



Consolidated Financial Statements of  
**CITY OF COLWOOD**  
Year Ended December 31, 2022

**CITY OF COLWOOD**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022**

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

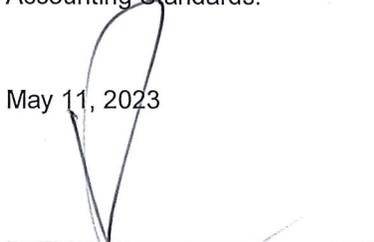
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Council of the City of Colwood met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

MNP LLP, as the City's appointed external auditors, have audited the consolidated financial statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the City in accordance with Canadian Public Sector Accounting Standards.

May 11, 2023



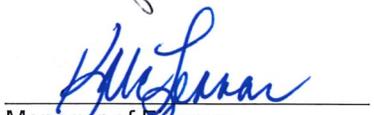
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Chief Administrative Officer



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Chief Financial Officer & Director of Finance



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Manager of Finance

To the Mayor and Council of the City of Colwood:

## Opinion

We have audited the consolidated financial statements of the City of Colwood (the "City"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2022, and the results of its consolidated operations, changes in its net financial assets and its consolidated 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information, consisting of an annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 consolidated 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 City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Nanaimo, British Columbia

May 11, 2023

*MNP LLP*

Chartered Professional Accountants

**City of Colwood  
Consolidated Statement of Financial Position**

**Statement A**

As at December 31, 2022

	2022	2021
<b>Financial Assets:</b>		
Cash and cash equivalents (Note 3)	\$ 39,325,201	\$ 36,675,658
Temporary investments (Note 4)	-	5,111,585
Portfolio investments (Note 5)	10,963,331	10,973,285
Property taxes receivable	674,701	1,287,441
Accounts receivable (Note 6)	2,676,843	2,338,317
	<u>53,640,076</u>	<u>56,386,286</u>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities (Note 8)	8,717,702	6,911,132
Prepaid property taxes	819,256	739,823
Deferred revenue (Note 9)	9,306,810	11,899,480
Refundable deposits	6,042,298	5,407,173
Debt (Note 10)		
Equipment finance loans	798,912	975,688
Long-term	7,276,544	7,997,141
Employee future benefits (Note 11)	916,283	1,047,681
	<u>33,877,805</u>	<u>34,978,118</u>
<b>Net Financial Assets</b>	<u>19,762,271</u>	<u>21,408,168</u>
<b>Commitments and contingencies (Note 17)</b>		
<b>Non-Financial Assets:</b>		
Tangible capital assets (Note 12)	187,687,261	168,071,020
Inventory of supplies	368,104	585,937
Prepaid expenses	588,667	134,982
	<u>188,644,032</u>	<u>168,791,939</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 208,406,303</u>	<u>\$ 190,200,107</u>

Approved on behalf of the City

  
Robert Earl  
Chief Administrative Officer

  
Jennifer Hepting, CPA, CA  
Chief Financial Officer & Director of Finance

  
Kathy McLennan, CPA, CGA  
Manager of Finance

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

**City of Colwood  
Consolidated Statement of Operations**

**Statement B**

*As at December 31, 2022*

	<b>Budget (Note 18)</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Taxation (Note 15)	\$ 21,134,700	\$ <b>21,770,032</b>	\$ 18,931,631
User charges	5,294,318	<b>5,278,231</b>	4,642,986
Fines and penalties	164,700	<b>139,078</b>	236,180
Conditional government transfers (Note 16)	1,478,800	<b>1,369,333</b>	2,701,188
Unconditional government transfers (Note 16)	1,028,526	<b>774,827</b>	1,556,111
Investment income	475,000	<b>1,437,445</b>	616,257
Developer contributions	11,294,700	<b>15,554,199</b>	12,345,370
Other	22,244	<b>163,566</b>	123,356
	<b>40,892,988</b>	<b>46,486,711</b>	41,153,079
<b>Expenses</b>			
General government	\$ 4,907,400	\$ <b>4,779,325</b>	\$ 3,984,953
Protective services	8,956,400	<b>8,457,683</b>	7,805,965
Engineering and transportation services	5,749,900	<b>5,463,668</b>	5,340,808
Solid waste management	338,000	<b>403,810</b>	327,257
Planning and development services	2,500,300	<b>1,665,561</b>	1,694,657
Parks, recreation and culture	5,863,074	<b>5,881,651</b>	5,679,369
Sewer services	1,807,700	<b>1,894,290</b>	1,537,732
	<b>30,122,774</b>	<b>28,545,988</b>	26,370,741
Annual surplus from City operations	10,770,214	<b>17,940,723</b>	14,782,338
Gain on change in proportionate share of West Shore Parks and Recreation Society (Note 19)	-	<b>265,473</b>	1,129,264
<b>Annual surplus</b>	10,770,214	<b>18,206,196</b>	15,911,602
Accumulated surplus, beginning of year	190,200,107	<b>190,200,107</b>	174,288,505
<b>Accumulated surplus, end of year</b>	\$ 200,970,321	\$ <b>208,406,303</b>	\$ 190,200,107

