City of Colwood

The City with a view of the future!

REPORTING ON YEAR 2009

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City of Colwood

2010 Annual Municipal Report
(Reporting on Year 2009 and Strategic Planning for Years 2010-2014)

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CITY OF COLWOOD

2010-2014
STRATEGIC PLAN

Adopted by City Council: 2010-07-xx

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1. BACKGROUND

Definition

Strategic planning is a process for determining where an organization is going over a defined period of time, typically 3 to 5 years. In order to determine where an organization is going it needs to know exactly where it stands, then determine where it wants to go and how it will get there. The resulting document is called the "strategic plan."

Colwood's Model

The Mayor, with the support of the majority of council, has created a vision of becoming the first Green Learning University City in Canada. It has also taken steps to encourage a West Shore solution to regional sewage treatment. Significant effort has also been made to encourage development and building. In 2009 and again in 2010, considerable focus has been placed on improving the City's financial state. All capital projects for these years have been deferred to reduce the City's expenditures.

Since inception of the Strategic Plan in 2006, the document integrates organizational goals and initiatives into actions, with outcomes being measured over time. The perspectives that are being used are those of the ***customer, internal processes, employee learning and growth, and financial aspects***. The application of these elements enables an organization's main focus areas to move forward and at the same time measure success through clearly identified outcomes.

The objective of such a performance measuring exercise is to keep the plan manageable, relevant, and attainable, especially considering the limited resources that can be brought to bear. The advantages of a strategic plan are:
creates clarity and focus around the City's direction
a communication enabler for the organization
aligns departmental and personal goals to the City's direction
links planned direction to long term initiative accomplishments and annual budgets
clearly identifies immediate and longer term actions
fosters continual review and improvement

