cockle, David	Fire	\$ 160,847	\$ 1,475
Costin, Donna	Finance	\$ 116,586	\$ 2,435
Currie, John	Public Works	\$ 84,778	\$ -
Ding, K. Richard	Engineering	\$ 98,671	\$ 2,213
Donnelly, Bonnie	Human Resources	\$ 109,442	\$ 223
Frenkel, Trent	Fire	\$ 109,606	\$ 1,457
Matthews, Garrett	Public Works	\$ 85,558	\$ -
Grelson, Jennifer	Recreation	\$ 87,680	\$ 657
Herman, Ray	Recreation	\$ 148,619	\$ 1,050
Hodge, Jason	Fire	\$ 121,388	\$ 1,285
Horan, Daniel	Engineering	\$ 138,523	\$ 3,246
Hughes, Darren	Fire	\$ 154,756	\$ 3,151
Hyde-lay, Christopher	Parks	\$ 104,102	\$ -
Ireland, Riley	Fire	\$ 119,821	\$ 1,345
Jensen, Deborah	Building & Planning	\$ 95,597	\$ 389
Johnson, Terry	Public Works	\$ 107,853	\$ -
Jones, Warren	Administration	\$ 122,379	\$ -
Josephson, Michael	Fire	\$ 114,349	\$ 717
Joynson, Jason	Fire	\$ 129,812	\$ 2,561
Kivell, Robert	Fire	\$ 131,085	\$ 602
Koning, Helen	Administration	\$ 182,904	\$ -
Kreiger, Xanthe "Mandi"	Recreation	\$ 76,580	\$ -
Lawrence, Caroline	Recreation	\$ 76,353	\$ -
Lee, Darren	Fire	\$ 99,987	\$ 5,744
Malinosky, Kris	Fire	\$ 136,117	\$ 2,400
Marshall, R. Gordon	Fire	\$ 153,126	\$ 1,284
Meikle, Steven	Recreation	\$ 103,778	\$ 657
Nielsen, Peter	Public Works	\$ 78,552	\$ -
Paul, Christopher	Parks	\$ 75,141	\$ 1,076
Pearson, James	Recreation	\$ 94,071	\$ 1,507
Popham, Jonathan	Fire	\$ 153,839	\$ 973
Roberts, Tim	Parks	\$ 81,126	\$ -
Rushton, Eric	Fire	\$ 99,457	\$ 490
Scott, Brad	Fire	\$ 137,524	\$ 2,692
Smith, Patrick	Public Works	\$ 76,212	\$ -
Stewart, C. Roger	Fire	\$ 145,555	\$ 2,228
Swan, Gregory	Fire	\$ 121,801	\$ 3,911
Thomson, Cameron	Fire	\$ 151,919	\$ 732
Thorneloe, Adam	Fire	\$ 124,355	\$ 1,170
Trenholm, Bradley	Fire	\$ 124,187	\$ 2,376
Trumble, Douglas	Fire	\$ 140,327	\$ 864
Varela, Louelyn	Administration	\$ 80,867	\$ 2,466

**THE CORPORATION OF THE DISTRICT OF OAK BAY
 SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID
 TO OR ON BEHALF OF EACH EMPLOYEE
 FOR THE YEAR 2018**

2. OTHER EMPLOYEES (con't)

Name	Department	Remuneration	Expenses
Welham, Janet	Recreation	\$ 76,358	\$ -
Wetselaar, Jurrien	Public Works	\$ 76,464	\$ -
Wooster, Wayne	Public Works	\$ 84,627	\$ -
Total of Employees > \$75,000		\$ 6,371,197	
Others, Police or less than \$75,000		\$ 13,362,581	
TOTAL EARNINGS -OTHER EMPLOYEES		\$ 19,733,778	

THE CORPORATION OF THE DISTRICT OF OAK BAY

SCHEDULE OF DEBTS

YEAR ENDING DECEMBER 31, 2018

Long Term Debt

Information on the long term debt of this organization is shown in Note 5 of the Financial Statements.

Debts covered by sinking funds or reserves

As shown in Notes 5 and 9(a) to the Financial Statements, long term debt of \$4,715,000 has been borrowed through the Municipal Finance Authority. The debentures are issued on a sinking fund basis. At December 31, 2018 the debt total was \$1,743,524

THE CORPORATION OF THE DISTRICT OF OAK BAY
SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS
YEAR ENDING DECEMBER 31, 2018

This organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

THE CORPORATION OF THE DISTRICT OF OAK BAY
STATEMENT OF SEVERANCE AGREEMENTS
YEAR ENDING DECEMBER 31, 2018

There were no severance agreements made between The Corporation of the District of Oak Bay and its non-unionized employees during 2018.