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

**City of Colwood**  
**Consolidated Statement of Change in Net Financial Assets**

**Statement C**

*As at December 31, 2022*

	<b>Budget (Note 18)</b>	<b>2022</b>	<b>2021</b>
			-
<b>Annual surplus</b>	\$ 10,770,214	\$ 18,206,196	\$ 15,911,602
Acquisition of tangible capital assets (purchased)	(20,761,149)	<b>(13,508,188)</b>	(8,463,288)
Acquisition of tangible capital assets (contributed)		<b>(8,920,985)</b>	(10,985,998)
Amortization of tangible capital assets	3,117,000	<b>2,997,942</b>	2,743,946
Loss on disposal of tangible capital assets	-	-	(37,091)
Proceeds on disposal of tangible capital assets	-	-	43,741
Gain on change in proportionate share of West Shore Parks and Recreation Society assets	-	<b>(185,010)</b>	(24,375)
	<b>(6,873,935)</b>	<b>(1,410,045)</b>	(811,463)
Consumption of inventory of supplies	-	<b>217,833</b>	225,557
Increase in prepaid expenses	-	<b>(453,685)</b>	20,653
	-	<b>(235,852)</b>	246,210
Change in net financial assets	(6,873,935)	<b>(1,645,897)</b>	(565,253)
Net financial assets, beginning of year	21,408,168	<b>21,408,168</b>	21,973,421
<b>Net financial assets, end of year</b>	\$ 14,534,233	\$ 19,762,271	\$ 21,408,168

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

**City of Colwood**  
**Consolidated Statement of Cash Flows**

**Statement D**

As at December 31, 2022

	2022	2021
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 18,206,196	\$ 15,911,602
Items not involving cash:		
Amortization of tangible capital assets	2,997,942	2,743,946
Loss on disposal of tangible capital assets	-	(37,091)
Actuarial adjustment on debt	(238,710)	(211,472)
Gain on change in proportionate share of West Shore Parks and Recreation Society assets	(185,010)	(24,375)
Developer contributed tangible capital assets	(8,920,985)	(10,985,998)
Change in non-cash operating assets and liabilities		
Property taxes receivables	612,740	(76,091)
Accounts receivable	(338,526)	(1,374,293)
Accounts payable and accrued liabilities	1,806,572	(1,404,036)
Prepaid property taxes	79,433	65,076
Deferred revenue	(2,592,670)	833,334
Refundable deposits	635,125	1,390,258
Employee future benefit liability	(131,398)	95,989
Inventory of supplies	217,833	225,556
Prepaid expenses	(453,685)	20,653
	<b>11,694,857</b>	<b>7,173,058</b>
<b>Capital activities:</b>		
Acquisition of tangible capital assets (purchased)	(13,508,188)	(8,463,288)
Proceeds on disposal of tangible capital assets	-	43,741
	<b>(13,508,188)</b>	<b>(8,419,547)</b>
<b>Investing activities:</b>		
Cash transferred (to) from investments	5,121,539	(5,850,401)
<b>Financing activities:</b>		
Equipment finance loan payments	(176,777)	(183,872)
Debt payments	(481,888)	(481,890)
	<b>(658,665)</b>	<b>(665,762)</b>
Increase (decrease) in cash and cash equivalents	2,649,543	(7,762,652)
Cash and cash equivalents, beginning of year	36,675,658	44,438,310
<b>Cash and cash equivalents, end of year</b>	<b>\$ 39,325,201</b>	<b>\$ 36,675,658</b>
Supplemental cash flow information:		
Cash paid for interest	\$ 354,556	\$ 362,196
Cash received from interest	\$ 1,232,501	\$ 498,829

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

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 1. General

The City of Colwood (the "City") is a municipality in the Province of British Columbia incorporated on June 24, 1985, and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. The City provides municipal services such as police, fire, public works, engineering, planning, parks, recreation, community development, conference facilities and other general government operations.

### 2. Significant Accounting Policies

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

#### ***Reporting entity***

The financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The financial statements also include the proportionate consolidation of the City's share of the West Shore Parks and Recreation Society.

#### ***Basis of accounting***

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

#### ***Government transfers***

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

#### ***Deferred revenue***

Deferred revenue includes non-government 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 are performed, or the tangible capital assets are acquired. Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred development cost charges are recognized as revenue in amounts which equal the associated expenses.

#### ***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. Investment income is allocated to various reserves and operating funds on a proportionate basis.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 2. Significant Accounting Policies *(continued from previous page)*

#### **Cash and cash equivalents**

Cash and cash equivalents include short-term highly liquid investments that are cashable on demand or have a term to maturity of 90 days or less at acquisition. Cash equivalents also include investment in the Municipal Finance Authority ("MFA") of British Columbia Money Market Funds, which are recorded at cost plus earnings reinvested in the funds.

#### **Temporary Investments**

Temporary investments are short-term investments, with an original maturity date of one year or less. The carrying values of temporary investments is based on the cost method whereby the cost of the investment is adjusted to reflect investment income, which is accruing.

#### **Portfolio Investments**

Portfolio investments are long-term investments, with an original maturity date of more than a year. The carrying values of portfolio investments is based on the cost method whereby the cost of the investment is adjusted to reflect investment income, which is accrued. For fixed term securities, such as bonds, any discount or premium arising on purchase is amortized over the period to maturity. Provisions for declines in the market value of portfolio investments are recorded when they are considered to be other than temporary. Declines in the market values of investments are considered to be other than temporary when the carrying value exceeds market value for more than three years.

#### **Long-term debt**

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

#### **Employee future benefits**

The City and its employees make contributions to the Municipal Pension Plan. The City's contributions are expensed as incurred.

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

#### **Non-financial assets**

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

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 2. Significant Accounting Policies *(continued from previous page)*

#### Non-financial assets *(continued from previous page)*

##### 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
Building and building improvements	25 - 70
Vehicles, machinery, and equipment	5 - 25
Sewer infrastructure	75 - 100
Drainage infrastructure	75 - 100
Parks and land improvements	15 - 40
Roads infrastructure	10 - 75

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

The City has capitalized interest costs associated with the construction of tangible capital assets, during the period of construction only.