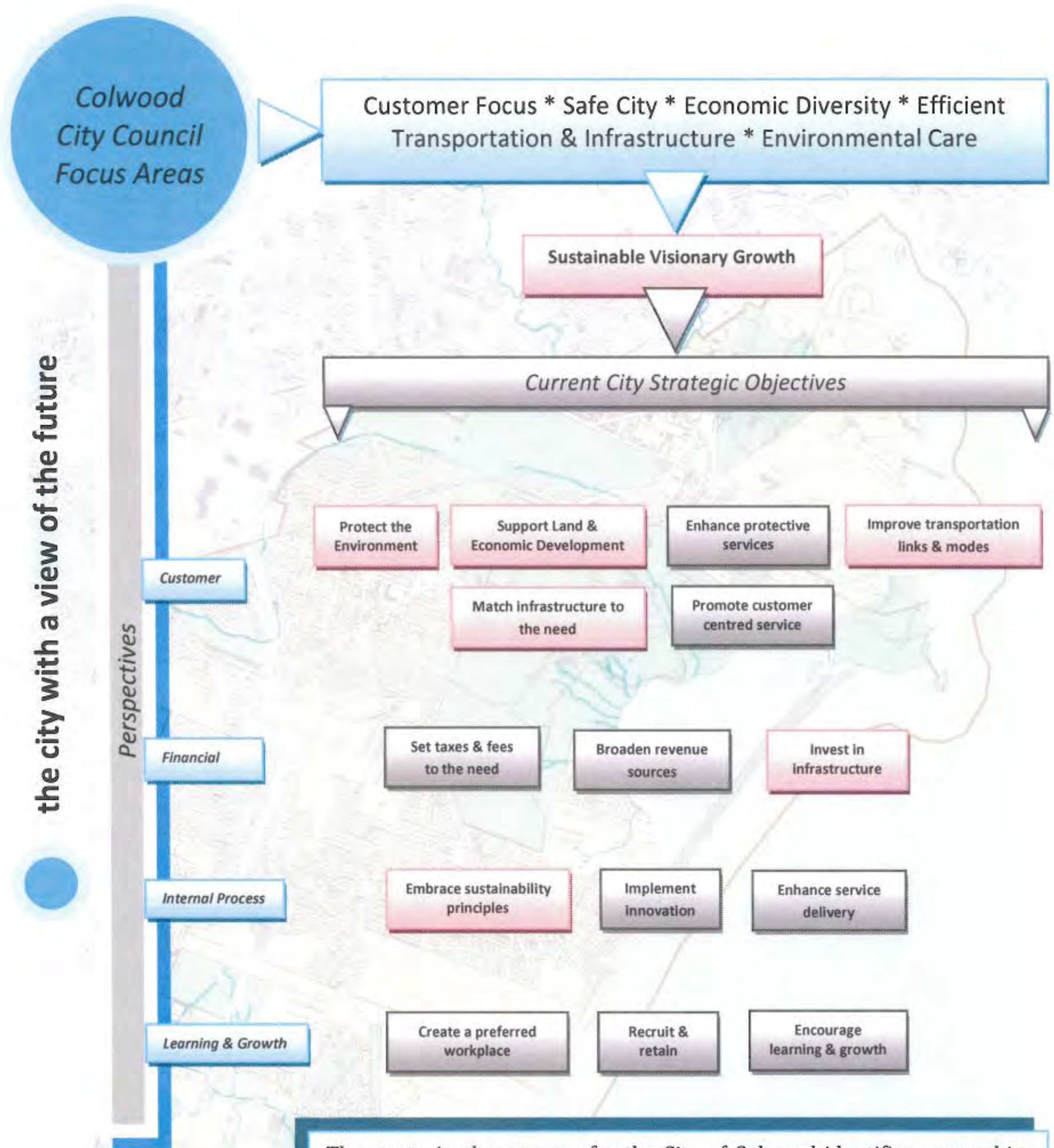
Key General & Assessment Measures

Key General Measures	*Source Stats Canada[1] 2006*
Population - *Revised Census Data*	15,260
Annual growth rate	1.4%
Total private dwelling units	5,770
Population density per sq km	836.8

Key Assessment Measures 2009		*Source revised assessment roll*	
No. of properties	*Land*	*Improvements*	*Total*
5,418	$ 2,075,983,479	$ 1,249,717,187	$ 3,325,700,666

[1]http://www12.statcan.ca/english/profil/Details/details1.cfm?SEARCH=BEGINS&ID=12884&PSGC=59&SGC=5917041&DataType=1&LANG=E&Province=All&PlaceName=colwood&CMA=935&CSDNAME=Colwood&A=&TypeNameE=City

2. STRATEGIC MODEL DIAGRAM



The strategic plan process for the City of Colwood identifies overarching focus areas with their supporting perspectives. This creates a matrix that can then be used to identify key initiatives and associated actions. The accomplishment of the identified actions is the measured results, which in turn directly supports the overarching Council focus areas. The model is built upon the interdependency of each of the layers which act to support the strategic direction of the City now and into the future. The Perspectives with Associated Current City Strategic Objectives can be found under Appendix C.

3. KEY FOCUS AREAS

3.1. Customer Focus

The City of Colwood is a place where collectively people live, work, invest, learn, and play. Some of the attributes that make the City a preferred place to live are its early history, natural assets and uniqueness of physical location. Like any local government, its aim is to promote the general health, safety and welfare of its residents. Being customer-focused, the City aims at providing services that are needed, useful and relevant. This includes the entire delivery chain from policy making through to the tangible front-line services.

2009 Accomplishments

- ✓ Rearrange office space to better meet the staffing and business needs.
- ✓ Expand Council podium seating to accommodate all staff at meetings
- ✓ Install new microphones & speakers in Council Chambers.
- ✓ Completed a strategy to replace the City's proprietary Core Financial software
- ✓ Implemented Homeowner Grant on line

3.2. Safe City

A feeling of personal safety on City streets, at home, and at the workplace are some of the most important factors when people assess the quality of their lives, which relates directly to their preferred place in which to live. Knowledge that protective services such as Fire, Police, Bylaw, Building Inspection and Emergency Planning are adequately resourced and have a reputation of responding to community needs, helps create a safe community. A safe city tends to retain its residents, is inviting to perspective ones, encourages development, and attracts tourists. The City is committed to creating a safe community for all its current and future residents and businesses.

