



Consolidated Financial Statements of

THE CITY OF COLWOOD

Year ended December 31, 2024

THE CITY OF COLWOOD

Consolidated Financial Statements

Year ended December 31, 2024

Financial Statements

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The City of Colwood (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting standards for local governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

On behalf of the City:



Chief Administrative Officer



Director of Finance/Chief Financial Officer



KPMG LLP

St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of The City of Colwood

Opinion

We have audited the consolidated financial statements of The City of Colwood (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated results of operations, its consolidated changes in 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 Financial Statements***" section of our auditor's report.

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group entity as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 12, 2025

THE CITY OF COLWOOD

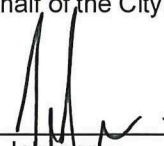
Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash and cash equivalents (note 3)	\$ 56,172,462	\$ 43,522,891
Investments (note 4)	12,472,695	12,095,411
Property taxes receivable	1,096,673	312,318
Accounts receivable (note 5)	2,857,497	2,023,320
	<u>72,599,327</u>	<u>57,953,940</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	7,410,730	7,248,237
Prepaid property taxes	1,643,051	681,676
Deferred revenue (note 8)	11,720,773	8,352,458
Refundable deposits	7,602,584	4,904,950
Long-term debt (note 9)	10,810,313	6,692,439
Employee future benefits (note 10)	1,046,034	974,299
	<u>40,233,485</u>	<u>28,854,059</u>
Net financial assets	32,365,842	29,099,881
Non financial assets		
Tangible capital assets (note 11)	216,058,173	204,949,322
Inventory of supplies	279,613	274,991
Prepaid expenses	258,979	257,341
	<u>216,596,765</u>	<u>205,481,654</u>
Commitments and contingencies (note 16)		
Accumulated surplus (note 12)	<u>\$ 248,962,607</u>	<u>\$ 234,581,535</u>

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

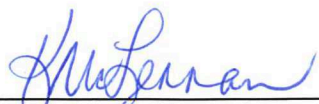
On behalf of the City:



Jason Johnson
Chief Administrative Officer



Jennifer Hepting, CPA, CA
Deputy Chief Administrative Officer



Kathy McLennan, CPA, CGA
Chief Financial Officer & Director of Finance

THE CITY OF COLWOOD

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 17)	2024	2023
Revenue:			
Taxation (note 14)	\$ 25,138,600	\$ 26,967,011	\$ 23,726,933
User charges	7,967,758	7,706,566	5,991,421
Fines and penalties	169,900	308,484	191,689
Conditional government transfers (note 15)	7,071,298	3,002,530	8,982,058
Unconditional government transfers (note 15)	647,400	611,558	642,927
Investment income	1,090,600	2,831,586	2,580,813
Developer contributions	10,194,600	6,961,912	14,931,975
Other revenues	78,188	210,837	275,474
Total revenue	52,358,344	48,600,484	57,323,290
Expenses:			
General government	6,057,200	6,096,342	5,429,992
Protective services	10,462,000	9,704,497	9,251,040
Engineering and transportation services	6,394,300	6,582,534	6,351,932
Solid waste management	340,100	385,468	348,162
Health, social services and housing	-	34,237	-
Planning and development services	3,529,500	2,040,809	2,136,182
Parks, recreation and culture	6,432,832	6,468,993	5,530,110
Sewer services	2,704,900	2,906,532	2,100,640
Total expenses	35,920,832	34,219,412	31,148,058
Annual surplus	16,437,512	14,381,072	26,175,232
Accumulated surplus, beginning of year	234,581,535	234,581,535	208,406,303
Accumulated surplus, end of year	\$ 251,019,047	\$ 248,962,607	\$ 234,581,535

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

THE CITY OF COLWOOD

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 17)	2024	2023
Annual surplus	\$ 16,437,512	\$ 14,381,072	\$ 26,175,232
Acquisition of tangible capital assets (purchased)	(33,178,391)	(9,713,843)	(10,791,769)
Acquisition of tangible capital assets (contributed)	-	(5,384,244)	(9,574,939)
Amortization of tangible capital assets	2,998,000	3,761,685	3,239,545
Gain on disposal of tangible capital assets	-	17,800	-
Proceeds on disposal of tangible capital assets	-	26,696	-
Gain (loss) on change in proportionate share of West Shore Parks and Recreation Society assets	-	183,055	(134,898)
	(13,742,879)	3,272,221	8,913,171
Consumption (acquisition) of inventory of supplies	-	(4,622)	93,113
Decrease (increase) in prepaid expenses	-	(1,638)	331,327
	-	(6,260)	424,440
Change in net financial assets	(13,742,879)	3,265,961	9,337,611
Net financial assets, beginning of year	29,099,881	29,099,881	19,762,270
Net financial assets, end of year	\$ 15,357,002	\$ 32,365,842	\$ 29,099,881