Natural resources that have not been purchased are not recognized as assets in the financial statements.

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

##### II. Inventory of supplies

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost, using the first in, first out method.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 2. Significant Accounting Policies (continued from previous page)

#### ***Use of estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, performing calculations of employee future benefits and estimating the useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City is responsible for. Developer contributions of tangible capital assets are recorded at the City's best estimate of fair value on the date of contribution, calculated using engineering plans and standardized item cost estimates. Actual results could differ from these estimates.

#### ***Refundable deposits***

Receipts restricted by third parties are deferred and reported as refundable deposits under certain circumstances. Refundable deposits are returned when the third party meets their obligations, or the deposits are recognized as revenue when qualifying expenditures are incurred.

#### ***Liability for contaminated sites***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2022.

At each financial reporting date, the City reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

#### ***Recent Accounting Pronouncements***

PS 3280 *Asset Retirement Obligations*, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective for the City as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

- a. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b. The past transaction or event giving rise to the liability has occurred;
- c. It is expected that future economic benefits will be given up; and
- d. A reasonable estimate of the amount can be made.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 2. Significant Accounting Policies *(continued from previous page)*

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the City's financial results.

### 3. Cash and cash equivalents

	<b>2022</b>		2021	
Bank Deposits, operating account	\$	<b>26,205,398</b>	\$	23,824,877
Bank Deposits, high-interest savings account		<b>8,597,426</b>		8,414,286
MFA – Money Market Funds		<b>4,522,377</b>		4,436,495
	<b>\$</b>	<b>39,325,201</b>	<b>\$</b>	<b>36,675,658</b>

### 4. Temporary Investments

	<b>2022</b>		2021	
Guaranteed investment certificate	\$	-	\$	5,111,585

### 5. Portfolio Investments

	<b>2022</b>		2021	
Term Deposit	\$	-	\$	5,343,193
Guaranteed investment certificate		<b>10,963,331</b>		5,630,092
	<b>\$</b>	<b>10,963,331</b>	<b>\$</b>	<b>10,973,285</b>

The guaranteed investment certificate yields 5.85% maturing June 2024.

### 6. Accounts Receivable

	<b>2022</b>		2021	
Trade accounts receivable	\$	<b>656,927</b>	\$	236,570
CRA receivable, GST		<b>389,619</b>		185,678
Other receivable, Government		<b>938,429</b>		1,359,983
Other receivable, Non-Government		<b>556,271</b>		106,297
West Shore Parks and Recreation Society		<b>135,597</b>		449,789
	<b>\$</b>	<b>2,676,843</b>	<b>\$</b>	<b>2,338,317</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 7. MFA Deposits

The City secures its long-term borrowing through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are retained by the Authority as a debt reserve fund. As at December 31, 2022, the City had debt reserve funds of \$159,673 (2021 - \$180,154).

### 8. Accounts payable and accrued liabilities

	2022		2021
Trade accounts payable	\$ 3,251,795	\$	3,044,806
Government accounts payable	2,139,572		2,880,694
Payroll payable			
Wages	411,480		334,616
Vacation	124,529		121,402
Overtime	106,190		112,447
Deductions	8,825		11,511
Other accruals	2,490,712		266,842
West Shore Parks and Recreation Society	184,599		138,814
	<b>\$ 8,717,702</b>	<b>\$</b>	<b>6,911,132</b>

### 9. Deferred revenue

	2022		2021
Development cost charges	\$ 5,612,539	\$	8,780,216
Cash in lieu of frontage	1,189,669		1,161,485
Cash in lieu of parklands	646,148		630,840
Building permit fees	1,189,027		765,588
Other	207,685		195,264
West Shore Parks and Recreation Society	461,742		366,087
	<b>\$ 9,306,810</b>	<b>\$</b>	<b>11,899,480</b>

#### Development cost charges (DCCs)

Opening balance of unspent DCCs	\$ 8,780,216	\$	7,731,706
Add: DCCs received during the year	1,243,098		1,094,740
Less: Amount spent on projects and recorded as revenue	(4,583,306)		(123,543)
Add: Interest earned on unspent DCCs	172,531		77,313
	<b>\$ 5,612,539</b>	<b>\$</b>	<b>8,780,216</b>

#### Development cost charges (DCCs) include the following

Road	4,212,394		7,651,806
Sewer	1,400,145		1,128,410
	<b>\$ 5,612,539</b>	<b>\$</b>	<b>8,780,216</b>

There were no waivers and/or reductions in development cost charges during 2022 or 2021.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 10. Debt

#### Equipment Finance Loans

- a) The City has secured short-term equipment financing loans with the Municipal Finance Authority bearing variable interest rates at an average annual rate of 2.32% (2021 – 0.93%).
- b) Principal repayment on the equipment finance loans for the next five years are estimated as follows:

Equipment Finance Loans	
2023	160,214
2024	168,128
2025	176,980
2026	186,201
2027	52,685
<b>Total</b>	<b>\$ 744,208</b>

- c) Total interest expense during the year was \$20,042 (2021 - \$10,044). Principal paid during the year was \$176,777 (2021 - \$183,872).

#### Long-Term Debt

The Capital Regional District (CRD) obtains long-term debt, on behalf of the City, through the Municipal Finance Authority (MFA), pursuant to security issuing bylaws under the authority of the Local Government Act, to finance certain capital expenditures.

The loan agreements with the CRD 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 to such borrowings, the resulting deficiency becomes a liability of the City.

