



Consolidated Financial Statements of  
**CITY OF COLWOOD**

Year Ended December 31, 2017

**CITY OF COLWOOD**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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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.

April 23, 2018



Ian Howat  
Chief Administrative Officer



Christopher Paine, CPA, CGA  
Director of Finance

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## Independent Auditors' Report

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To the Mayor and Council of City of Colwood:

We have audited the accompanying consolidated financial statements of City of Colwood, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

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

Nanaimo, British Columbia

April 23, 2018

*MNP* LLP

Chartered Professional Accountants

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

**Statement A**

*As at December 31, 2017*

	2017	2016
<b>Financial Assets:</b>		
Cash and cash equivalents (Note 3)	\$ 30,563,663	\$ 27,237,943
Property taxes receivable	576,417	562,416
Accounts receivable (Note 4)	1,262,266	1,224,172
	<b>32,402,346</b>	<b>29,024,531</b>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities (Note 6)	4,139,055	3,398,035
Prepaid property taxes	336,376	279,600
Deferred revenue (Note 7)	7,803,225	6,715,635
Refundable deposits	3,928,227	2,944,830
Debt (Note 8)		
Equipment finance loan	1,759,798	2,017,866
Long-term	10,983,909	11,900,560
Employee future benefits (Note 9)	715,257	822,703
	<b>29,665,847</b>	<b>28,079,229</b>
<b>Net Financial Assets</b>	<b>2,736,499</b>	<b>945,302</b>
<b>Commitments and Contingencies (Note 14)</b>		
<b>Non-financial assets:</b>		
Tangible capital assets (Note 10)	146,040,307	141,309,769
Inventory of supplies	838,493	850,065
Prepaid expenses	69,101	109,210
	<b>146,947,901</b>	<b>142,269,044</b>
<b>Accumulated surplus (Note 11)</b>	<b>\$ 149,684,400</b>	<b>\$ 143,214,346</b>

Approved on behalf of the City

  
 Chief Administrative Officer

  
 Director 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, 2017

	Budget (Note 15)	2017	2016
<b>Revenue</b>			
Taxation (Note 12)	\$ 16,111,029	\$ 16,111,614	\$ 15,525,765
User charges	3,927,195	3,787,557	3,244,275
Fines and penalties	36,420	126,435	128,230
Investment earnings	150,000	398,679	350,611
Unconditional government transfers (Note 13)	683,000	707,997	722,738
Conditional government transfers (Note 13)	2,274,124	888,274	590,032
Developer contributions	716,787	3,894,718	1,388,022
Other	35,677	152,539	87,121
	23,934,232	26,067,813	22,036,794
<b>Expenses</b>			
General government	\$ 3,199,183	\$ 2,751,905	\$ 2,718,074
Protective services	6,585,252	5,863,993	6,410,974
Engineering and transportation services	3,360,681	4,373,315	5,021,358
Solid waste management	219,247	211,463	184,940
Planning and development services	980,546	888,135	770,432
Parks, recreation and culture	4,254,946	4,533,847	4,203,137
Sewer services	896,790	975,101	1,148,091
	19,496,645	19,597,759	20,457,006
Annual surplus from City operations	4,437,587	6,470,054	1,579,788
Loss on change in proportionate share of Westshore Parks and Recreation Society	-	-	(157,101)
<b>Annual surplus</b>	4,437,587	6,470,054	1,422,687
Accumulated surplus, beginning of year	143,214,346	143,214,346	141,791,659
<b>Accumulated surplus, end of year</b>	\$ 147,651,933	\$ 149,684,400	\$ 143,214,346

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, 2017*

	Budget (Note 15)	2017	2016
<b>Annual surplus</b>	\$ 4,437,587	\$ 6,470,054	\$ 1,422,687
Acquisition of tangible capital assets (purchased)	(5,135,177)	<b>(4,044,393)</b>	(1,187,947)
Acquisition of tangible capital assets (contributed)		<b>(3,255,798)</b>	(558,215)
Amortization of tangible capital assets	-	<b>2,536,313</b>	2,555,835
Loss (Gain) on disposal of tangible capital assets	-	<b>(28,544)</b>	49
Proceeds on disposal of tangible capital assets	-	<b>61,884</b>	24,101
Loss on change in proportionate share of Westshore Parks and Recreation Society	-	-	157,101
	<u>(697,590)</u>	<u><b>1,739,516</b></u>	<u>2,413,611</u>
Consumption of inventory of supplies	-	<b>11,572</b>	14,114
Use of prepaid expenses	-	<b>40,109</b>	246,656
	<u>-</u>	<u><b>51,681</b></u>	<u>260,770</u>
Change in net financial assets	(697,590)	<b>1,791,197</b>	2,674,381
Net financial assets (debt), beginning of year	945,302	<b>945,302</b>	(1,729,079)
<b>Net financial assets, end of year</b>	<b>\$ 247,712</b>	<b>\$ 2,736,499</b>	<b>\$ 945,302</b>