2009 Accomplishments

- ✓ Pursue targeted, repeat offender enforcement – RCMP.
- ✓ Adopt the initiative of Crime Prevention Through Environmental Design.
- ✓ City implemented burning ban bylaw.
- ✓ Upgraded a major piece of Fire Apparatus (tanker 58)
- ✓ Implementation of a Regional Crime Unit in an effort to reduce costs and deliver better regional service.
- ✓ Contract put in place to lease out entire RCMP Building.
- ✓ A total request for Emergency Fire Services in 2009 was 586, with insurable fire loss valued at $471,450, which is less than experienced in 2008 of $671,451.
- ✓ Policing cost per capita is calculated at $123.59 up from $106.29 in 2009 (cost share from 70% to 90%).

Bylaw Response by Major Issue			
	Complaints		
	2009	2008	2007
Administration - cfs	37		
Building Bylaw	7	9	6
Noise Bylaw	42	30	30
Unsightly Premises	40	33	20
Business License	3	9	3
Parks	15	3	7
Engineering - cfs	1		
Blasting	0	0	0
Roads & Boulevards	56	90	52
Truck Route	22	15	8
Unlicensed Vehicles	21	14	8
Fire - cfs	17		
Fire Regulation	4	6	1
Open Fires	15	6	25
Incinerator	2	0	0
Beach Fires	8	0	2
Planning - cfs	2		
Illegal suites	10	15	4
Zoning	4	13	4
Land use	3	5	3
Grow Op	0	3	0
Other	10	23	14
TOTAL	*319*	*274*	*187*

3.3. Economic Diversity

A sustainable city should provide a sufficient range of places for its citizens to invest, live, play and work. It must be able to create and perpetuate the necessary conditions to foster sufficient job opportunities, an array of amenities and a variety of shopping opportunities. The City's new Official Community Plan creates certainty for existing and prospective businesses and the community as a whole by designating appropriate lands for defined uses.

2009 Accomplishments

Building & Business Activity Indicators

Business Licence Activity									
	2009				*2008*				
	New	*Renewal*	*Total #*	*$ Value*	*New*	*Renewal*	*Total #*	*$ Value*	*Value % change*
Total	86	347	433	36,175	105	296	401	41,913	-15.86

Building Permit Activity							
	2009			*2008*			
	# of Permits	*Total $ Value*	*Permit Fee $*	*# of Permits*	*Total $ Value*	*Permit Fee $*	*Value % change*
Total	141	20,971,108	234,951	178	53,950,510	562,453	-157.3

New Units by Type													
2009							*2008*						
Single dtchd	*Dup*	*Apt*	*T/H*	*Det T/H*	*Mob Home*	*Total*	*Single dtchd*	*Dup*	*Apt*	*T/H*	*Det T/H*	*Mob Home*	*Total*
45	2	0	22	0	0	141	36	2	60	30	0	0	128

Subdivision Lots & Strata's Created							
2009				*2008*			
New Lots	*New Bareland Strata Lots*	*Lost Lots*	*New Strata Units*	*New Lots*	*New Bareland Strata Lots*	*Lost Lots*	*New Strata Units*
5	4	0	22	59	28	0	29

- ✓ Financially support the West Shore Magazine.
- ✓ Initiated meetings with View Royal on issues of common interest.
- ✓ Rewrote & harmonized the City's Building bylaw to match that of other local municipalities.

3.4. Efficient Transportation & Infrastructure

Transportation and associated issues are consistently identified by Colwood and West Shore residents as one of the most challenging issues facing the area – now and into the future. The increasing traffic volume trend and its impacts are not likely to decline, so it is incumbent upon the City to not jeopardize its development and growth potential due to transportation issues, but rather to find workable and innovative solutions. However, the integrated nature of transportation routes in and out of the West Shore municipalities and the unavoidable link between the form of development and its effect on transportation requirements suggests that no single government organization in the region can create workable solutions on its own. The City must continue to work with Ministry of Transportation, CRD, BC Transit and other municipalities.

The City is focused on creating transportation choices for its citizens. To this end the OCP placed a priority on walking, bicycling, transit, high occupancy vehicle and single occupant vehicle (in that order), but recognizes that automobiles continue to be the preferred mode of transportation for the majority. The challenge for the City is to create improvements to the existing road and active transportation (walking and cycling) networks, manage congestion and improve road safety, while still maintaining adequate connections to local neighbourhoods and creating incremental improvements for the efficient through movement of people, services and goods. The City recognizes that 'smart growth' land use is critical to the solution.