As a condition of the loan agreements, the City is obligated to provide security by way of demand notes and interest-bearing cash deposits (sinking fund balances) based on the amount of the debt. If the debt is repaid without default, the deposits are refunded to the City. The demand notes are held by the MFA and upon maturity of the debt, the demand notes are released. As of December 31, 2022, there are contingent demand notes of \$280,626 (2021 - \$356,596) that are not recorded in the City's consolidated financial statements.

- a) Gross amounts of long-term debt and the repayment and actuarial earnings to retire the long-term debt are as follows:

	Rate	Gross long-term debt issued	Repayment & actuarial earnings	Debt 2022	Debt 2021	Year of Maturity
Issue 105	4.90%	\$ 3,396,000	\$ 2,819,911	\$ 576,089	\$ 847,624	2024
Issue 105	4.90%	720,000	654,460	65,540	128,559	2023
Issue 105	4.90%	1,696,000	1,696,000	-	163,311	2022
Issue 121	2.90%	3,710,324	1,005,299	2,705,025	2,824,202	2038
Issue 137	2.60%	4,501,000	571,110	3,929,890	4,033,445	2046
<b>Total</b>		<b>\$ 14,023,324</b>	<b>\$ 6,746,780</b>	<b>\$ 7,276,544</b>	<b>7,997,141</b>	

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 10. Debt (continued from previous page)

#### Long-Term Debt (continued from previous page)

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

Long-term Debt	
2023	379,884
2024	340,523
2025	170,923
2026	170,923
2027	170,923
<b>Total</b>	<b>\$ 1,233,175</b>

Scheduled long-term debt repayments may be suspended in the event of excess sinking fund earnings within the MFA. Principal paid during the year was \$481,888 (2021 - \$481,890). Total interest expense during the year was \$334,514 (2021 - \$352,152). Included in revenue is \$238,710 (2021 - \$211,472) of actuarial adjustments on the City's annual debt principal repayments invested by MFA. This annual investment income results in a reduction in the overall cost of borrowing.

### 11. Employee future benefits

The City provides sick leave, personal/emergency/family leave, and retirement benefits to its employees. Information about liabilities for the City's employee obligation related to these benefits is as follows:

	2022	2021
West Shore Parks and Recreation Society	\$ 63,583	\$ 80,659
City of Colwood	852,700	967,022
<b>Total employee future benefits</b>	<b>\$ 916,283</b>	<b>1,047,681</b>

	2022	2021
Accrued sick leave	\$ 569,900	\$ 479,100
Retirement benefits	282,800	330,100
Termination benefits	-	157,822
<b>Total City of Colwood employee future benefits</b>	<b>\$ 852,700</b>	<b>\$ 967,022</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 11. Employee future benefits (continued from previous page)

	2022	2021
Accrued benefit obligation		
Balance, beginning of year	\$ 728,900	\$ 740,500
Service cost	78,000	81,000
Interest cost	19,600	16,600
Benefits payments	(44,500)	(81,500)
Actuarial loss (gain)	(123,500)	(27,700)
Balance, end of year	<u>658,500</u>	<u>728,900</u>
Unamortized net actuarial gain (loss)	194,200	80,300
Add: Severance package payable to employees	157,822	163,845
Less: Severance package paid to employees	(157,822)	(6,023)
<b>Total City of Colwood employee future benefits</b>	<b>\$ 852,700</b>	<b>\$ 967,022</b>

The accrued benefit obligation and the benefit costs for the year were estimated by an independent actuarial firm based on an actuarial valuation performed as of December 31, 2022. Key estimates were used in the valuation including the following:

	2022	2021
Discount rates	4.50%	2.50%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.58% to 4.63 %	2.58% to 4.63%

### Municipal Pension Plan

The City of Colwood 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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3.761 billion funding surplus for basic pension benefits on a going concern basis.

The City of Colwood paid \$883,836 (2021 - \$799,194) for employer contributions while employees contributed \$791,777 (2021 - \$667,098) to the plan in fiscal 2022.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 11. Employee future benefits *(continued from previous page)* Municipal Pension Plan *(continued from previous page)*

The next valuation will be as at December 31, 2024, with results available in 2025.

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 GVLRA – CUPE Long-Term Disability Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relationship Association (GVLRA) representing a number of employers, including the City, and the Canadian Union of Public Employees (CUPE) representing a number of CUPE locals, including CUPE Local 374. The Trust's sole purpose is to provide a long-term disability income benefit plan. The City and its employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2020. As of December 31, 2021, the total plan provision for approved and unreported claims was \$23,012,000 with a net surplus of \$4,450,361. The City paid \$71,111 (2021 - \$56,928) for employer contributions and City employees paid \$71,111 (2021 - \$56,928) to the plan in fiscal 2022.