*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, 2017*

	2017	2016
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 6,470,054	\$ 1,422,687
Items not involving cash:		
Amortization of tangible capital assets	2,536,313	2,555,835
Loss/(Gain) on disposal of tangible capital assets	(28,544)	49
Actuarial adjustment on debt	(106,731)	(200,689)
Loss on change in proportionate share of Westshore Parks and Recreation Society	-	157,101
Developer contributions	(3,255,798)	(558,215)
Change in non-cash operating assets and liabilities		
Property taxes receivables	(14,001)	192,199
Accounts receivable	(38,094)	163,409
Accounts payable and accrued liabilities	741,020	(308,503)
Prepaid property taxes	56,776	60,601
Deferred revenue	1,087,590	1,361,929
Refundable deposits	983,397	1,237,612
Employee future benefit liability	(107,446)	27,299
Inventory of supplies	11,572	14,114
Prepaid expenses	40,109	246,656
	<b>8,376,217</b>	<b>6,372,084</b>
<b>Capital activities:</b>		
Acquisition of tangible capital assets (purchased)	(4,044,393)	(1,187,947)
Proceeds on disposal of tangible capital assets	61,884	24,101
	<b>(3,982,509)</b>	<b>(1,163,846)</b>
<b>Financing activities:</b>		
Debt proceeds	-	2,400,184
Capital lease payments	-	(96,858)
Equipment finance loan payments	(258,068)	-
Debt Payments	(809,920)	(706,974)
	<b>(1,067,988)</b>	<b>1,596,352</b>
Increase in cash and cash equivalents	<b>3,325,720</b>	<b>6,804,590</b>
Cash and cash equivalents, beginning of year	<b>27,237,943</b>	<b>20,433,353</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 30,563,663</b>	<b>\$ 27,237,943</b>
Supplemental cash flow information		
Cash paid for interest	\$ 587,362	\$ 543,991
Cash received from interest	\$ 298,077	\$ 199,856

*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, 2017

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### 1. General

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 of the Chartered Professional Accountants of Canada ("PSAB"). 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 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.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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

#### **Cash equivalents**

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.

#### **Investments**

Investments in the Municipal Finance Authority of British Columbia ("MFA") Money Market Funds are recorded at cost plus earnings reinvested in the funds. Market value for investments is the same as book value.

#### **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.

##### 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.

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# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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### 2. Significant Accounting Policies *(continued from previous page)* Non-financial assets *(continued from previous page)*

- 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. Natural resources  
Natural resources that have not been purchased are not recognized as assets in the financial statements.
- IV. 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.
- V. Interest capitalization  
The City has capitalized interest costs associated with the construction of tangible capital assets, during the period of construction only.
- VI. 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.

#### ***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.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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

#### **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, 2017.

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 2200 Related Party Disclosures**

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

##### **PS 3210 Assets**

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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

#### **PS 3210 Assets** *(continued from previous page)*

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

#### **PS 3320 Contingent Assets**

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

#### **PS 3380 Contractual Rights**

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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

#### **PS 3210 Assets** *(continued from previous page)*

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

#### **PS 3430 Restructuring Transactions**

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 3. Cash and cash equivalents

	2017	2016
Bank Deposits	\$ 26,321,386	\$ 23,036,580
MFA - Money Market Fund	4,242,277	4,201,363
	<b>\$ 30,563,663</b>	<b>\$ 27,237,943</b>

### 4. Accounts receivable

	2017	2016
Trade accounts receivable	\$ 102,971	\$ 75,141
GST receivable	123,860	166,224
Other government receivables	460,108	410,840
Other receivables, non-government	498,188	516,644
West Shore Parks and Recreation Society	77,139	55,323
	<b>\$ 1,262,266</b>	<b>\$ 1,224,172</b>

### 5. 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, 2017, the City had debt reserve funds of \$188,905 (2016 - \$185,291).