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

THE CITY OF COLWOOD

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 14,381,072	\$ 26,175,232
Items not involving cash:		
Amortization of tangible capital assets	3,761,685	3,239,545
Gain on disposal of tangible capital assets	17,800	-
Actuarial adjustment on debt	(187,532)	(194,149)
Gain on change in proportionate share of West Shore Parks and Recreation Society assets	183,055	(134,898)
Developer contributed tangible capital assets	(5,384,244)	(9,574,939)
Changes in non-cash operating assets and liabilities:		
Property taxes receivables	(784,355)	362,383
Accounts receivable	(834,177)	653,523
Accounts payable and accrued liabilities	162,493	(1,469,465)
Prepaid property taxes	961,375	(137,580)
Deferred revenue	3,368,315	(954,352)
Refundable deposits	2,697,634	(1,137,348)
Employee future benefit liability	71,735	58,016
Inventory of supplies	(4,622)	93,113
Prepaid expenses	(1,638)	331,326
	18,408,596	17,310,407
Capital activities:		
Acquisition of tangible capital assets	(9,713,843)	(10,791,769)
Proceeds from the sale of tangible capital assets	26,696	-
	(9,687,147)	(10,791,769)
Investing activities:		
Net changes in investments	(377,284)	(1,132,080)
Financing activities:		
Equipment finance loan payments	-	(798,912)
Debt payments	(350,594)	(389,956)
Debt proceeds	4,656,000	-
	4,305,406	(1,188,868)
Increase in cash and cash equivalents	12,649,571	4,197,690
Cash and cash equivalents, beginning of year	43,522,891	39,325,201
Cash and cash equivalents, end of year	\$ 56,172,462	\$ 43,522,891
Supplemental cash flow information:		
Cash paid for interest	\$ 664,539	\$ 361,930
Cash received from interest	2,928,785	2,618,803

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

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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:

(a) 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.

(b) 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.

(c) 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.

(d) 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.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. Significant accounting policies (continued):

(e) Property tax revenue:

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

(f) Revenue recognition:

Revenues from transactions with performance obligations such as building and development permits, subdivision application fees, rezoning fees, works and services administrative fees, are recognized when (at a point in time) or as (over a period of time) the City satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenues from transactions without performance obligations are recognized at realizable value when the City has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

(g) 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.

(h) Investments:

Investments are recorded at cost plus earnings that are reinvested in the funds. 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.

(i) Long-term debt:

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

(j) 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.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. Significant accounting policies (continued):

(k) 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

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.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. Significant accounting policies (continued):

(l) 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.

(m) 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 the financial reporting date.

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.

(n) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) the past transaction or event giving rise to the liability has occurred;
- (iii) it is expected that future economic benefits will be given up; and
- (iv) reasonable estimate of the amount can be made.

The City has not identified any asset retirement obligations and there are none recognized in any of the years presented.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. Significant accounting policies (continued):

(o) Financial instruments:

The City's financial instruments include cash and cash equivalents, investments, accounts receivable, property taxes receivable, accounts payable and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless the City elects to carry the financial instrument at fair value. The City has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. They are recorded in the Statement of Operations when they are realized. There are no unrealized changes in fair value in the years presented; as a result, the City does not have a Statement of Remeasurement Gains and Losses.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost and amortized on an effective interest basis.

(p) 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.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. Significant accounting policies (continued):

(q) Adoption of new accounting policies:

(i) Public private partnerships:

On January 1, 2024, the City adopted Canadian Public Sector Accounting Standard PS 3160, *Public Private Partnerships*. The new standard addresses the recognition, measurement, presentation, and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements. Management has assessed that there is no impact of adopting PS 3160 on the financial statements.

(ii) Purchased intangibles:

On January 1, 2024, the City adopted Public Sector Guideline PSG-8, *Purchased Intangibles, applied on a prospective basis*. PSG-8 defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties. Management has assessed the impact of adopting PSG-8 and found that at present no such items meet the criteria to be recognized as a purchased intangible.

(iii) Revenue recognition and measurement:

On January 1, 2024, the City adopted Canadian public sector accounting standard PS 3400, *Revenue*. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The new standard was adopted using the prospective transitional provisions and it did not have an impact on the amounts presented in the financial statements.