**City of Colwood**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2022

**12. Tangible capital assets**

2022	Work in Progress	Land	Building and Building Improvements	Vehicles, Machinery and Equipment	Sewer Infrastructure	Drainage Infrastructure	Park and Land Improvement	Road Infrastructure	West Shore Parks and Recreation Society	Total 2022	Total 2021
<b>Cost</b>											
Balance, beginning of year	7,320,695	59,196,571	8,730,931	12,624,320	21,043,752	19,237,733	8,936,753	80,413,043	15,835,093	233,338,891	214,645,595
Additions	8,957,177	2,577,259	394,591	531,192	1,472,675	2,537,466	611,739	8,826,778	134,589	26,043,466	19,751,201
Disposals	(3,614,293)	-	-	-	-	-	-	-	-	(3,614,293)	(1,003,190)
Adjustment	-	-	-	-	-	-	-	-	-	-	-
Change in West Shore Share	-	-	-	-	-	-	-	-	183,565	183,565	(54,715)
<b>Balance, end of year</b>	<b>12,663,579</b>	<b>61,773,830</b>	<b>9,125,522</b>	<b>13,155,512</b>	<b>22,516,427</b>	<b>21,775,199</b>	<b>9,548,492</b>	<b>89,239,821</b>	<b>16,153,247</b>	<b>255,951,629</b>	233,338,891
<b>Accumulated Amortization</b>											
Balance, beginning of year	-	-	3,710,661	5,740,810	3,579,657	3,763,622	1,807,132	41,856,201	4,809,788	65,267,871	63,297,638
Disposals	-	-	-	-	-	-	-	-	-	-	(694,625)
Amortization expense	-	-	188,164	664,350	226,383	194,598	180,183	1,201,596	342,668	2,997,942	2,743,946
Change in West Shore Share	-	-	-	-	-	-	-	-	(1,445)	(1,445)	(79,088)
<b>Balance, end of year</b>	<b>-</b>	<b>-</b>	<b>3,898,825</b>	<b>6,405,160</b>	<b>3,806,040</b>	<b>3,958,220</b>	<b>1,987,315</b>	<b>43,057,797</b>	<b>5,151,011</b>	<b>68,264,368</b>	65,267,871
<b>Net book value, end of the year</b>	<b>12,663,579</b>	<b>61,773,830</b>	<b>5,226,697</b>	<b>6,750,352</b>	<b>18,710,387</b>	<b>17,816,979</b>	<b>7,561,177</b>	<b>46,182,024</b>	<b>11,002,236</b>	<b>187,687,261</b>	168,071,020
Net book value, beginning of the year	7,320,695	59,196,571	5,020,270	6,883,510	17,464,095	15,474,111	7,129,621	38,556,842	11,025,305	168,071,020	

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 12. Tangible capital assets (continued from previous page)

- a) Work in progress:  
Work in progress having a value of \$12,663,579 (2021 - \$7,320,695) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- b) Contributed tangible capital assets:  
Contributed assets having a value of \$8,920,985 (2021 - \$10,985,998) were acquired from developers as part of subdivision installations, including parks and park improvements, roads, sidewalks, bike lanes, street lighting, drainage, and sewer infrastructure. These contributed assets were recognized at an estimate of the fair value of the cost of the materials and installation.
- c) Works of art and historical treasures:  
The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings, and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.
- d) Write-down of tangible capital assets and assets recognized at nominal value:  
No write-down of tangible capital assets occurred during the year (2021 - \$0). No tangible capital assets are recognized at nominal value.
- e) Gain/loss on disposal of tangible capital assets:  
During the year, the City recognized a \$nil gain (2021 – \$37,091) on disposal of tangible capital assets. This amount is included in Other revenue on the Consolidated Statement of Operations.
- f) West Shore Parks and Recreation Society:  
The City's proportionate share of West Shore Parks and Recreation Society assets includes land, building and equipment which are subject to amortization policies consistent with those of the City.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 13. Accumulated surplus

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

	2022	2021
<b>Operating surplus</b>		
General Operating Fund accumulated surplus	\$ 5,040,775	\$ 6,708,034
Sewer Operating surplus	419,131	516,706
Internal Financing (Central Sewer LAS) – to be recovered	(92,528)	(96,740)
<b>Total Operating surplus</b>	<b>\$ 5,367,378</b>	<b>\$ 7,128,000</b>
<b>Internally restricted, for specific purpose</b>		
COVID-19 Safe Restart Grant (Note 14)	\$ 564,199	\$ 1,409,184
Federal gas tax (Note 14)	1,809,191	2,670,653
<b>Total internally restricted, for specific purpose</b>	<b>\$ 2,373,390</b>	<b>\$ 4,079,837</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
Future Operating Expenditures	\$ 951,629	\$ 1,353,496
Capital Projects	2,331,847	2,423,334
Sewer Capital Projects	1,279,462	1,429,973
General Fleet Replacement	1,027,249	996,459
Fire Fleet Replacement	1,767,868	1,341,714
Sewer Fleet Replacement	299,961	241,273
Equipment Replacement	112,246	89,043
Community Amenities	4,531,100	4,200,713
Affordable Housing	1,434,906	1,141,521
RCMP Surplus	1,157,804	1,130,375
Police Building	526,356	365,388
New Firehall	314,373	225,979
St. John's Heritage Church	137,554	134,600
Infrastructure Deficit	2,914,343	3,001,427
Public Art	79,634	23,399
Parks	78,300	71,340
Climate Action	193,383	58,576
West Shore Parks and Recreation Society	390,150	302,350
<b>Total Reserve Funds</b>	<b>\$ 19,528,165</b>	<b>\$ 18,520,960</b>
<b>Invested in tangible capital assets (General Capital and Sewer Capital)</b>	<b>180,653,620</b>	<b>160,167,457</b>
<b>West Shore Parks and Recreation Surplus</b>	<b>483,750</b>	<b>303,852</b>
	<b>\$ 208,406,303</b>	<b>\$ 190,200,107</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 14. Internally restricted surplus

	2022	2021
<b>Federal gas tax funds</b>		
Opening balance of unspent fund	\$ 2,670,653	\$ 5,556,844
Add: funding received during the year	799,878	1,564,969
Less: amount spent on projects	(1,713,538)	(4,489,684)
Add: interest earned on unspent funds	52,199	38,524
	<b>\$ 1,809,191</b>	<b>\$ 2,670,653</b>
<b>COVID-19 Safe Restart Grant</b>		
Opening balance of unspent fund	\$ 1,409,184	\$ 3,013,616
Add: funding received during the year	-	-
Less: amount used to offset revenue shortfalls	(26,590)	(680,506)
Less: amount used on enhanced connectivity expenses	-	(17,396)
Less: amounts used on economic recovery initiatives	(107,731)	(130,583)
Less: amounts used on emergency planning & response efforts	(38,306)	(37,493)
Less: amounts used of facility operating/capital costs	(672,358)	(738,454)
	<b>\$ 564,199</b>	<b>\$ 1,409,184</b>