### 6. Accounts payable and accrued liabilities

	2017	2016
Trade accounts payable	\$ 2,040,703	\$ 564,288
Government accounts payable	1,598,232	2,351,936
Payroll payable:		
Wages	108,503	111,707
Vacation	96,188	63,142
Overtime	98,114	104,607
Deductions	24,174	15,332
Other accruals	48,110	61,988
West Shore Parks and Recreation Society	125,031	125,035
	<b>\$ 4,139,055</b>	<b>\$ 3,398,035</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 7. Deferred revenue

	2017	2016
Development cost charge	\$ 3,403,776	\$ 2,628,170
Federal Gas Tax funds	2,506,361	2,441,555
Cash in lieu of frontage	893,114	746,008
Cash in lieu of parklands	456,056	406,535
Building permit fees	119,151	128,500
Other	122,014	114,733
West Shore Parks and Recreation	302,753	250,134
	<b>\$ 7,803,225</b>	<b>\$ 6,715,635</b>
Development cost charges (DCCs)		
Opening balance of unspent DCCs	\$ 2,628,170	\$ 1,608,595
Add: DCCs received during the year	742,503	1,008,576
Less: Amount spent on projects and recorded as revenue	-	(7,330)
Add: Interest earned on unspent DCCs	33,103	18,329
	<b>\$ 3,403,776</b>	<b>\$ 2,628,170</b>
Federal Gas Tax Funds		
Opening balance of unspent Federal Gas Tax Funds	\$ 2,441,555	\$ 2,182,474
Add: Federal Gas Tax funding received during the year	740,812	731,357
Less: Amount spent on projects and recorded as revenue	(703,176)	(500,447)
Add: Interest earned on unspent Federal Gas Tax Funds	27,170	28,171
	<b>\$ 2,506,361</b>	<b>\$ 2,441,555</b>
Development cost charges (DCCs) included the following		
Road	\$ 2,819,750	\$ 2,161,878
Sewer	584,026	466,292
	<b>\$ 3,403,776</b>	<b>\$ 2,628,170</b>

There were no waivers and/or reductions in development cost charges during 2017 or 2016.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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### 8. Debt

#### Equipment Finance Loan

- a) The City exercised the “purchase option” under the remaining capital lease arrangements in 2016 and secured short-term equipment financing loans bearing variable interest rates at an average annual rate of 1.59% (2016 -1.39%).
- b) Principal repayment on the equipment finance loan for the next five years are as follows:

	Equipment Finance Loan	
2018	\$	255,374
2019		203,003
2020		175,121
2021		118,184
2022		-
<b>Total</b>	<b>\$</b>	<b>751,682</b>

- c) Total interest expense during the year was \$30,047 (2016 - \$45,119). Principal paid during the year was \$258,068 (2016 - \$234,535).

#### 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, 2017, there are contingent demand notes of \$497,718 (2016 - \$497,718) that are not disclosed in the City’s financial statements.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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

#### Long-term debt (continued from previous page)

- 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	Net Debt 2017	Net Debt 2016	Year of Maturity
Issue 105	4.90%	3,396,000	(1,562,733)	<b>1,833,267</b>	2,056,449	2024
Issue 105	4.90%	720,000	(362,687)	<b>357,313</b>	409,110	2023
Issue 105	4.90%	1,696,000	(939,886)	<b>756,114</b>	890,344	2022
Issue 105	4.90%	265,000	(203,377)	<b>61,623</b>	90,668	2019
Issue 121	2.90%	3,710,323	(453,521)	<b>3,256,802</b>	3,354,757	2038
Issue 121	2.10%	1,662,700	(1,357,719)	<b>304,981</b>	598,231	2018
Issue 137	2.60%	4,501,000	(87,190)	<b>4,413,810</b>	4,501,000	2046
<b>Total</b>		<b>\$ 15,951,023</b>	<b>\$ (4,967,114)</b>	<b>10,983,909</b>	<b>11,900,560</b>	

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

Long-term Debt	
2018	\$ 754,632
2019	503,960
2020	481,888
2021	481,888
2022	481,888
<b>Total</b>	<b>\$ 2,704,256</b>