3. Cash and cash equivalents:

	2024	2023
Bank deposits, operating account	\$ 41,649,966	\$ 29,715,055
Bank deposits, high-interest savings account	9,542,922	9,056,800
MFA - Money Market Funds	4,979,574	4,751,036
	<u>\$ 56,172,462</u>	<u>\$ 43,522,891</u>

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

4. Investments:

	2024	2023
Guaranteed investment certificate	\$ 12,472,695	\$ 12,095,411
	\$ 12,472,695	\$ 12,095,411

The guaranteed investment certificate yields 5.15% annually, maturing June 2025.

5. Accounts receivable:

	2024	2023
Trade accounts receivable	\$ 86,342	\$ 248,309
CRA receivable, GST	287,590	198,589
Other receivable, Government	1,520,664	1,143,456
Other receivable, Non-Government	723,917	165,583
West Shore Parks and Recreation Society	102,470	130,939
MFA deposits	153,979	153,909
Allowance for uncollectability	(17,465)	(17,465)
	\$ 2,857,497	\$ 2,023,320

6. 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, 2024, the City had debt reserve funds of \$153,979 (2023 - \$153,909). These amounts are included in accounts receivable.

7. Accounts payable and accrued liabilities:

	2024	2023
Trade accounts payable	\$ 1,456,651	\$ 589,229
Government accounts payable	4,111,753	3,571,690
Payroll payable:		
Wages	536,553	441,678
Vacation	93,894	99,793
Overtime	65,223	77,363
Deductions	14,203	12,159
Other accruals	877,320	2,190,838
West Shore Parks and Recreation Society	255,133	265,487
	\$ 7,410,730	\$ 7,248,237

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

8. Deferred revenue:

	2024	2023
Development cost charges	\$ 5,368,224	\$ 3,289,452
Cash in lieu of frontage	1,641,685	1,566,372
Cash in lieu of parklands	743,278	709,180
Building permit fees	2,005,171	2,068,253
Grant funding	789,180	22,837
Other	629,146	253,973
West Shore Parks and Recreation Society	544,089	442,391
	<u>\$ 11,720,773</u>	<u>\$ 8,352,458</u>

Development cost charges (DCCs):

	2024	2023
Opening balance of unspent DCCs	\$ 3,289,452	\$ 5,612,539
Add: DCCs received during the year	1,946,832	2,338,781
Less: Amount spent on projects and recorded as revenue	(71,310)	(4,818,586)
Add: Interest earned on unspent DCCs	203,250	156,718
	<u>\$ 5,368,224</u>	<u>\$ 3,289,452</u>

Development cost charges (DCCs) include the following:

	2024	2023
Road	\$ 3,769,522	\$ 2,097,514
Sewer	1,338,226	1,161,067
Parks	260,476	30,871
	<u>\$ 5,368,224</u>	<u>\$ 3,289,452</u>

There were no waivers and/or reductions in development cost charges during 2024 or 2023. At December 31, 2024, there were no Road development cost charge credits issued to developers (2023 - \$101,388). These credits may be used to reduce future Road development cost charges.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

9. Debt:

(a) Equipment finance loans:

In 2024, the City did not hold any short-term equipment financing loans with the Municipal Finance Authority (MFA).

(b) 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 and sinking fund payments 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, 2024, there are contingent demand notes of \$203,360 (2023 - \$250,356) that are not recorded in the City's consolidated financial statements.

(i) 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 2024	Debt 2023	Year of maturity
Issue 105	4.90%	\$ 3,396,000	\$ 3,396,000	\$ -	\$ 293,693	2024
Issue 121	3.39%	3,710,322	1,267,790	2,442,532	2,576,035	2038
Issue 137	2.60%	4,501,000	789,219	3,711,781	3,822,711	2046
Issue 162	3.83%	4,656,000	-	4,656,000	-	2054
		\$ 16,263,322	\$ 5,453,009	\$ 10,810,313	\$ 6,692,439	

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

2025	\$ 271,186
2026	271,186
2027	271,186
2028	271,186
2029	271,186
Total	\$ 1,355,930

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

9. Debt (continued):

(b) Long-term debt (continued):

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 \$350,594 (2023 - \$389,956). Total interest expense during the year was \$381,539 (2023 - \$327,136). Included in revenue is \$187,532 (2023 - \$194,149) 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.