### 15. Taxation

Taxation revenue, reported on the Consolidated Statement of Operations, is made up of the following:

	Budget	2022	2021
General taxation	\$ 18,189,700	\$ 18,017,046	\$ 16,175,955
Payments in place of taxes	2,394,000	3,201,990	2,193,132
Parcel taxes	345,600	345,909	357,041
1% utility taxes	205,400	205,086	205,503
Collections on behalf of other governments			
Provincial Government – School Authorities	-	9,262,081	8,649,419
Capital Regional District	-	2,800,176	2,894,705
Capital Regional Hospital District	-	1,026,678	1,035,692
BC Transit Authority	-	1,421,626	1,246,865
BC Assessment Authority	-	267,523	244,313
Municipal Finance Authority	-	1,456	1,146
	<b>\$ 21,134,700</b>	<b>\$ 36,549,571</b>	<b>\$ 33,003,771</b>
Transfers to other governments			
Provincial Government – School Authorities	-	(9,262,080)	(8,649,419)
Capital Regional District	-	(2,800,176)	(2,894,705)
Capital Regional Hospital District	-	(1,026,678)	(1,035,692)
BC Transit Authority	-	(1,421,626)	(1,246,865)
BC Assessment Authority	-	(267,523)	(244,313)
Municipal Finance Authority	-	(1,456)	(1,146)
	<b>-</b>	<b>(14,779,539)</b>	<b>(14,072,140)</b>
	<b>\$ 21,134,700</b>	<b>\$ 21,770,032</b>	<b>\$ 18,931,631</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 16. Government transfers

The City recognizes the transfer of government funding as revenue in the period received and when all related eligibility criteria and stipulations have been satisfied. The government transfers reported on the Consolidated Statement of Operations are:

	Budget	2022	2021
Conditional government transfers:			
Federal:			
Gas Tax	\$ 765,000	\$ 799,878	\$ 1,564,969
Infrastructure Grants	304,600	93,448	-
Provincial:			
Miscellaneous grants	327,600	252,387	913,005
Climate Action	6,500	148,082	8,902
Other:			
Regional		-	139,174
Q Arena Debt Subsidy	75,100	75,538	75,138
<b>Total Conditional Government Transfers</b>	<b>\$ 1,478,800</b>	<b>\$ 1,369,333</b>	<b>\$ 2,701,188</b>

Unconditional government transfers:			
Provincial:			
Small Communities	204,300	231,000	193,000
Traffic Fines Revenue Sharing	159,200	156,126	174,050
Casino revenue sharing	326,000	319,827	172,094
Other	-	327	246
West Shore Parks & Recreation	339,026	67,547	1,016,721
<b>Total Unconditional Government Transfers</b>	<b>\$ 1,028,526</b>	<b>\$ 774,827</b>	<b>\$ 1,556,111</b>

Gas Tax funding is provided by the Federal government. The use of funding is established by a funding agreement between the City and the Union of British Columbia Municipalities (UBCM). These funds may be used towards designated infrastructure projects that help communities build and revitalize public infrastructure supporting economic growth and a clean environment.

The Small Communities grant is unconditional funding to assist municipalities with populations up to approximately 19,000 residents.

Traffic Fine Revenue Sharing is an unconditional grant provided to assist municipalities in ensuring community safety and addressing community specific strategic priorities. The program returns 100% of net revenues from traffic violations to municipalities that are directly responsible for paying for policing.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 17. Commitments and contingencies:

a) Contingent liabilities:

The Capital Regional District (the "CRD") debt, under provisions of the Local Government Act, is a direct, joint, and several liability of the CRD and each member municipality within the CRD, including the City of Colwood.

The City is a shareholder and member of the Capital Region Emergency Service Telecommunications Incorporated (CREST) who provides centralized emergency communications, and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service obligations to share in funding ongoing operations any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.

The City may be subject to potential repayment or non-collection of property taxes received or receivable pending resolution of property assessments appealed by taxpayers. When the outcome of the appeals is not reasonably estimable, repayments or non-collections, if any, will be recorded in the period that they occur. When the outcome is reasonably estimated, the potential repayment or non-collection is recorded. In addition, the City has recorded an amount that is expected to be repaid to the federal government for an overpayment of a payment in place of taxes related to 2016 to 2020. In 2022, the City received confirmation from the Federal Government that there was no overpayment of a Payment in Lieu of Taxes and the City removed this liability.

b) Litigation liability:

The City has been named a defendant in various lawsuits. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. Remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable.

c) Commitments:

The City entered into a long-term contract with the Royal Canadian Mounted Police for the provision of police services effective April 1, 1992. Under the terms of this contract, the City is responsible for 90% of policing costs. The 2022 estimated cost of this contract is \$4,298,500 (2021 estimate - \$3,877,000).

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 18. Budget

The budget data presented in these consolidated financial statements includes both operating and capital budgets. The City of Colwood budget was approved by Council on March 28, 2022, with the adoption of the Five-Year Financial Plan (2022-2026) Bylaw No 1923, 2022. The chart below reconciles the approved budget per the Financial Plan to the budget reported in these consolidated financial statements.