**THE CORPORATION OF THE DISTRICT OF OAK BAY
SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF
GOODS OR SERVICES
YEAR ENDING DECEMBER 31, 2018**

Suppliers who received aggregate payments exceeding \$25,000

0869926 BC LTD	\$ 38,665.15
1051735 BC LTD	\$ 89,990.17
ACCENT REFRIGERATION SYSTEMS LTD	\$ 739,646.80
ACME SUPPLIES LTD	\$ 85,176.59
ALPHA ROOFING AND SHEET METAL INC.	\$ 92,538.75
ANDREW SHERET LTD	\$ 170,759.73
AON REED STENHOUSE	\$ 151,824.00
AQUASHINE BUILDING SERVICES	\$ 46,260.91
B&C FOODS	\$ 30,716.16
B.C. HYDRO AND POWER AUTHORITY	\$ 414,616.24
BEACON RIDGE PRODUCTIONS	\$ 34,858.31
BLACK PRESS GROUP LTD	\$ 47,851.82
BLOOM YOGA	\$ 44,152.23
CANADIAN LINEN & UNIFORM SERVICE	\$ 27,305.42
CANADIAN RED CROSS	\$ 27,429.72
CAPITAL REGIONAL DISTRICT	\$ 4,354,304.04
CITY OF VICTORIA	\$ 92,766.50
COMMISSIONAIRES	\$ 42,230.17
CORIX WATER PRODUCTS LIMITED PARTNERSHIP	\$ 153,603.53
DIGITAL POSTAGE ON CALL	\$ 30,240.00
DL'S BINS LTD	\$ 25,852.48
DR. HOE EXCAVATING	\$ 29,662.50
DUPUIS NICOLE	\$ 26,381.15
E. LEES & ASSOCIATES CONSULTING LTD	\$ 29,804.40
ELISCO ENTERPRISES INC	\$ 47,144.46
ELLS KATHRYN	\$ 66,803.50
EMCO CORPORATION	\$ 198,752.96
EMTERRA ENVIRONMENTAL	\$ 505,090.29
F.H. BLACK & COMPANY INCORPORATED	\$ 42,665.00
GREATER VICTORIA LABOUR RELATIONS ASSOCIATION	\$ 49,738.49
GREATER VICTORIA SCHOOL BOARD (Rentals Dept)	\$ 59,440.39
GVLRA - CUPE LTD TRUST	\$ 91,798.32
HARRIS KIRA	\$ 33,717.28
HERITAGEWORKS LTD	\$ 39,631.51
H2X CONTRACTING LTD	\$ 84,040.23
IGI RESOURCES INC.	\$ 55,295.09
INSITUFORM TECHNOLOGIES LIMITED	\$ 287,842.99
INSURANCE CORPORATION OF BC	\$ 100,345.00
ISLAND ASPHALT COMPANY	\$ 1,286,488.19
KAL TIRE (LANGFORD)	\$ 29,114.15
KEN HALL ART INC	\$ 25,000.00
KERR WOOD LEIDAL ASSOCIATES LTD	\$ 88,088.61
KPMG LLP T4348	\$ 29,610.00
LEHIGH MATERIALS V8261	\$ 272,834.27
LOPETER TRUCKING LTD	\$ 130,977.72
LORDCO PARTS LTD	\$ 32,078.99
MACDONALD CAYLE	\$ 28,654.00
MAGNET MANAGEMENT	\$ 33,698.65
MCELHANNEY CONSULTING SERVICES LTD	\$ 163,622.43

**THE CORPORATION OF THE DISTRICT OF OAK BAY
SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF
GOODS OR SERVICES
YEAR ENDING DECEMBER 31, 2018**

Suppliers who received aggregate payments exceeding \$25,000 (con't)

MCKEAN VICTORIA	\$ 32,777.50
MICHELL BROTHERS FARM COMPOSTING	\$ 131,456.20
MICROSERVE V8205	\$ 31,223.81
MONK OFFICE SUPPLY LTD	\$ 55,828.75
MUNICIPAL INSURANCE ASSOCIATION OF BC	\$ 155,614.40
MUSIC TOGETHER VICTORIA	\$ 69,559.43
NORTHRIDGE EXCATING LTD	\$ 230,274.09
OAK BAY MARINE GROUP	\$ 26,645.58
PACIFIC BLUE CROSS	\$ 492,404.21
PARKLAND REFINING (B.C.) LTD.	\$ 251,985.51
PERFECTMIND INC	\$ 60,500.16
PRIMECORP	\$ 27,527.82
RAYLEC POWER LTD	\$ 28,362.29
RECEIVER GENERAL (Employer's EI & CPP contributions only)	\$ 942,560.75
RICOH CANADA INC.	\$ 46,985.44
ROPER GREYELL LLP	\$ 30,345.28
ROYAL ROOTER PLUMBING & DRAIN CLEANING LTD	\$ 97,063.61
RUSSELL HENDRIX FOODSERVICE EQUIPMENT	\$ 31,729.34
RYZUK GEOTECHNICAL	\$ 25,071.66
SAANICH, THE CORPORATION OF THE DISTRICT OF	\$ 438,990.51
SCHO'S LINE PAINTING LTD	\$ 163,205.47
SEA TO SKY NETWORK SOLUTIONS INC	\$ 219,865.14
STANTEC CONSULTING LTD	\$ 26,094.65
STEWART MCDANNOLD STUART BARRISTERS & SOLICITORS	\$ 28,660.43
SYSCO VICTORIA INC.	\$ 137,354.22
TELUS COMMUNICATIONS (BC) INC	\$ 39,993.95
TELUS MOBILITY	\$ 47,783.21
TEMPEST DEVELOPMENT GROUP INC	\$ 86,125.50
TRAN SIGN (1999) LTD	\$ 39,462.65
TRIO READY-MIX (1971) LTD	\$ 68,198.81
VADIM COMPUTER MANAGEMENT GROUP LTD	\$ 35,341.07
VICTORIA ANIMAL CONTROL SERVICES	\$ 74,591.90
VICTORIA LANDSCAPE GRAVEL MART LTD	\$ 63,552.17
VICTORIA PLAYCO INSTALLATIONS LTD	\$ 58,730.70
WILSON & PROCTOR LTD.	\$ 50,731.71
	<hr/>
Total Suppliers Equal and Over \$25,000	\$ 14,955,707
Other Suppliers Less Than \$25,000	\$ 3,620,777
	<hr/>
	<u>\$ 18,576,484</u>