10. 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:

	2024	2023
West Shore Parks and Recreation Society	\$ 73,434	\$ 67,599
City of Colwood	972,600	906,700
Total employee future benefits	\$ 1,046,034	\$ 974,299
Accrued sick leave	\$ 538,800	\$ 486,500
Retirement benefits	433,800	420,200
Total City of Colwood employee future benefits	\$ 972,600	\$ 906,700
	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 858,000	\$ 658,500
Service cost	107,500	62,900
Interest cost	38,000	31,100
Benefits payments	(70,100)	(19,100)
Actuarial loss (gain)	(200)	124,600
Balance, end of year	933,200	858,000
Unamortized net actuarial gain (loss)	39,400	48,700
Add: Severance package payable to employees	-	6,809
Less: Severance package paid to employees	-	(6,809)
Total City of Colwood employee future benefits	\$ 972,600	\$ 906,700

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

10. Employee future benefits (continued):

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, 2023 and extrapolated to December 31, 2024. Key estimates were used in the valuation including the following:

	2024	2023
Discount rates	4.30%	4.10%
Expected future inflation rates	4.50%	4.50%
Expected wage and salary increases	2.50% to 7.90%	2.58% to 4.63%

(a) Municipal Pension Plan:

The City of Colwood and its employees contribute to the Municipal Pension Plan (a jointly trustees 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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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 paid \$1,028,672 (2023 - \$930,196) for employer contributions while employees contributed \$917,155 (2023 - \$884,614) to the plan in fiscal 2024.

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

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

10. Employee future benefits (continued):

(b) GVLRA - CUPE Long-Term Disability Trust:

The GVLRA - CUPE Long-Term Disability Trust is an employee life and health trust established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relationship Association (GVLRA), representing a number of employers, and the Canadian Union of Public Employees (CUPE), representing a number of CUPE locals. On January 1, 2021, the Trust was converted from a health and welfare trust to an employee life and health trust.

The Trust exists for the sole purpose of providing a long-term disability income benefit plan to its eligible members. The Trust is not an insurance company, and benefits provided through the Trust are not insured by an insurance company regulated under the Financial Institutions Act (BC).

Contributions to the plan are based on a percentage, as determined by the Trust, of the members' employment income and are made equally by the members and the employers.

A full actuarial evaluation was performed as at December 31, 2023. The total plan provision for approved and unreported claims was \$27,791,600 (2022 - \$25,808,500) with a net deficit of \$3,419,021 (2022 - net deficit of \$3,026,543).

The City paid \$91,828 (2023 - \$88,102) for employer contributions and City employees paid \$91,828 (2023 - \$88,102) to the plan in fiscal 2024.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

11. Tangible capital assets:

2024	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
Cost										
Balance, beginning of year	\$ 18,511,102	\$ 61,773,830	\$ 9,334,713	\$ 13,688,562	\$ 24,033,604	\$ 24,148,638	\$ 11,328,186	\$ 96,769,261	\$ 16,779,113	\$ 276,367,009
Additions	7,412,589	297,000	46,698	2,112,925	1,232,914	1,002,881	165,767	18,244,138	374,711	30,889,623
Transfers	(15,844,649)	-	-	-	-	-	-	-	-	(15,844,649)
Disposals	-	-	-	(63,071)	-	-	-	-	(94,799)	(157,870)
Change in West Shore share	-	-	-	-	-	-	-	-	125,394	125,394
Balance, end of year	10,079,042	62,070,830	9,381,411	15,738,416	25,266,518	25,151,519	11,493,953	115,013,399	17,184,419	291,379,507
Accumulated amortization:										
Balance, beginning of year	-	-	(4,101,150)	(7,095,360)	(4,051,787)	(4,186,650)	(2,173,790)	(44,385,579)	(5,423,370)	(71,417,686)
Disposals	-	-	-	54,174	-	-	-	-	112,312	166,486
Amortization expense	-	-	(205,867)	(759,436)	(265,977)	(260,076)	(211,502)	(1,510,920)	(547,907)	(3,761,685)
Change in West Shore share	-	-	-	-	-	-	-	-	(308,449)	(308,449)
Balance, end of year	-	-	(4,307,017)	(7,800,622)	(4,317,764)	(4,446,726)	(2,385,292)	(45,896,499)	(6,167,414)	(75,321,334)
Net book value, beginning of year	\$ 18,511,102	\$ 61,773,830	\$ 5,233,563	\$ 6,593,202	\$ 19,981,817	\$ 19,961,988	\$ 9,154,396	\$ 52,383,682	\$ 11,355,743	\$ 204,949,322
Net book value, end of year	\$ 10,079,042	\$ 62,070,830	\$ 5,074,394	\$ 7,937,794	\$ 20,948,754	\$ 20,704,793	\$ 9,108,661	\$ 69,116,900	\$ 11,017,005	\$ 216,058,173