The City is committed to providing the essential infrastructure to ensure that it will thrive economically as a healthy place in which to live and is safe for all its citizens. Storm drainage, sewer systems and other underground infrastructure will be installed and improved over time to accommodate the City's fast pace of growth. The City's 'green infrastructure'—riparian areas, parks and urban forest—is also a valued part of our infrastructure.

2009 Accomplishments

- ✓ Sewer Bylaw 1001 endorsed by Council, allowing new entrants into the sewer system, with identified costs payable to expand the system.
- ✓ The accomplishment level of approved maintenance programs is estimated to be 80%.
- ✓ City continuing to work towards finding solutions regarding sewer service.
- ✓ Create accessible art space at the Lagoon beach – south end.
- ✓ Completion of design and build Wale/Wilfert Intersection.

3.5. Environmental Care

The City of Colwood will continue to be a preferred place where people want to live. It will strive to have a quality built environment, with reasonable care taken to maintain or improve the character of each natural area within the municipality. Environmental initiatives will be built into land and building development and the important areas such as green space and watercourses will be enhanced where required.

Historic places and landmarks, of which many are managed by other agencies, will be supported to be preserved and where practical left open to the public to enjoy. The many new neighbourhood developments will be encouraged to be varied in design and of high quality. Commercial and business areas, although complementary to residential areas, will be encouraged to become more mixed-use areas supporting the concept of live, work, and play within walking distance.

2009 Accomplishments

- ✓ Burning Ban Bylaw successfully implemented resulting in improved air quality.
- ✓ Bylaw 1001 implemented in place of Development Cost Charges.
- ✓ Created base line information on energy and fuel consumption.
- ✓ Undertook a total energy audit of City operations.
- ✓ Green Building BC review + E3 Fleet review completed (Fidelis IRM study).
- ✓ Successful test of the Boydel sewer treatment process in Colwood.

4. CRITICAL CITY FOCUS FOR 2010-2011

The City has faced significant budgetary challenges, resulting in tax increases in 2009 and 2010 of 16% and 9%, respectively. Actual taxes are about average for the region but nevertheless these types of increases create problems no matter what base level they come from. On the expenditure side staffing levels were reduced by 8 FTE's, service levels reduced and capital projects deferred or abandoned. The underlying challenge for the City is to eliminate the high tax spikes, meet the service level needs of the community and create the capacity to start needed capital projects again.

The City has no direct control over annual land assessment values. For large undeveloped lands, this has created significant challenges as the values and classifications vary considerable from year to year create uncertainty from a property tax perspective. The City needs to work more closely with the BC Assessment Authority to achieve stability in values and insure that class categorizations are reasonable. Secondly, annual budgets must continue to be developed conservatively with sufficient funding put aside for unpredictable assessment settlements, such as those experienced in 2009 and 2010. Reserves must be created to help the City get through future problems without large tax increases.

In 2009 the City's policing cost increased enormously due to a change in the cost sharing formula that is triggered by the change in the *revised* census data. The City has challenged this number partially based on the fact that the Military Police at Belmont Park take on the enforcement role beside the RCMP. As costs are no longer shared within E Division such items as vehicle replacement have to be planned for and monies placed in a specified reserve. Another trend that is of concern to the City is incremental costs created by service changes or additions. Although to date the impacts has been relatively small, the concern is the accumulative effect. Finally, the Police contract will be re-negotiated in 2012, which might have cost implications.

The issue of sewers is a major challenge for the City and many of the problems stem from the past. The major areas of concern are: the fundamental bylaw foundation, incorrect application of some of the bylaws for taxing purposes, overpayment of taxes, unusable capacity, unknowns, refunding magnitude and Municipal Enabling and Validating Act (MEVA). The City make will be placing higher priority on this issue in the coming year, perhaps creating a dedicated council committee to guide the process.