**THE CORPORATION OF THE DISTRICT OF OAK BAY
SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF
GOODS OR SERVICES
YEAR ENDING DECEMBER 31, 2018**

Payment to suppliers for grants and contributions exceeding \$25,000

Oak Bay Business Improvement Association	\$ 80,000
Oak Bay Volunteer Services	\$ 35,000
	<u>\$ 115,000</u>

Reconciliation

Total of suppliers receiving > \$25,000	\$ 14,955,707
Total of suppliers receiving < \$25,000	\$ 3,620,777
Total grants and contributions > \$25,000	\$ 115,000
Less: Expenses relating to employee benefits and expenses	\$ (1,434,965)
Less: Accruals	\$ (3,769,345)
	<u>\$ 13,487,174</u>
Total per Note 13 of financial statements	<u>\$ 13,487,174</u>
Variance	<u>\$ 0</u>

Expenditures in the financial statements are on an accrual basis, whereas the above amounts paid are on a cash basis. It is important to note that not all payments are expenditures, and that not all expenditures are payments.

THE CORPORATION OF THE DISTRICT OF OAK BAY

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.



Debbie Carter
Director of Financial Services
May 31, 2019

APPENDIX D – AUDITED FINANCIAL STATEMENTS

THE CORPORATION OF THE DISTRICT OF OAK BAY

Financial Statements

Year Ended December 31, 2018

Financial Statements

Management's Responsibility for the Financial Statements	1
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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the District of Oak Bay (the "District") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with public sector accounting principles established by the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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



Director of Financial Services



KPMG LLP
800 – 730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the Corporation of the District of Oak Bay

Opinion

We have audited the financial statements of the Corporation of the District of Oak Bay (the "District"), which comprise:

- the statement of financial position as at end of December 31, 2018
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

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

Basis for Opinion

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

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

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

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

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

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

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.



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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 6, 2019

THE CORPORATION OF THE DISTRICT OF OAK BAY

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 2,652,819	\$ 1,353,569
Investments (note 2)	51,403,532	45,140,151
Taxes receivable	637,077	519,732
Other accounts receivable	3,078,580	1,657,789
	57,772,008	48,671,241
Financial liabilities:		
Accounts payable and accrued liabilities	3,090,837	3,742,329
Deposits	6,524,766	2,612,421
Prepaid property taxes	1,678,708	1,646,374
Deferred revenue (note 3)	8,655,804	8,065,342
Employee future benefit obligations (note 4)	1,691,000	1,723,600
Long-term debt (note 5)	1,743,524	2,135,845
	23,384,639	19,925,911
Net financial assets	34,387,369	28,745,330
Non-financial assets:		
Tangible capital assets (note 6)	60,049,180	57,557,482
Inventory of supplies	413,656	488,376
Prepaid expenses	344,156	480,410
	60,806,992	58,526,268
Accumulated surplus (note 7)	\$ 95,194,361	\$ 87,271,598

Commitments and contingent liabilities (note 9)

See accompanying notes to financial statements.



Director of Financial Services

THE CORPORATION OF THE DISTRICT OF OAK BAY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Financial plan (note 12)	2018	2017
Revenue:			
Taxation, net (note 8)	\$ 24,826,858	\$ 24,839,998	\$ 23,645,360
Sales and services	8,134,508	8,694,983	8,114,756
Other revenues	1,489,346	1,433,026	1,595,549
Government transfers	2,951,629	3,055,808	1,969,532
Investment income	140,000	883,831	483,431
Sales of water and sewer charges	6,933,001	6,720,534	6,181,453
Total revenue	44,475,342	45,628,180	41,990,081
Expenses:			
General government	4,511,844	4,193,014	4,833,341
Protective services	10,018,110	9,689,062	9,636,020
Transportation services	3,001,753	3,420,380	3,488,834
Environmental health	1,281,118	1,331,146	1,323,748
Recreation services	12,209,437	12,882,945	12,462,905
Water utility	3,023,747	3,253,596	3,120,586
Sewer collection system	2,555,302	2,935,274	2,538,575
Total expenses	36,601,311	37,705,417	37,404,009
Annual surplus	7,874,031	7,922,763	4,586,072
Accumulated surplus, beginning of year	87,271,598	87,271,598	82,685,526
Accumulated surplus, end of year	\$ 95,145,629	\$ 95,194,361	\$ 87,271,598