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

11. Tangible capital assets (continued):

2023	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
Cost										
Balance, beginning of year	\$ 12,663,584	\$ 61,773,830	\$ 9,125,522	\$ 13,155,512	\$ 22,516,427	\$ 21,775,200	\$ 9,548,492	\$ 89,239,821	\$ 16,153,247	\$ 255,951,635
Additions	6,243,959	-	209,191	533,050	1,517,177	2,373,438	1,779,694	7,529,440	577,200	20,763,149
Transfers	(396,441)	-	-	-	-	-	-	-	-	(396,441)
Disposals	-	-	-	-	-	-	-	-	(157,826)	(157,826)
Change in West Shore share	-	-	-	-	-	-	-	-	206,492	206,492
Balance, end of year	18,511,102	61,773,830	9,334,713	13,688,562	24,033,604	24,148,638	11,328,186	96,769,261	16,779,113	276,367,009
Accumulated amortization:										
Balance, beginning of year	-	-	(3,898,828)	(6,405,161)	(3,806,040)	(3,958,220)	(1,987,315)	(43,057,797)	(5,151,012)	(68,264,373)
Disposals	-	-	-	-	-	-	-	-	157,826	157,826
Amortization expense	-	-	(202,322)	(690,199)	(245,747)	(228,430)	(186,475)	(1,327,782)	(358,590)	(3,239,545)
Change in West Shore share	-	-	-	-	-	-	-	-	(71,594)	(71,594)
Balance, end of year	-	-	(4,101,150)	(7,095,360)	(4,051,787)	(4,186,650)	(2,173,790)	(44,385,579)	(5,423,370)	(71,417,686)
Net book value, beginning of year	\$ 12,663,584	\$ 61,773,830	\$ 5,226,694	\$ 6,750,351	\$ 18,710,387	\$ 17,816,980	\$ 7,561,177	\$ 46,182,024	\$ 11,002,235	\$ 187,687,261
Net book value, end of year	\$ 18,511,102	\$ 61,773,830	\$ 5,233,563	\$ 6,593,202	\$ 19,981,817	\$ 19,961,988	\$ 9,154,396	\$ 52,383,682	\$ 11,355,743	\$ 204,949,322

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

11. Tangible capital assets (continued):

(a) Work in progress:

Work in progress having a value of \$10,079,042 (2023 - \$18,511,102) 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 \$5,384,244 (2023 - \$9,574,939) 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 (2023 - \$nil). 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 \$17,800 gain (2023 - \$nil) on disposal of tangible capital assets. Any gain/loss on disposal 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.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

12. Accumulated surplus

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

	2024	2023
Operating surplus:		
General Operating Fund accumulated surplus	\$ 5,973,411	\$ 5,446,918
Sewer Operating surplus	260,338	357,569
Internal Financing (Central Sewer LAS) - to be recovered	(81,285)	(85,730)
Total Operating surplus	6,152,464	5,718,757
Internally restricted, for specific purpose:		
COVID-19 Safe Restart Grant (note 13)	317,566	395,942
Community Works Fund (Federal gas tax) (note 13)	1,907,249	1,124,370
Total internally restricted, for specific purpose	2,224,815	1,520,312
Reserve funds set aside for specific purposes by Council:		
Future Operating Expenditures	2,863,321	722,626
Capital Projects	1,013,569	1,027,024
Sewer Capital Projects	528,924	713,546
General Fleet Replacement	508,399	836,797
Fire Fleet Replacement	2,575,650	2,275,334
Sewer Fleet Replacement	312,335	298,006
Equipment Replacement	152,069	140,588
Community Amenities	5,012,926	4,163,939
Affordable Housing	1,852,882	1,549,018
RCMP Surplus	1,259,141	1,201,377
Police Building	1,823,454	806,499
New Firehall	726,976	421,413
St. John's Heritage Church	37,670	114,651
Sustainable Infrastructure	5,881,795	4,236,188
Public Art	191,196	133,572
Parks	85,153	81,247
West Shore Parks and Recreation Society	560,053	473,196
Climate Action	110,056	267,282
Sewer Capital Replacement	124,812	119,086
Royal Bay Field Acquisition	1,255,487	1,197,892
Growing Communities Fund (note 13)	6,884,542	6,766,983
Total Reserve Funds	33,760,410	27,546,264
Invested in tangible capital assets (General Capital and Sewer Capital)	206,231,853	199,270,284
Invested in West Shore Parks and Recreation	593,065	525,918
	\$ 248,962,607	\$ 234,581,535

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

13. Internally restricted surplus:

	2024	2023
Federal Community Works Fund (CWF):		
Opening balance of unspent fund	\$ 1,124,370	\$ 1,809,192
Funding received during the year	926,779	834,674
Amount restored from projects in prior year(s)	94,000	277,694
Amount spent on projects	(237,900)	(1,850,729)
Interest earned on unspent funds	-	53,539
	<u>\$ 1,907,249</u>	<u>\$ 1,124,370</u>
COVID-19 Safe Restart Grant:		
Opening balance of unspent fund	\$ 395,942	\$ 564,199
Amount used to offset revenue shortfalls	-	-
Amounts used on economic recovery initiatives	-	-
Amounts used on emergency planning & response efforts	-	-
Amounts used of facility operating/capital costs	(78,376)	(168,257)
	<u>\$ 317,566</u>	<u>\$ 395,942</u>
Growing Communities Fund Grant:		
Opening balance of unspent fund	\$ 6,766,983	\$ -
Funding received during the year	-	6,642,000
Amount spent on projects	(202,929)	-
Interest earned on unspent funds	320,488	124,983
	<u>\$ 6,884,542</u>	<u>\$ 6,766,983</u>