In trying to move forward on matters that adversely affected the City from the past, considerable legal and settlement costs are being incurred. For example, the City is tackling what is considered to be incorrect assessment values and classifications on large properties; responding to litigation on the initiative to amalgamate two Local Service Areas into one; resolving an expropriation claim; and building the financial capacity to deal with sewer settlements; and costs incurred by City development and operational needs.

5. CITY COUNCIL FOCUS AREAS, INITIATIVES, ACTIONS, TARGETS AND BUDGET 2010-2014

Each Action/Target/Resp./Budget row has been given a colour code so that one can easily determine the status. The Key to colour coding:

Blue = Complete, target met
Green = started, partially complete, ongoing, in progress, to be revisited
Brown = on hold, rescheduled, not achieved, discontinued, abandoned
Yellow = not started

CUSTOMER SERVICE				
	Action	*Target*	*Resp*	*Budget*
Implement innovation				
Initiative: Create a recognizable City of Colwood image				
	Create a distinctive City Logo & Coat of Arms, RRU Master of Arts in Leadership: City of Colwood Leadership Challenge	2007 – 2008 ***Concept Completed***	Adm	No funding
	Incorporate the castle image in all City works	Start 2007 onwards ***Discontinue Reporting***	All Depts	Part of project costs
	Integrate the City Christmas light theme into City and developer works	Incorp. into Wale Road Q4 2007 ***Discontinue Reporting***	Eng	Part of project costs
Initiative: Improve office efficiency				
	Scan building drawings into digital format	Commence in Q4 2007 ***On Hold***	Bld	No funding
	Review existing Hall phone system & compatibility with PW and Fire	Q4, 2008 ***Completed 2010 (except Fire)***	Adm	IT funded
	Revise budget process for departments	Q4 2007 ***Completed 2009***	All Depts	Within op. budget
Initiative: Lever computer technology to gain productivity & efficiency				
	Tablet technology for building and bylaw activities	Research & implement 2008 – 2009 ***Ongoing***	Bld / Byl / Eng	Within op. budget
	Implement new Core Financials	Q4 2009 ***80% complete***	Fin	Cap. Budget approved
	Install automated till & screens into financial network	Research by Q4 2008 ***Implemented 2010***	Fin	Cap. Budget approved

	Install overhead projection capability for the council chamber	Budget 2009 ***Rescheduled 2011***	Adm	No funding
	Install Phase 1 of the CityView efficiency software	Q4 2008 ***Completed***	Adm/ Bld	Cap. Budget approved
Create a preferred workplace				
Initiative: Create learning and experience opportunities for employees				
	Promote employee training and education	Maintain $795 per FTE / year ***Not Achieved***	Adm	Within op. budget
	Make available customer service & other specialized training for employees	Introduce Q3 2008 ***Rescheduled 2011***	Adm	Funding request reqd
	Create customer service policy	Draft Q 4 2008 ***Rescheduled 2011***	Adm	Within op. budget
	Offer supervisory training for PW Foreman and charge hands	2009 ***Rescheduled 2011***	Adm	Within op. budget
Initiative: Let employees know how they are doing				
	Institute a competency-based employee performance appraisal system	Draft Q1 2008 ***Started 2010***	Adm	Within op. budget
	Introduce an employee recognition program	2008 - 2009 ***Started 2010***	Adm	Funding request reqd
Initiative: Work place health & safety				
	Report annually on the work place health & safety	Q2 2008 ***Ongoing***	Adm	Within op. budget
	Design new PW building that is off the grid	2009 ***Design complete, implementation on hold***	Eng	Funding request reqd
	Research an employee wellness program	2008/2009 ***Started 2010***	Adm	Within op. budget
Promote customer centered service				
Initiative: Create a City Geographic Information System (GIS)				
	Contract for the supply of an accurate Cadastral mapping base	Commence Q3 2007 ***Not started***	Eng	Funding request reqd
	Determine the preferred GIS software for the City and implement	Research 2008 ***Started***	Eng/Pln	Funding request reqd
	Harmonize CAD & mapping	Research 2009 ***Started***	Eng/Pln	Within op. budget