- c) 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 \$754,632 (2016 - \$723,052). Total interest expense during the year was \$557,315 (2016 - \$543,991). Included in revenue is \$165,632 (2016 - \$200,689) of investment income earned 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.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 9. 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:

	2017	2016
West Shore Parks and Recreation Society	\$ 77,157	\$ 86,328
City of Colwood	<b>638,100</b>	736,375
<b>Total employee future benefits</b>	<b>\$ 715,257</b>	<b>\$ 822,703</b>

	2017	2016
Accrued sick leave	\$ 332,100	\$ 323,700
Retirement benefits	<b>306,000</b>	279,100
Termination benefits	-	133,575
<b>Total City of Colwood employee future benefits</b>	<b>\$ 638,100</b>	<b>\$ 736,375</b>

	2017	2016
Accrued benefit obligation		
Balance, beginning of year	\$ 575,500	\$ 548,200
Service cost	<b>57,400</b>	57,800
Interest cost	<b>20,600</b>	18,300
Benefits payments	<b>(38,900)</b>	(60,300)
Actuarial loss	<b>42,900</b>	11,500
Balance, end of year	<b>657,500</b>	575,500
Unamortized net actuarial gain (loss)	<b>(19,400)</b>	27,300
Add: Severance package payable to employees	<b>133,575</b>	180,095
Less: Severance package paid to employees	<b>(133,575)</b>	(46,520)
<b>Total City of Colwood employee future benefits</b>	<b>\$ 638,100</b>	<b>\$ 736,375</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, 2017. Key estimates were used in the valuation including the following:

	2017	2016
Discount rates	2.90%	3.40%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.58% to 4.50 %	2.58% to 4.63%

### Municipal Pension Plan

The employer 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, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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### 9. Employee future benefits *(continued from previous page)*

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, 2015, indicated a \$2.224 billion 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 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The City of Colwood paid \$610,500 (2016 - \$597,401) for employer contributions while employees contributed \$507,580 (2016 - \$499,593) to the plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to 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, 2014. As of December 31, 2016, the total plan provision for approved and unreported claims was \$18,937,267 with a net surplus of \$392,313. The City paid \$55,672 (2016 - \$53,438) for employer contributions and City employees paid \$55,672 (2016 \$57,551) to the plan in fiscal 2017.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 10. Tangible capital assets

2017	Work in Progress	Land	Building and Building Improvements	Vehicles, Machinery and Equipment	Sewer Infrastructure	Drainage Infrastructure	Park and Land Improvement	Road Infrastructure	West Shore	Total 2017	Total 2016
<b>Cost</b>											
Balance, beginning of year	462,810	58,515,574	5,821,070	9,045,670	17,778,370	15,043,658	4,379,310	68,564,930	14,776,205	194,387,599	193,723,842
Additions	897,015	711,300	102,968	889,715	2,260,204	208,745	1,609,340	999,110	41,832	7,720,223	1,943,501
Disposals	(420,028)	-	-	(263,965)	-	-	-	-	(11,081)	(695,074)	(1,100,913)
Change in Westshore Share	-	-	-	-	-	-	-	-	-	-	(178,831)
<b>Balance, end of year</b>	<b>939,797</b>	<b>59,226,874</b>	<b>5,924,038</b>	<b>9,671,420</b>	<b>20,038,574</b>	<b>15,252,403</b>	<b>5,988,650</b>	<b>69,564,040</b>	<b>14,806,958</b>	<b>201,412,748</b>	<b>194,387,599</b>
<b>Accumulated Amortization</b>											
Balance, beginning of year	-	-	(2,904,219)	(4,060,473)	(2,552,995)	(3,030,756)	(1,070,835)	(35,600,134)	(3,858,418)	(53,077,830)	(51,423,148)
Disposals	-	-	-	231,509	-	-	-	-	10,187	241,696	857,775
Amortization expense	-	-	(152,264)	(494,551)	(184,205)	(142,553)	(124,763)	(1,169,643)	(268,334)	(2,536,313)	(2,555,836)
Change in Westshore Share	-	-	-	-	-	-	-	-	-	-	43,379
<b>Balance, end of year</b>	<b>-</b>	<b>-</b>	<b>(3,056,483)</b>	<b>(4,323,515)</b>	<b>(2,737,200)</b>	<b>(3,173,309)</b>	<b>(1,195,598)</b>	<b>(36,769,777)</b>	<b>(4,116,565)</b>	<b>(55,372,447)</b>	<b>(53,077,830)</b>
<b>Net book value, end of year</b>	<b>939,797</b>	<b>59,226,875</b>	<b>2,867,553</b>	<b>5,347,907</b>	<b>17,301,374</b>	<b>12,079,097</b>	<b>4,793,052</b>	<b>32,794,264</b>	<b>10,690,394</b>	<b>146,040,307</b>	<b>141,309,769</b>
Net book value, beginning of year	462,810	58,515,574	2,916,850	4,985,197	15,225,375	12,012,905	3,308,475	32,964,796	10,917,788	141,309,769	142,300,694