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

14. Taxation:

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

	Budget (note 17)	2024	2023
General taxation	\$ 22,186,700	\$ 21,926,873	\$ 20,225,617
Payments in place of taxes	2,373,500	4,424,274	2,923,727
Parcel taxes	373,900	396,678	353,885
1% utility taxes	204,500	219,184	223,704
Collections on behalf of other governments:			
Provincial Government - School Authorities	-	11,551,693	10,711,454
Capital Regional District	-	3,015,245	2,610,526
Capital Regional Hospital District	-	1,156,079	1,084,763
BC Transit Authority	-	2,770,708	1,821,816
BC Assessment Authority	-	332,990	303,728
Municipal Finance Authority	-	1,853	1,732
	25,138,600	45,795,577	40,260,952
Transfers to other governments:			
Provincial Government - School Authorities	-	(11,551,693)	(10,711,454)
Capital Regional District	-	(3,015,243)	(2,610,526)
Capital Regional Hospital District	-	(1,156,079)	(1,084,763)
BC Transit Authority	-	(2,770,708)	(1,821,816)
BC Assessment Authority	-	(332,990)	(303,728)
Municipal Finance Authority	-	(1,853)	(1,732)
		(18,828,566)	(16,534,019)
	\$ 25,138,600	\$ 26,967,011	\$ 23,726,933

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

15. 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 (note 17)	2024	2023
Conditional government transfers:			
Federal:			
CWF/Gas Tax	\$ 765,000	\$ 926,779	\$ 834,674
Parks Canada	531,200	55,203	187,953
Infrastructure grants	4,479,600	471,790	141,558
Operating	367,000	382,427	176,454
Provincial:			
Growing Communities grant	-	-	6,642,000
Miscellaneous grants	640,600	474,838	524,829
BC Hydro	-	337,257	-
ICBC	-	94,000	-
Climate Action	148,100	-	148,082
Other:			
Q Arena Debt Subsidy	-	-	75,138
West Shore Parks & Recreation	139,798	260,236	251,370
Total Conditional government transfers	\$ 7,071,298	\$ 3,002,530	\$ 8,982,058
Unconditional government transfers:			
Provincial:			
Small Communities	\$ 159,000	\$ 149,300	\$ 159,000
Traffic Fines Revenue Sharing	162,400	165,000	163,000
Casino revenue sharing	326,000	296,848	320,600
Other	-	410	327
Total Unconditional Government Transfers	\$ 647,400	\$ 611,558	\$ 642,927

Community Works Fund (formerly 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.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

15. Government transfers (continued):

The Growing Communities Fund grant is conditional funding to municipalities to support the delivery of infrastructure projects necessary to enable community growth. As at December 31, 2024, the balance unspent is \$6,884,542. Funds amounting to \$4,102,300 have been committed to various parks improvement projects in the capital financial plan over the next 5 years.

16. Commitments and contingencies:

(a) Contingent liabilities:

- (i) The Capital Regional City (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.
- (ii) 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 organizations throughout the Greater Victoria region and Gulf Islands. Members' obligations to share in funding ongoing operations any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.
- (iii) 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.

(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:

- (i) 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 2025 estimated cost of this contract is \$5,266,393 (2024 estimate - \$4,677,600).

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

16. Commitments and contingencies (continued):

(c) Commitments (continued):

- (ii) In November 2024, the City entered into an operating sub-lease agreement for the Medical Clinic premises for a term of five years. The lease agreement has a renewal option to extend the lease term until August 2033. Under the terms of the lease, there is a monthly rent incentive to reduce rent based on the number of doctors practicing.

The future minimum lease payments under this agreement are as follows:

2025	\$	63,264
2026		63,264
2027		63,264
2028		63,264
2029		57,990
		<hr/>
		\$ 311,046

- (iii) The City has entered into agreements and contracts for various capital projects. The City has commitments totaling \$7,998,931 as at December 31, 2024 related to these capital projects. Funding for the majority of these obligations has been set aside in reserves for future expenditures, development cost charges and grant revenue. These amounts will be recorded in the accounts in the period when the goods and services to which they relate are received.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

17. 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 February 26, 2024, with the adoption of the Five-Year Financial (2024-2028) Bylaw No. 2021, 2024.