See accompanying notes to financial statements.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Statement of Change in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	Financial Plan (note 12)	2018	2017
Annual surplus	\$ 7,874,031	\$ 7,922,763	\$ 4,586,072
Acquisition of tangible capital assets	(7,652,109)	(4,736,422)	(3,277,359)
Amortization of tangible capital assets	-	2,191,509	2,372,406
Loss on disposal of tangible capital assets	-	49,215	22,950
Proceeds on disposal of tangible capital assets	-	4,000	42,685
	(7,652,109)	(2,491,698)	(839,318)
Use of inventory of supplies	-	74,720	21,887
Use of prepaid expenses	-	136,254	31,914
	-	210,974	53,801
Change in net financial assets	221,922	5,642,039	3,800,555
Net financial assets, beginning of year	28,745,330	28,745,330	24,944,775
Net financial assets, end of year	\$ 28,967,252	\$ 34,387,369	\$ 28,745,330

See accompanying notes to financial statements.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 7,922,763	\$ 4,586,072
Items not involving cash:		
Amortization of tangible capital assets	2,191,509	2,372,406
Loss on disposal of tangible capital assets	49,215	22,950
Actuarial adjustment on debt	(139,732)	(126,288)
Changes in non-cash operating assets and liabilities:		
Taxes receivable	(117,345)	(83,028)
Other accounts receivable	(1,420,791)	(43,048)
Accounts payable and accrued liabilities	(651,492)	1,356,232
Deposits	3,912,345	285,921
Prepaid property taxes	32,334	(8,572)
Deferred revenue	590,462	542,855
Employee future benefit obligations	(32,600)	8,400
Inventory of supplies	74,720	21,887
Prepaid expenses	136,254	31,914
	12,547,641	8,967,701
Capital activities:		
Acquisition of tangible capital assets	(4,736,422)	(3,277,359)
Proceeds on disposal of tangible capital assets	4,000	42,685
	(4,732,422)	(3,234,674)
Investing activities:		
Investments	(6,263,381)	(5,852,895)
Financing activities:		
Long-term debt repaid	(252,589)	(261,677)
Increase (decrease) in cash and cash equivalents	1,299,249	(381,545)
Cash and cash equivalents, beginning of year	1,353,569	1,735,114
Cash and cash equivalents, end of year	\$ 2,652,819	\$ 1,353,569

See accompanying notes to financial statements.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

The Corporation of the District of Oak Bay (the "District") was incorporated on July 2, 1906 under the Municipal Act, a statute of the Province of British Columbia. Its principal activities are the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water, sewer and fiscal services.

1. Significant accounting policies:

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

(a) Reporting entity:

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

(i) Consolidated entities:

The District does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

(ii) Funds held in trust:

The financial statements exclude trust assets that are administered for the benefit of external parties (note 11).

(b) Basis of accounting:

The District 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) Cash and cash equivalents:

Cash and cash equivalents are defined as cash on hand, demand deposits, and short-term highly liquid investments with a maturity date of less than 3 months at acquisition that are readily converted to known amounts of cash and which are subject to an insignificant risk of change in value.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies: (continued)

(d) Investments:

Investments are recorded at cost. Investments in the Municipal Finance Authority of British Columbia ("MFA") Bond, Intermediate and Money Market Funds are recorded at cost plus earnings reinvested in the funds.

(e) 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.

(f) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

(g) Property tax revenue:

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

(h) Investment income:

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

(i) Long-term debt:

Long-term debt is recorded net of related principal repayments and actuarial adjustments.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies: (continued)

(j) Employee future benefits:

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

Sick leave and other retirement benefits are also available to the District's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(k) Non-financial capital assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Land improvements	15 - 50
Building and building improvements	25 - 100
Machinery and equipment	3 - 30
IT equipment	5 - 8
Vehicles	10 - 20
Roads and drainage	25 - 100

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services, or when the value of the future economic benefits associated with the asset are less than the book value of the asset.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies: (continued)

(k) Non-financial capital assets: (continued)

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) 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 District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vi) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(l) Liability for contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the District is directly responsible or accepts responsibility for the liability
- (iv) future economic benefits will be given up, and

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies: (continued)

- (l) Liability for contaminated sites: (continued)
 - (v) a reasonable estimate of the liability can be made.
- (m) Use of estimates:

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

2. Investments:

	2018	2017
MFA Money Market Fund	\$41,274,976	\$35,200,459
MFA Bond Fund	228,624	224,670
MFA Intermediate Fund	9,899,932	9,715,022
	\$51,403,532	\$45,140,151

The fair value of the Funds approximates the recorded value.

3. Deferred revenue:

Deferred revenue, reported on the statement of financial position, is made up of the following:

	2018	2017
Gas Tax Agreement Funds balance	\$ 6,106,315	\$ 6,001,315
Unearned revenues	2,549,489	2,064,028
Total deferred revenue	\$ 8,655,804	\$ 8,065,343

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

3. Deferred revenue: (continued)

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the local government and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. Certain funds received under the Gas Tax Agreement have been publicly committed by Council for use towards a specific sewer infrastructure project, and as such, have met the definition of a liability. Amounts will be recognized in revenue as expenditures are incurred on the project.

Schedule of Gas Tax Agreement funds

	2018	2017
Opening balance of unspent funds	\$ 6,001,314	\$ 5,957,207
Add:		
Interest earned	105,001	44,107
Closing balance of unspent funds	\$ 6,106,315	\$ 6,001,314

4. Employee future benefit obligations:

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

Accumulated sick leave represents the liability for sick leave banks accumulated for estimated draw downs at future dates. Retirement benefit payments represent the District's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments, death benefits, certain vacation entitlements in the year of retirement, and pension buyback arrangements for qualified employees. The accrued employee benefit obligations and the net periodic benefit cost were estimated by an actuarial valuation completed effective for December 31, 2016 and extrapolated to December 31, 2018.