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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### 10. Tangible capital assets *(continued from previous page)*

- a) Assets under construction:  
Assets under construction having a value of \$939,797 (2016 - \$462,809) 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 \$3,255,798 (2016 - \$558,216) 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 (2016 - \$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 \$28,544 gain (2016 - \$49 loss) on disposal of tangible capital assets. This amount is included in Other revenue on the Consolidated Statement of Operations.
- f) Interest capitalized during the period:  
During the year, the City capitalized \$103,630 (2016 - \$0) in interest costs associated with the period of construction of sewer infrastructure.
- g) West Shore:  
The City's proportionate share of West Shore assets includes land, building and equipment which are subject to amortization policies consistent with those of the City.
- h) Reclassification of prior period amounts:  
Certain prior year amounts have been reclassified for consistency with the current year presentation.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 11. Accumulated surplus

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

	2017	2016
<b>Surplus</b>		
Invested in tangible capital assets (General Capital and Sewer Capital)	\$ 134,402,604	\$ 129,791,532
General Operating Fund accumulated Surplus	5,535,818	5,078,850
Internal Financing (Central Sewer LAS) – to be recovered	(120,733)	(120,733)
West Shore Parks and Recreation Society	(94,778)	(79,163)
<b>Total Surplus</b>	<b>\$ 139,722,911</b>	<b>\$ 134,670,486</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
Future Operating Expenditures	\$ 2,119,748	\$ 2,251,519
Capital Projects	619,532	579,229
Sewer Capital Projects	992,397	901,824
General Fleet Replacement	405,236	584,569
Fire Fleet Replacement	956,946	712,126
Sewer Fleet Replacement	74,765	172,562
Equipment Replacement	1,049	1,038
Community Amenities	1,586,146	1,177,088
Affordable Housing	728,613	586,392
RCMP Surplus	916,659	244,588
Police Building	149,975	148,337
New Firehall	208,123	154,929
St. John's Heritage Church	97,387	79,854
Infrastructure Deficit	570,118	432,648
Public Art	23,205	26,089
Beautification	-	-
Sewer Operating Surplus	511,590	491,068
<b>Total Reserve Funds</b>	<b>\$ 9,961,489</b>	<b>\$ 8,543,860</b>
	<b>\$ 149,684,400</b>	<b>\$ 143,214,346</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 12. Taxation

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

	Budget 2017	2017	2016
General taxation	\$ 13,303,495	\$ 13,300,543	\$ 12,714,875
Payments in place of taxes	2,133,675	2,132,274	2,155,674
Parcel taxes	487,988	492,927	476,903
1% utility taxes	185,871	185,870	182,263
Collections on behalf of other governments			
Provincial Government – School Authorities	-	6,166,861	6,185,400
Capital Regional District	-	1,967,337	1,682,716
Capital Regional Hospital District	-	935,976	896,452
BC Transit Authority	-	853,184	890,175
BC Assessment Authority	-	163,535	175,821
Municipal Finance Authority	-	709	620
	16,211,029	26,199,216	25,360,899
Transfers to other governments			
Provincial Government – School Authorities	-	(6,166,861)	(6,185,400)
Capital Regional District	-	(1,967,337)	(1,686,666)
Capital Regional Hospital District	-	(935,976)	(896,452)
BC Transit Authority	-	(853,184)	(890,175)
BC Assessment Authority	-	(163,535)	(175,821)
Municipal Finance Authority	-	(709)	(620)
	-	(10,087,602)	(9,835,134)
	\$ 16,211,029	\$ 16,111,614	\$ 15,525,765