The chart below reconciles the approved budget per the Financial Plan to the budget reported in these consolidated financial statements.

	2024 Budget
Consolidated Budgeted Surplus, per City of Colwood Financial Plan Bylaw No.2021	\$ -
Add:	
Capital Projects, General Capital Fund	33,067,600
Capital Projects, Sewer Capital Fund	30,000
Capital Projects, West Shore Parks and Recreation Society	-
Debt repayments	350,000
Transfers to reserves	12,839,200
Less:	
Proceeds of borrowing	(12,724,300)
Transfers from reserves	(8,240,500)
Transfers from surplus	(5,845,100)
Amortization	(2,998,000)
Consolidated Budgeted Surplus, per City of Colwood Financial Plan Bylaw No.2021	16,478,900
Add:	
West Shore Parks and Recreation Society - User Fees	1,707,858
West Shore Parks and Recreation Society - Government grants	139,798
West Shore Parks and Recreation Society - Other	22,788
Less:	
West Shore Parks and Recreation Society - expenses	(1,911,832)
Consolidated Budgeted Surplus, per City of Colwood Statement of Operations	\$ 16,437,512

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

18. 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 2024, the City's proportion for consolidation purposes was 22.44% (2023 - 21.81%).

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

18. West Shore Parks and Recreation Society (continued):

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

	2024	2023
Financial assets	\$ 6,319,372	\$ 5,775,508
Financial liabilities	3,888,495	3,555,603
Net financial assets	2,430,877	2,219,905
Non-financial assets	1,716,367	1,673,134
Accumulated surplus	4,147,244	3,893,039
Invested in tangible capital assets	1,504,592	1,481,675
Reserve funds	2,906,071	2,734,123
Unfunded members' tangible capital assets	(263,419)	(322,759)
Accumulated surplus	4,147,244	3,893,039
Revenues	9,643,960	9,778,784
Requisition from members	6,049,085	5,816,429
Total revenues	15,693,045	15,595,213
Expenses	15,438,840	14,863,678
Annual surplus	\$ 254,205	\$ 731,535

19. Financial risk management:

The City has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (foreign currency risk, interest rate risk, and other price risk). Management oversees the City's systems and practices of internal control and ensures that these controls contribute to the assessment and mitigation of risk. Management reports regularly to Council on its activities. The City has experienced no change in its risk exposure and has not made any changes to its risk management policies and procedures during the year.

(a) Credit risk:

Credit risk is the risk of a financial loss to the City if a counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss. Such risks arise principally from certain financial assets held by the City consisting of cash and cash equivalents, investments and accounts receivable.

Cash and cash equivalents and investments are held with reputable financial institutions with investment grade external credit ratings. The majority of receivables are owing from government agencies. The City is able to recover delinquent taxes through tax sale of properties with unpaid property taxes.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

19. Financial risk management (continued):

(a) Credit risk (continued):

The City assesses on a continuous basis its receivables and provides for any amounts that are collectible in an allowance for doubtful accounts. The maximum exposure to credit risk is the carrying value of financial assets.

(b) Liquidity risk:

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they become due. The City's objective is to have sufficient liquidity to meet these liabilities when due. The City prepares financial plans, monitors its cash balance and cash flows to meet its liquidity requirements. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the City's results of operations or the fair value of its holdings of financial instruments. In the normal course of operations, the City makes purchases denominated in US dollars. The City does not have any material transactions denominated in foreign currencies at year end. The City is monitoring the potential impacts and options to mitigate risks arising from tariffs and cross border trade.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The City mitigates interest rate risk by investing in fixed-rate investments and debt. The City is subject to interest rate risk at maturity or refinancing.

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:

(a) 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.

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Notes to Consolidated Financial Statements

Year ended December 31, 2024

21. Segmented information (continued):

(b) 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.

(c) 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.

(d) 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.

(e) Planning and Development Services:

Planning and Development Services co-ordinates and leads efforts to enhance the City's neighborhoods, 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.

(f) 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.

THE CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

21. Segmented information (continued):

(g) 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.

(h) Health, social services and housing:

The City of Colwood's Household Prosperity Survey in 2023 identified access to healthcare as the top priority for residents in Colwood. To address this, the City of Colwood is embarking on a pilot project to create a new clinic providing family doctors to residents of Colwood.

The family doctors will be recruited and employed by the City of Colwood, and the clinic will be leased and managed by the City of Colwood. The clinic will prioritize Colwood residents without a family doctor. When there is further capacity in the clinic, there may be an opportunity for residents with an existing family doctor to change to one at the Colwood Medical Clinic.