Information about liabilities for employee benefit plans is as follows:

	2018	2017
Accrued benefit liability, beginning of year	\$ 1,723,600	\$ 1,715,200
Service cost	132,900	122,800
Interest cost	50,700	54,700
Long-term disability expense	(114,000)	61,900
Actuarial adjustment	900	(9,700)
Benefit payments	(103,100)	(221,300)
Accrued benefit liability, end of year	\$ 1,691,000	\$ 1,723,600

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

4. Employee future benefit obligations: (continued)

The difference between the actuarially accrued benefit obligation of \$1,734,000 (2017 \$1,842,400) and the accrued benefit liability of \$1,691,000 (2017 - \$1,723,600) is an actuarial net loss of \$43,000 (2017 - \$118,800). This actuarial loss is being amortized over a period equal to the employees' average remaining service period of 10 years.

The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$70,500 (2017 - \$229,700).

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

	2018	2017
Discount rates	3.30%	2.90%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.59 to 4.63%	2.59 to 4.63%

Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculation contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contribution sufficient to provide benefits for average future entrants to the plan. The rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of the unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The next valuation for the Municipal Pension Plan will be December 31, 2018, with results available later in 2019.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

4. Employee future benefit obligations: (continued)

The District paid \$1,848,231 (2017 - \$1,892,816) for employer contributions while employees contributed \$1,461,054 (2017 - \$1,473,844) to the plan in fiscal 2018

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

GVLRA - CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employees representing a number of CUPE locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. The District and its employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined at December 31, 2014. At December 31, 2017, the total plan provision for approved and unreported claims was \$17,177,300 with a net surplus of \$3,852,873. The actuary does not attribute portions of the unfunded liability to individual employers. The District paid \$86,745 (2017 - \$95,427) for employer contributions and District employees paid \$91,893 (2017 - \$100,191) for employee contributions to the plan in fiscal 2018.

5. Long-term debt:

	2018	2017
Debenture debt - MFA Issue 80 payable at \$142,594 annually; fixed interest payments 2.40% paid semi-annually (\$113,160). Final payment October 3, 2023. As of October 3, 2018, interest rates were reset at 2.85%	\$ 1,638,031	\$ 1,920,357
Capital loans - MFA, payable monthly; payments include interest between 1.07% -1.40%; maturity dates from 2018 to 2020.	105,493	215,488
Total long-term debt	\$ 1,743,524	\$ 2,135,845

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

5. Long-term debt: (continued)

(a) Debenture debt:

The loan agreements with the Capital Regional District and the MFA provide that if, at any time, the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect of such borrowings, the resulting deficiency becomes a liability of the District.

The District issues its debentures through the MFA. Debentures are issued on a sinking fund basis, where the MFA invests the District's sinking fund payments so that the payments, plus investment income, will equal the original outstanding debt amount at the end of the repayment period. The gross value of debenture debt at December 31, 2018 is \$4,715,000.

(b) The aggregate amount of payments required on the District's long-term debt during each of the next five years is as follows:

	Minimum loan payments	Estimated principal payments	Total
2019	\$ 82,681	\$ 142,594	\$ 225,275
2020	24,916	142,594	167,510
2021	-	142,594	142,594
2022	-	142,594	142,594
2023	-	142,594	142,594
	\$ 107,597	\$ 712,970	\$ 820,567

(c) Total interest expense on long-term debt for the year ending December 31, 2018 amounted to \$117,084 (2017 - \$117,401).

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

6. Tangible capital assets:

Cost	Balance December 31, 2017	Additions	Disposals/ Transfers	Balance December 31, 2018
Land	\$ 2,852,877	\$ -	\$ -	\$ 2,852,877
Land improvements	1,652,155	60,907	-	1,713,062
Building and building improvements	25,853,013	151,069	(18,857)	25,985,225
Machinery and equipment	3,299,020	166,621	(18,437)	3,447,204
IT Equipment	1,217,420	131,720	(18,807)	1,330,333
Vehicles	6,128,479	69,086	(49,171)	6,148,394
Roads, drains, sewer and water	58,547,031	3,273,623	1,062,723	62,883,377
Assets under construction	1,502,864	883,396	(1,167,902)	1,218,358
Total	\$ 101,052,859	\$ 4,736,422	\$ (210,451)	\$ 105,578,830

Accumulated amortization	Balance December 31, 2017	Amortization Expense	Disposals	Balance December 31, 2018
Land improvements	\$ 386,824	\$ 55,425	\$ -	\$ 442,249
Building and building improvements	8,913,827	454,505	(13,326)	9,355,006
Machinery and equipment	1,792,833	259,584	(15,745)	2,036,672
IT Equipment	757,701	191,155	(18,807)	930,049
Vehicles	3,074,910	272,307	(24,713)	3,322,504
Roads, drains, sewer and water	28,569,282	958,533	(84,645)	29,443,170
Total	\$ 43,495,377	\$ 2,191,509	\$ (157,236)	\$ 45,529,650

Net book value	December 31, 2017	December 31, 2018
Land	\$ 2,852,877	\$ 2,852,878
Land improvements	1,265,334	1,270,816
Building and building improvements	16,939,187	16,630,219
Machinery and equipment	1,506,186	1,410,530
IT equipment	459,720	400,285
Vehicles	3,053,568	2,825,889
Roads, drains, sewer and water	29,977,746	33,440,204
Assets under construction	1,502,864	1,218,359
Total	\$ 57,557,482	\$ 60,049,180

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

6. Tangible capital assets: (continued)

(a) Assets under construction:

Assets under construction having a value of \$1,218,358 (2017 - \$1,502,864) have not been amortized. Amortization of these assets will commence when the asset is available for service.