	<b>2022 Budget</b>
Consolidated Budgeted Surplus, per City of Colwood Financial Plan Bylaw No.1923	\$ -
<b>Add</b>	
Capital Projects, General Capital Fund	20,313,200
Capital Projects, Sewer Capital Fund	374,000
Capital Projects, West Shore Parks and Recreation Society	73,949
Debt repayments	670,400
Transfers to reserves	6,533,400
West Shore Parks and Recreation Society – transfer to surplus	-
<b>Less</b>	
Proceeds of borrowing	(2,255,300)
Transfers from reserves	(7,782,300)
Transfers from surplus	(3,966,000)
Amortization	(3,117,000)
West Shore Parks and Recreation Society – transfer from reserves	74,135
West Shore Parks and Recreation Society – transfers from government grants	-
<b>Consolidated Budgeted Surplus, per City of Colwood Statement of Operations</b>	<b>\$ 10,770,214</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 19. West Shore Parks and Recreation Society

a) Capital asset transfer:

The CRD transferred the lands and facilities comprising the Juan de Fuca Recreation Centre to the following municipal members (the "Municipalities") effective January 2, 2002. City of Langford, City of Colwood, District of Highlands, District of Metchosin and the CRD (on behalf of a portion of the Juan de Fuca electoral Area). Effective January 1, 2007, the Town of View Royal became a member of the Society. Effective January 1, 2018, the CRD (on behalf of a portion of the Juan de Fuca electoral Area) removed their membership from the Society.

In 2002, the lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the Co-owners' Agreement. The lands and facilities were reallocated amongst the members in January 1, 2007, when the Town of View Royal became a member. Future improvements are allocated among the members as per the cost sharing formula in effect each year for each service or facility, as outlined in a Members' Agreement.

The cost sharing formula in the Members' Agreement may produce different cost shares for the members from year-to-year resulting in a gain or loss on the opening fund balances.

The Municipalities have each become members in the Society, which was incorporated to provide parks, recreation, and community services to the Municipalities under contract. Under terms of an Operating, Maintenance and Management Agreement, the Society is responsible to equip, maintain, manage, and operate the facilities located at the recreation centre.

b) Consolidation:

Financial results and budget for the Society are consolidated into the City's financial statements proportionately, based on the cost sharing formula outlined in the Members' Agreement. In 2022, the City's proportion for consolidation purposes was 21.53% (2021 – 21.25%).

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 19. West Shore Parks and Recreation Society (continued from previous page)

Condensed financial information for the Society as follows, prior to consolidation:

	2022	2021
Financial assets	\$ 5,425,730	\$ 4,128,433
Financial liabilities	3,297,679	2,755,185
Net financial assets	2,128,051	1,373,248
Non-financial assets	1,153,172	1,112,757
<b>Accumulated surplus</b>	<b>3,281,223</b>	<b>2,486,005</b>
Invested in tangible capital assets	1,034,152	1,056,303
Reserve funds	2,626,778	1,864,053
Unfunded members' tangible capital assets	(379,707)	(434,351)
<b>Accumulated surplus</b>	<b>3,281,223</b>	<b>2,486,005</b>
Revenues	7,316,425	10,098,436
Requisition from members	5,879,262	6,331,273
<b>Total revenues</b>	<b>13,195,687</b>	<b>16,429,709</b>
Expenses	12,400,469	15,542,693
<b>Annual surplus (deficit)</b>	<b>\$ 795,218</b>	<b>\$ 887,016</b>

### 20. Comparative figures

Certain comparative figures have been restated to conform with the current year's presentation.

### 21. Segmented information

The City is a diversified municipal organization that provides a wide range of services to its citizens which is disclosed in the segmented information. The services provided by the City are as follows:

#### General Government

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

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 21. Segmented information (continued from previous page)

#### **Protective Services**

Protective Services is comprised of different functions, including Police Protection, Fire Protection, Emergency Preparedness and Regulatory services. The Royal Canadian Mounted Police (RCMP) provides policing services to the City. The RCMP ensures the safety of the lives and property of Colwood citizens through the enforcement of criminal laws and the laws of British Columbia, 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 and natural or man-made emergencies. The Emergency Preparedness program ensures that the City is both prepared and able to respond to, and recover from, the effects of a disaster or major catastrophic event. The mandate of the Regulatory Service is to promote, facilitate and enforce general compliance with the provisions of the bylaws that pertain to the health, safety, and welfare of the community.

#### **Engineering, Public Works and Transportation Services**

Engineering and Transportation Services is responsible for a wide variety of transportation functions such as parking, engineering operations and streets. As well as providing services around infrastructure, traffic control, transportation planning, review of land development impacts on transportation, traffic management, and pedestrian and cycling issues, on-street parking regulations, including street signs, and painting as well as traffic signal timing.

#### **Solid Waste Management**

The Solid Waste Management Services provides various community environmental services, including the branch drop-off program and the Spring Clean-Up program.

#### **Planning and Development Services**

Planning and Development Services co-ordinates and leads efforts to enhance the City's neighbourhoods, foster arts and culture and work to create a vibrant and dynamic City. Development services provide a full range of planning services related to zoning, development permits, variance permits and current regulatory issues.

#### **Parks, Recreation and Culture**

Recreation services facilitates the provision of recreation and wellness programs and services throughout the City. Parks is responsible for the maintenance, planning and development of all park facilities such as natural ecosystems, sport and entertainment venues and playgrounds for recreational and cultural enjoyment in a safe environment. Parks is also responsible for preserving and enhancing green spaces on public lands.