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 13. 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 2017	2017	2016
Conditional government transfers:			
Federal:			
Gas Tax	\$ 1,567,476	\$ 703,176	\$ 500,448
Infrastructure Grants	625,000	-	-
Provincial:			
Infrastructure Grants	-	102,600	7,742
Climate Action	6,510	7,360	6,750
Other:			
Q Arena Debt Subsidy	75,138	75,138	75,138
West Shore Parks & Recreation	-	-	-
<b>Total Conditional Government Transfers</b>	<b>2,274,124</b>	<b>888,274</b>	<b>590,033</b>
Unconditional government transfers:			
Provincial:			
Small Communities	230,000	250,573	232,881
Traffic Fines Revenue Sharing	153,000	149,702	155,795
Casino revenue sharing	300,000	315,021	324,573
Other	-	328	164
West Shore Parks & Recreation	-	12,373	9,325
<b>Total Unconditional Government Transfers</b>	<b>\$ 683,000</b>	<b>\$ 707,997</b>	<b>\$ 722,738</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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### 14. 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. The outcome of the appeals is not reasonably estimable and repayments or non-collections, if any, will be recorded in the period that they occur.

b) Municipal Finance Authority contingent demand notes:

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. The cash deposits are included in the City's financial statements as MFA Deposits. 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, 2017, there are contingent demand notes of \$497,718 (2016 - \$497,718) that are not disclosed in the City's financial statements.

c) 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.

d) 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 2018 estimated cost of this contract is \$2,866,000 (2017 estimate - \$2,800,000).

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 15. 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 May 8, 2017 with the adoption of the Five Year Financial Plan (2017-2021) Bylaw No 1673, 2017. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget per the Financial Plan to the budget reported in these consolidated financial statements.

	<b>2017 Budget</b>
Consolidated Budgeted Surplus, per City of Colwood Financial Plan Bylaw No. 1673	\$ -
Add	
Capital Projects, General Capital Fund	2,385,809
Capital Projects, Sewer Capital Fund	2,749,369
Debt repayments	1,015,337
Transfers to reserves	2,048,869
Less	
Proceeds of borrowing	(2,324,569)
Transfers from reserves	(1,437,228)
<b>Consolidated Budgeted Surplus, per City of Colwood Statement of Operations</b>	<b>\$ 4,437,587</b>

### 16. 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.

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. In 2017, there was no change in the cost share formula and no gain or loss was recognized (2016 - loss of \$157,101).

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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

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 2017, the City's proportion for consolidation purposes was 22.34% (2016 - 22.34%).

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

	2017	2016
Financial assets	\$ 3,501,452	\$ 3,356,046
Financial liabilities	2,260,252	2,065,793
Net financial assets	1,241,200	1,290,253
Non-financial assets	976,001	996,842
<b>Accumulated surplus</b>	<b>2,217,201</b>	<b>2,287,095</b>
Invested in tangible capital assets	919,061	974,690
Reserve funds	2,088,460	1,970,345
Unfunded members' tangible capital assets	(790,320)	(657,940)
<b>Accumulated surplus</b>	<b>2,217,201</b>	<b>2,287,095</b>
Revenues	5,639,648	6,210,461
Requisition from members	4,968,939	4,968,945
<b>Total revenues</b>	<b>10,608,587</b>	<b>11,179,406</b>
Expenses	10,677,935	10,789,730
<b>Annual surplus (deficit)</b>	<b>\$ (69,348)</b>	<b>\$ 389,676</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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### 17. Comparative figures

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

### 18. Segmented information:

The City is a diversified municipal organization that provides a wide range of services to its disclosed in the segmented information, along with the services they provide, which 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.