(b) Contributed tangible capital assets:

There were no contributed assets recognized during 2017 or 2018.

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, tangible capital assets are recognized at a nominal value. Land is the only category where nominal values have been assigned.

(d) Works of art and historical treasures:

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

(e) Write-down of tangible capital assets:

There were no write-downs assets during 2017 or 2018.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

7. Accumulated surplus:

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

	2018	2017
Surplus:		
Equity in tangible capital assets	\$ 58,305,656	\$ 55,421,637
Operating Fund	6,773,198	4,743,791
Total surplus	65,078,854	60,165,428
Reserve Funds:		
Village Parking	929,921	913,382
Fire Equipment	1,289,037	1,132,669
Land Sale	37,378	33,259
Machinery and Equipment	2,233,674	1,957,271
Heritage	2,178,532	2,163,911
Tax Sale Property	1,789	1,769
Parks Acquisition	463,757	275,487
Capital works	21,241,568	19,965,242
Alternative Transportation Infrastructure	14,197	14,041
Infrastructure Renewal	1,725,654	649,139
Total reserve funds	30,115,507	27,106,170
	\$ 95,194,361	\$ 87,271,598

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

8. Taxation:

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

	2018	2017
Taxes		
Property tax	\$ 41,887,116	\$ 40,278,465
Grants in lieu of taxes	186,999	181,028
Special assessments and local improvements	199,643	272,820
1% Utility tax	93,462	102,216
Waste disposal fees	1,541,770	1,542,300
Penalties and interest	151,684	157,492
	44,060,674	42,534,321
Less taxes levied on behalf of:		
Provincial government - school taxes	10,685,418	10,431,685
Capital Regional District	3,182,813	3,068,910
Telus (CREST) - CRD	64,219	64,922
Provincial Government - Non-residential school	1,003,429	1,004,463
Capital Regional Hospital District	2,089,714	2,094,992
Municipal Finance Authority	1,830	1,621
BC Assessment Authority	376,736	357,853
BC Transit Authority	1,736,519	1,784,515
Business Improvement Area	79,998	80,000
	19,220,676	18,888,961
Net taxes available for municipal purposes	\$ 24,839,998	\$ 23,645,360

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

9. Commitments and contingent liabilities:

In the normal course of business, the District enters into commitments for both capital and operational expenses. These commitments have been budgeted for within the appropriate annual financial plan and have been approved by Council.

(a) MFA debt reserve fund deposits:

Under borrowing arrangements with the MFA, the District is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are included in the District's financial assets as cash and are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the District. At December 31, 2018 there were contingent demand notes of \$136,718 (2017 - \$136,718) which are not included in the financial statements of the District.

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

(c) The District is a shareholder and member of the Capital Regional Emergency Service Telecommunications (CREST) Incorporated whose services provide centralized emergency communications, and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.

(d) In the normal course of business, the District is a defendant in various lawsuits for which no liability is reasonably determinable at this time. Should the claims be successful as a result of litigation, amounts will be recorded when a liability is likely and determinable.

The District is self-insured for general liability claims through membership in the Municipal Insurance Association of British Columbia, a reciprocal insurance exchange. Under this program, member municipalities jointly share claims against any member in excess of their deductible. Should the Association pay out claims in excess of premiums received, it is possible that the District, along with the other participants, would be required to contribute towards the deficit. The District's deductible is \$10,000.

(e) During 2008 the Province of BC gave its share (50%) of the heritage property known as Tod House to the District. The value of this transaction was recorded as \$395,000. Concurrently the Province registered a "Possibility of Reverter" against the property. This states that the Province has granted its interest to the District "for so long as the land is used for the specific purpose of managing the Tod House Heritage Site". Previous correspondence with the Province suggests that if the property use is changed the District will pay to the Province 50% of the market value of the property at the time that its use changed. The District has no plans to change the use of Tod House.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

9. Commitments and contingent liabilities: (continued)

- (f) During 2015, the District entered into a lease agreement with the Board of Education of School District No. 61 (Greater Victoria) to lease the Neighbourhood Learning Centre, located in the Oak Bay High School. The lease commenced on September 1, 2015 and requires annual lease payments of \$89,984 for a term of 25 year

10. Contractual Rights

The District of Oak Bay's contractual rights arise from rights to receive payments from lease agreements. The District leases real estate property to commercial, affordable housing and non-profit organizations with terms ranging from 1 to 30 years. The District has contractual rights to receive the following amounts of lease revenue in the next 5 years.

Year	Lease Revenue
2019	\$ 444,240
2020	444,240
2021	444,240
2022	444,240
2023	444,240
	\$ 2,221,200

11. Trust funds:

Trust funds administered by the District have not been included in the statement of financial position nor have their operations been included in the statement of operations.