#### **Sewer Services**

The sewer utility protects the environment and human health from the impact of liquid waste generated as a result of human occupation and development in the City.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The General Fund reports on municipal services that are funded primarily by taxation such as property taxes and other tax revenues. Taxation and payments-in-lieu of taxes are apportioned to the General Fund services based on budgeted taxation revenue as presented in the 2022 - 2026 Financial Plan Bylaw No 1923,2022.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements. The following schedule provides additional financial information for the foregoing segments.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 21. Segmented information (continued from previous page)

2022	General Fund						Sewer Fund	Total 2022
	General Government	Protective Services	Solid Waste Management	Planning and Development Services	Engineering, Public Works and Transportation	Parks, Recreation and Culture	Sewer Services	
<b>Revenue</b>								
Taxation	\$ 21,424,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,910	\$ 21,770,032
User fees	232,386	1,375,506	13,732	391,576	349,280	1,424,291	1,491,460	5,278,231
Government transfers	2,076,613	-	-	-	-	67,547	-	2,144,160
Fines and penalties	132,654	6,424	-	-	-	-	-	139,078
Investment income	1,285,434	-	-	-	-	-	152,011	1,437,445
Developer contributions	6,636,187	-	-	-	7,155,426	371,286	1,391,300	15,554,199
Other	39,243	-	3,658	-	-	120,665	-	163,566
<b>Total revenue</b>	<b>31,826,639</b>	<b>1,381,930</b>	<b>17,390</b>	<b>391,576</b>	<b>7,504,706</b>	<b>1,983,789</b>	<b>3,380,681</b>	<b>46,486,711</b>
<b>Expenses</b>								
Salaries, wages and benefits	3,041,164	3,469,912	201,737	971,662	2,489,687	1,149,189	257,283	11,580,634
Materials, goods and supplies	379,584	132,636	30,399	4,239	450,629	215,614	119,002	1,332,103
Property service costs	126,148	319,300	171,674	6,548	594,132	234,012	969,874	2,421,688
Professional service costs	572,778	3,988,503	-	139,878	112,558	1,350,082	47,758	6,211,557
Financing costs	41,228	27,815	-	-	25,855	76,410	193,602	364,910
Other costs	238,385	167,206	-	670	254	2,142,658	-	2,549,173
Amortization	217,185	335,099	-	-	1,647,368	494,400	303,900	2,997,952
Special projects	162,853	17,212	-	542,564	143,185	219,286	2,871	1,087,971
<b>Total expenses</b>	<b>4,779,325</b>	<b>8,457,683</b>	<b>403,810</b>	<b>1,665,561</b>	<b>5,463,668</b>	<b>5,881,651</b>	<b>1,894,290</b>	<b>28,545,988</b>
<b>Annual surplus (deficit)</b>	<b>\$ 27,047,314</b>	<b>\$ (7,075,753)</b>	<b>\$ (386,420)</b>	<b>\$ (1,273,985)</b>	<b>\$ 2,041,038</b>	<b>\$ (3,897,862)</b>	<b>\$ 1,486,391</b>	<b>\$ 17,940,723</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 21. Segmented information (continued from previous page)

2021	General Fund						Sewer Fund	Total 2021
	General Government	Protective Services	Solid Waste Management	Planning and Development Services	Engineering, Public Works and Transportation	Parks, Recreation and Culture	Sewer Services	
<b>Revenue</b>								
Taxation	\$ 18,574,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,042	<b>18,931,631</b>
User fees	186,671	1,477,129	-	423,789	278,417	1,065,844	1,211,136	<b>4,642,986</b>
Government transfers	3,240,578	-	-	-	-	1,016,721	-	<b>4,257,299</b>
Fines and penalties	235,010	1,170	-	-	-	-	-	<b>236,180</b>
Investment income	572,533	-	-	-	-	-	43,724	<b>616,257</b>
Developer contributions	-	-	-	1,235,828	8,181,240	1,879,350	1,048,952	<b>12,345,370</b>
Other	2,501	-	706	-	37,091	83,058	-	<b>123,356</b>
<b>Total revenue</b>	<b>22,811,882</b>	<b>1,478,299</b>	<b>706</b>	<b>1,659,617</b>	<b>8,496,748</b>	<b>4,044,973</b>	<b>2,660,854</b>	<b>41,153,079</b>
<b>Expenses</b>								
Salaries, wages and benefits	2,515,165	3,070,856	153,400	1,041,304	2,497,064	709,951	187,919	<b>10,175,659</b>
Materials, goods and supplies	341,905	143,822	26,430	2,481	492,230	116,409	117,287	<b>1,240,564</b>
Property service costs	153,232	245,361	147,427	3,125	540,373	174,202	572,041	<b>1,835,761</b>
Professional service costs	457,767	3,754,015	-	100,992	75,808	1,915,089	40,586	<b>6,344,257</b>
Financing costs	51,953	25,291	-	-	35,870	76,410	193,602	<b>383,126</b>
Other costs	211,331	208,533	-	70	342	2,252,315	-	<b>2,672,591</b>
Amortization	145,009	326,708	-	-	1,566,772	417,405	288,053	<b>2,743,947</b>
Special projects	108,591	31,379	-	546,685	132,349	17,588	138,244	<b>974,836</b>
<b>Total expenses</b>	<b>3,984,953</b>	<b>7,805,965</b>	<b>327,257</b>	<b>1,694,657</b>	<b>5,340,808</b>	<b>5,679,369</b>	<b>1,537,732</b>	<b>26,370,741</b>
<b>Annual surplus (deficit)</b>	<b>\$ 18,826,929</b>	<b>\$ (6,327,666)</b>	<b>\$ (326,551)</b>	<b>\$ (35,040)</b>	<b>\$ 3,155,940</b>	<b>\$ (1,634,396)</b>	<b>\$ 1,123,122</b>	<b>\$ 14,782,338</b>