#### 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 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.

#### Recreation, Parks 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.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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### 18. Segmented information *(continued from previous page)*

#### **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 2017 - 2021 Financial Plan Bylaw No 1673, 2017.

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, 2016

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

2017	General Fund						Sewer Fund	Total 2017
	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	\$ 2,308,003	\$ 4,918,088	\$ 177,352	\$ 744,872	\$ 3,667,868	\$ 3,802,504	\$ 492,927	\$ 16,111,614
User fees	267,599	1,142,834	14,620	317,337	120,012	1,196,656	728,499	3,787,557
Government transfers	1,583,897	-	-	-	-	12,374	-	1,596,271
Fines and penalties	120,579	5,856	-	-	-	-	-	126,435
Investment income	339,778	-	-	-	-	-	58,901	398,679
Developer contributions	-	-	-	638,920	3,069,882	-	185,916	3,894,718
Other	43,169	40	1,724	-	6,013	79,062	22,531	152,539
<b>Total revenue</b>	<b>4,663,025</b>	<b>6,066,818</b>	<b>193,696</b>	<b>1,701,129</b>	<b>6,863,775</b>	<b>5,090,596</b>	<b>1,488,774</b>	<b>26,067,813</b>
<b>Expenses</b>								
Salaries, wages and benefits	1,594,555	2,485,993	126,460	626,437	2,065,697	595,860	235,900	7,730,902
Materials, goods and supplies	287,973	134,857	84,781	4,834	320,260	145,989	103,443	1,082,137
Property service costs	160,711	252,875	222	1,415	268,198	56,034	238,844	978,299
Professional service costs	447,384	2,379,726	-	117,199	59,806	1,222,146	8,728	4,234,989
Financing costs	18,550	66,084	-	-	95,452	166,404	156,005	502,494
Other costs	139,763	207,101	-	1,338	3,701	1,929,306	-	2,281,209
Amortization	91,283	328,152	-	-	1,501,496	383,200	232,182	2,536,313
Special projects	11,686	9,205	-	136,912	58,705	34,908	-	251,416
<b>Total expenses</b>	<b>2,751,905</b>	<b>5,863,993</b>	<b>211,463</b>	<b>888,135</b>	<b>4,373,315</b>	<b>4,533,847</b>	<b>975,101</b>	<b>19,597,759</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,911,120</b>	<b>202,825</b>	<b>(17,767)</b>	<b>812,994</b>	<b>2,490,460</b>	<b>556,749</b>	<b>513,673</b>	<b>6,470,054</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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

2016	General Fund					Sewer Fund		Total 2016
	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	\$ 2,118,395	\$ 4,996,546	\$ 144,138	\$ 600,454	\$ 3,913,515	\$ 3,275,813	\$ 476,904	\$ 15,525,765
User fees	62,418	678,733	13,863	322,457	164,570	1,326,501	675,733	3,244,275
Government transfers	1,303,445	-	-	-	-	9,325	-	1,312,770
Fines and penalties	123,590	4,640	-	-	-	-	-	128,230
Investment income	306,166	-	-	-	-	-	44,445	350,611
Developer contributions	-	-	-	829,807	439,113	-	119,102	1,388,022
Gain (loss) on sale of assets	-	-	-	-	(49)	-	-	(49)
Other	9,618	800	-	-	-	76,752	-	87,170
<b>Total revenue</b>	<b>3,923,632</b>	<b>5,680,719</b>	<b>158,001</b>	<b>1,752,718</b>	<b>4,517,149</b>	<b>4,688,392</b>	<b>1,316,184</b>	<b>22,036,794</b>
<b>Expenses</b>								
Salaries, wages and benefits	1,612,379	2,588,725	91,568	648,695	2,389,207	365,499	225,094	7,921,167
Materials, goods and supplies	138,380	176,838	93,372	5,344	519,950	130,205	91,485	1,155,574
Property service costs	83,136	147,063	-	1,360	218,602	24,184	220,437	694,782
Professional service costs	616,823	2,892,915	-	70,731	68,125	1,305,364	18,386	4,972,344
Financing costs	(16,093)	80,965	-	-	132,212	166,404	209,618	573,106
Other costs	127,186	186,288	-	28	13	1,890,847	-	2,204,362
Amortization	68,490	336,103	-	-	1,635,025	275,258	240,959	2,555,835
Special projects	87,773	2,077	-	44,274	58,224	45,376	142,112	379,836
<b>Total expenses</b>	<b>2,718,074</b>	<b>6,410,974</b>	<b>184,940</b>	<b>770,432</b>	<b>5,021,358</b>	<b>4,203,137</b>	<b>1,148,091</b>	<b>20,457,006</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,205,558</b>	<b>\$ (730,255)</b>	<b>\$ (26,939)</b>	<b>\$ 982,286</b>	<b>\$ (504,209)</b>	<b>\$ 485,254</b>	<b>\$ 168,093</b>	<b>\$ 1,579,788</b>