	Heritage House Trust	Legacy Trusts	2018	2017
Financial assets:				
Cash	\$ 676	\$ 76,592	\$ 77,268	\$ 76,421
Investments	322,261	333,597	655,858	598,716
Due from operating fund	14,288	14,220	28,508	46,789
	\$ 337,225	\$ 424,409	\$ 761,634	\$ 721,926

Since the use of Trust Funds is restricted, their assets and liabilities are not recorded in the financial statements.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

11. Trust funds: (continued)

The District has received bequests that are to be used for various purposes. These are maintained in the Legacy Trusts, with authorized expenditures being funded from it, and earnings on investments being added to the Trust.

12. Financial plan data:

The financial plan data presented in these financial statements is based upon the 2018 operating and capital financial plans approved by Council on May 2, 2018 and subsequent amendments. Amortization was not contemplated in the development of the financial plan and, as such, has not been included. The following reconciles the approved financial plan to the financial plan figures reported in these financial statements.

	Financial plan amount
Revenues:	
Financial plan	\$ 48,748,657
Less:	
Transfers from reserves	1,945,710
Transfers from own funds	2,327,605
Total revenue	44,475,342
Expenses:	
Financial plan	48,748,657
Less:	
Capital expenses	7,652,109
Transfers to reserves	2,077,584
Debt principal payments	142,594
Transfers to own funds	2,275,059
Total expenses	36,601,311
Annual surplus	\$ 7,874,031

The annual surplus above represents the planned results of operations prior to the budgeted transfers between reserve funds, debt repayments and capital expenditures.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

13. Segmented information:

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

(a) General Government

The departments within General Government are Corporate Administration, Finance, and Information Technology. These departments are responsible for adopting bylaws, adopting administrative policy, levying taxes, ensuring effective financial management, monitoring performance and ensuring that high quality municipal service standards are met.

(b) Protective Services:

Protective Services is made up of Police, Fire, Building and Planning and Animal Control. The Police Department ensures the safety of the lives and property of Oak Bay citizens through the enforcement of municipal bylaws and criminal law, the maintenance of law and order, and the prevention of crime. The Fire Department is responsible for providing critical, life-saving services in preventing or minimizing the loss of life and property from fire emergencies. The Fire Department also coordinates the District's emergency program. The Building and Planning department provides a full range of building services related to permits and current regulatory issues and through its Bylaw Enforcement division promotes, facilitates and enforces general compliance with bylaws. Animal Control services enforce the animal control bylaws and operate the pound and adoption centre for animals.

(c) Transportation Services:

Transportation Services is responsible for the construction and maintenance of roads and sidewalks throughout Oak Bay. Other duties include street cleaning, leaf pickup, snow removal and street lighting. This department is also responsible for the construction and maintenance of the storm drain collection systems.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

13. Segmented information: (continued)

(d) Environmental Health Services:

The Environmental Health Services is responsible for the collection and disposal of household garbage.

(e) Recreation Services:

Recreation Services is responsible for providing, facilitating the development of, and maintaining the high quality of parks, recreation facilities, and cultural services.

(f) Water Utilities and Sewer Collection System:

The Water Utilities and Sewer Collection System Departments operate and distribute the water and sewer networks. They are responsible for the construction and maintenance of the water and sewer distribution systems, including mains and pump stations.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. Taxation and payments-in-lieu of taxes are apportioned to General Government, Protective, Transportation, and Recreation Services based on current year expenditures less revenue from other sources. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

13. Segmented information: (continued)

2018	General Government	Protective Services	Transportation Services	Environmental Health	Recreation Services	Water Utility	Sewer Collection System	Total
Revenue:								
Taxation, net	\$ 1,685,617	\$ 11,863,745	\$ 4,688,222	\$ 1,541,770	\$ 5,060,644	\$ -	\$ -	\$ 24,839,998
Sales and service	120,441	-	-	6,914	8,567,628	3,628,235	3,092,299	15,415,517
Government transfers	1,508,839	203,312	-	-	665,563	678,094	-	3,055,808
Other revenues	464,232	929,576	39,218	-	-	-	-	1,433,026
Investment income	883,831	-	-	-	-	-	-	883,831
Total revenue	4,662,960	12,996,633	4,727,440	1,548,684	14,293,835	4,306,329	3,092,299	45,628,180
Expenses:								
Salaries and wages	1,542,284	8,416,484	1,864,067	369,551	8,726,688	526,864	462,463	21,908,401
Materials, supplies and services	2,494,994	1,109,346	909,353	826,896	3,353,932	2,435,293	2,357,360	13,487,174
Interest and other	-	-	-	-	118,334	-	-	118,334
Amortization of tangible capital assets	155,736	163,232	646,960	134,699	683,991	291,439	115,451	2,191,508
Total expenses	4,193,014	9,689,062	3,420,380	1,331,146	12,882,945	3,253,596	2,935,274	37,705,417
Annual surplus	\$ 469,946	\$ 3,307,571	\$ 1,307,060	\$ 217,538	\$ 1,410,890	\$ 1,052,734	\$ 157,025	\$ 7,922,763