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 2024 - 2028 Financial Plan Bylaw No 2021, 2024.

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.

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Notes to Consolidated Financial Statements

Year ended December 31, 2024

21. Segmented information (continued):

2024	General Fund							Sewer Fund	Total
	General Government	Protective Services	Solid Waste Management	Health, Social Services and Housing	Planning and Development Services	Engineering, Public Works and Transportation	Parks, Recreation and Culture	Sewer Services	
Revenue:									
Taxation	\$ 26,570,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 396,678	\$ 26,967,011
User fees	195,871	2,816,885	-	-	271,500	444,741	1,759,166	2,218,403	7,706,566
Fines and penalties	283,978	24,506	-	-	-	-	-	-	308,484
Government transfers	3,353,852	-	-	-	-	-	260,236	-	3,614,088
Investment income	2,734,476	-	-	-	-	-	-	97,110	2,831,586
Developer contributions	-	-	-	-	1,789,603	4,148,891	162,984	860,434	6,961,912
Other revenue	38,728	111	794	-	-	-	171,204	-	210,837
Total revenue	33,177,238	2,841,502	794	-	2,061,103	4,593,632	2,353,590	3,572,625	48,600,484
Expenses:									
Salaries, wages and benefits	3,794,858	4,299,995	191,028	10,920	1,287,222	3,015,972	768,101	323,066	13,691,162
Materials, goods and supplies	516,225	113,150	36,622	-	1,901	245,528	157,602	150,730	1,221,758
Property service costs	167,534	354,603	157,818	6,650	3,391	869,598	202,616	1,549,732	3,311,942
Professional service costs	654,574	4,226,475	-	16,667	142,659	132,760	2,134,103	4,830	7,312,068
Other costs	276,757	200,123	-	-	1,794	706	2,611,993	-	3,091,373
Fiscal expenses	102,180	-	-	-	-	46,798	38,205	542,308	729,491
Amortization	221,537	486,417	-	-	-	2,022,857	522,641	335,866	3,589,318
Special projects	362,677	23,734	-	-	603,842	248,315	33,732	-	1,272,300
Total expenses	6,096,342	9,704,497	385,468	34,237	2,040,809	6,582,534	6,468,993	2,906,532	34,219,412
Annual surplus (deficit)	\$ 27,080,896	\$ (6,862,995)	\$ (384,674)	\$ (34,237)	\$ 20,294	\$ (1,988,902)	\$ (4,115,403)	\$ 666,093	\$ 14,381,072

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Notes to Consolidated Financial Statements

Year ended December 31, 2024

21. Segmented information (continued):

2023	General Fund						Sewer Fund	Total
	General Government	Protective Services	Solid Waste Management	Planning and Development Services	Engineering, Public Works and Transportation	Parks, Recreation and Culture	Sewer Services	
Revenue:								
Taxation	\$ 23,373,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,885	\$ 23,726,933
User fees	216,988	1,827,379	-	294,198	360,198	1,673,811	1,618,847	5,991,421
Government transfers	9,373,615	-	-	-	-	251,370	-	9,624,985
Fines and penalties	184,293	7,396	-	-	-	-	-	191,689
Investment income	2,522,524	-	-	-	-	-	58,289	2,580,813
Developer contributions	-	-	-	538,450	12,154,983	1,237,062	1,001,480	14,931,975
Other	68,815	108	476	-	-	206,075	-	275,474
Total revenue	35,739,283	1,834,883	476	832,648	12,515,181	3,368,318	3,032,501	57,323,290
Expenses:								
Salaries, wages and benefits	3,506,977	3,811,916	173,203	1,126,979	3,138,997	704,422	295,519	12,758,013
Materials, goods and supplies	448,236	119,465	33,731	4,871	392,211	156,369	124,576	1,279,459
Property service costs	155,987	356,963	141,228	3,348	718,742	243,840	1,134,380	2,754,488
Professional service costs	550,283	4,387,401	-	120,202	107,975	2,034,403	8,159	7,208,423
Financing costs	66,852	34,795	-	-	7,920	76,410	211,782	397,759
Other costs	279,420	188,896	-	2,261	850	1,783,927	-	2,255,354
Amortization	255,219	336,634	-	-	1,810,640	510,830	326,224	3,239,547
Special projects	167,018	14,970	-	878,521	174,597	19,909	-	1,255,015
Total expenses	5,429,992	9,251,040	348,162	2,136,182	6,351,932	5,530,110	2,100,640	31,148,058
Annual surplus (deficit)	\$ 30,309,291	\$ (7,416,157)	\$ (347,686)	\$ (1,303,534)	\$ 6,163,249	\$ (2,161,792)	\$ 931,861	\$ 26,175,232