THE CORPORATION OF THE DISTRICT OF OAK BAY

Notes to Financial Statements

Year ended December 31, 2018

13. Segmented information: (continued)

2017	General Government	Protective Services	Transportation Services	Environmental Health	Recreation Services	Water Utility	Sewer Collection System	Total
Revenue:								
Taxation, net	\$ 2,926,294	\$ 9,830,084	\$ 4,079,301	\$ 1,542,300	\$ 5,267,381	\$ -	\$ -	\$ 23,645,360
Sales and service	114,070	-	-	6,905	7,993,782	3,583,748	2,597,704	14,296,209
Other revenues	479,908	1,087,901	27,740	-	-	-	-	1,595,549
Government transfers	1,289,695	207,759	-	-	-	472,078	-	1,969,532
Investment income	483,431	-	-	-	-	-	-	483,431
Total revenue	5,293,398	11,125,744	4,107,041	1,549,205	13,261,163	4,055,826	2,597,704	41,990,081
Expenses:								
Salaries and wages	2,711,271	8,312,148	1,884,807	331,344	8,419,094	587,523	454,213	22,700,400
Materials, supplies and services	1,954,811	1,163,961	936,630	828,389	3,079,422	2,295,280	1,959,550	12,218,043
Interest and other	-	-	-	-	113,160	-	-	113,160
Amortization of tangible capital assets	167,259	159,911	667,397	164,015	851,229	237,783	124,812	2,372,406
Total expenses	4,833,341	9,636,020	3,488,834	1,323,748	12,462,905	3,120,586	2,538,575	37,404,009
Annual surplus	\$ 460,057	\$ 1,489,724	\$ 618,207	\$ 225,457	\$ 798,258	\$ 935,240	\$ 59,129	\$ 4,586,072



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INDEPENDENT AUDITORS' REPORT

To the Corporation of the District of Oak Bay and the Ministry of Municipal Affairs and Housing

Opinion

We have audited the financial information in the accompanying Form C2 – Home Owner Grant: Treasurer/Auditor Certificate comprised of total Home Owner Grants of \$3,356,864, total reimbursement by the Province of British Columbia (the "Province") of \$3,356,864, and total balance due from the Province of \$nil of the Corporation of the District of Oak Bay (the "District") for the year ended December 31, 2018, and notes, comprising a summary of significant accounting policies (hereinafter referred to as the "Certificate").

In our opinion, the financial information in the accompanying Certificate of the District for the year ended December 31, 2018 is prepared, in all material respects, in accordance with the financial reporting provisions of Section 12(1) of the Home Owner Grant Act.

Basis for Opinion

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

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the Certificate in Canada and we have fulfilled our ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1 to the Certificate, which describes the applicable financial reporting framework.

The Certificate is prepared to assist the District to meet the requirements of Section 12(1) of the Home Owner Grant Act.

As a result, the Certificate may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Certificate

Management is responsible for the preparation of the Certificate in accordance with the financial reporting provisions of Section 12(1) of the Home Owner Grant Act, and for such internal control as management determines is necessary to enable the preparation of a Certificate that is free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Certificate

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Victoria, Canada
May 6, 2019

Note 1 to Form C2 – Home Owner Grant: Treasurer/Auditor Certificate

(a) Basis of accounting:

The C2 - Home Owner Grant: Treasurer/Auditor Certificate ("Certificate") has been prepared in accordance with the financial reporting provisions of Section 12(1) of the Home Owner Grant Act.

The Certificate is prepared to assist the District to meet the requirements of Section 12(1) of the Home Owner Grant Act.

As a result, the Certificate may not be suitable for another purpose.

(b) Significant accounting policy:

Total Home Owner Grants represent grants applied by home owners and approved by the District.



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INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the Ministry of Municipal Affairs and Housing

We have undertaken a reasonable assurance engagement of the accompanying statement of the Corporation of the District of Oak Bay's compliance during the period of January 1, 2018 to December 31, 2018, with subsection 2 and 3 of section 124 of Part 8 of the School Act ("the specified requirements").

Management's Responsibility

Management is responsible for measuring and evaluating the Corporation of the District of Oak Bay's compliance with the specified requirements and for preparing the Corporation of the District of Oak Bay's statement of compliance. Management is also responsible for such internal control as management determines is necessary to enable the Corporation of the District of Oak Bay's compliance with the specified requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on management's statement based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3530, *Attestation Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether management's statement is fairly stated, in all material respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about management's statement of the entity's compliance with specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement of management's statement, whether due to fraud or error, and involves obtaining evidence about management's statement.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion. Information relevant to the Corporation of the District of Oak Bay's compliance with the specified requirements is set out in management's statement of compliance.

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.



Our Independence and Quality Control

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, management's statement that the Corporation of the District of Oak Bay complied with the specified requirements established in subsection 2 and 3 of section 124 of Part 8 of the School Act during the period January 1, 2018 to December 31, 2018, is fairly stated, in all material respects.

We do not provide a legal opinion on the Corporation of the District of Oak Bay's compliance with the specified requirements.

Purpose of Statement

Management's statement of compliance has been prepared to report to the Ministry of Municipal Affairs and Housing on the Corporation of the District of Oak Bay's compliance with the specified requirements. As a result, management's statement of compliance may not be suitable for another purpose.

Chartered Professional Accountants

Victoria, Canada
May 6, 2019





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OAK  BAY

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