Enhance service delivery				
Initiative: Reduce internal City bureaucracy				
	Rescind unneeded policies and development of needed policies	Commence Q2 2007 ***Completed 2009***	Adm	Within op. budget
	Establish baseline standards for service – eg: application process times; response to letter; phone calls, emails; compliant resolution tracking; parks and road maintenance	2011	All Depts	Funding request reqd
Initiative: Ensure the organizational structure supports the City's business				
	Create greater staffing capacity and build a succession plan for Engineering, with a Deputy city engineer combined with a Development Manager	2011	Adm/ Eng	In 5 year Financial Plan 2011
Invest in infrastructure				
Initiative: Meet senior government requirements				
	Implement infrastructure asset management - PSAB	Q 1 2008 ***Completed 2009***	Fin	Within op. budget
Implement rigorous financial processes				
Initiative: Follow up on 2009 Budget Brainstorming items				
	Identify implementation possibilities	2009 ***Started***	All Depts	Within op. budget
	Rebuild City financial reserves	2010 ***Ongoing***	Fin	
	Work to create long term stability in the Royal Bay Assessment values.	2010 ***Started***	Adm/ Fin	
	Establish a reserve to balance off changing annual RCMP costs	2011	Fin	
	Monitor vehicle & equipment costs v. usage	2010 ***Started***	Eng/Fin	Within op. budget
SAFE CITY				
Enhance protective services				
Initiative: Strategic plan for future fire department needs				
	Acquire land for a second fire hall close to the city centre – Belmont Park/Ocean Boulevard area	Land Acquisition Q4 2008 ***On hold***	Adm	Funding request reqd
	Confirm approved funding model & establish 20 year fire equipment replacement program	Q 4 2008 ***Not started***	Fire	
	Review & update the Fire Prevention & Suppression Bylaw	2010 ***Started***		Within op. budget
Initiative: Work with RCMP to enhance safety and keep crime rates low				
	Participate in the renegotiations of the RCMP service provision contract	2007 thru 2011 ***Ongoing***	Adm	
	Strength availability 15.6 FTEs = 100%	>85% ***Target met***	RCMP	Within op. budget
Initiative: Emergency Planning				
	Review the emergency planning reporting structure and governance	2010 ***Not started***	Admin	Within op. budget

Promote customer centered service				
Initiative: Report on fire performance				
	Publish an annual Fire Department performance report	***Completed Annually***	Fire	Within op. budget
Improve transportation links & modes				
Initiative: Expand the pedestrian infrastructure				
	Begin annual sidewalk installation program	Q4 2007 ***On hold***	Eng	Funding request reqd
Embrace sustainability principles				
Initiative: Create emergency preparedness self sufficiency				
	Research the feasibility of setting up partnerships with neighbourhoods, businesses & schools for emergency preparedness	Number of neighbourhoods participating ***Not started***	Emg	
ECONOMIC DIVERSITY				
Set taxes & fees to the need				
Review of internal processing costs				
	Review all City fees & charges for services	Q3 2007 ***Ongoing***	All Depts	Within op. budget
Create leisure opportunities				
Initiative: Support culture & arts in Colwood				
	Support Emily Carr Festival - City outreach presence at all major events	2008 - 2010 ***Ongoing***	All Depts	Grant req
	Support Colwood Community Place	2010 ***Ongoing***	All Depts	Grant req
	Support and celebrate Colwood's 25th year of incorporation along with the Canadian Navy's 100th birthday and Fisgard Lighthouse 125th anniversary.	2010 ***Complete***	All Depts	Within op. budget
Initiative: Support activities & sports in the West Shore				
	Consider being a financial supporter of the proposed new sports facility at Juan de Fuca (all weather turf, lit field in place of velodrome	2007 - 2009 ***No longer applicable***	Fin	
	Publish park & trail map on website with picture links	2008 – 2009 ***Not Started***	Plan	Funding request reqd
	Request CRD load West Shore parks & trails map on its GIS-Natural Areas Atlas	2008 ***Not started***	Pln	
	Create a Community Green Map	2010 ***Complete***	Pln & external	Funding thru CCP
Support land & economic development				
Initiative: Support business & tourism in the West Shore				
	Create a plan to rename Sooke Road and decoratively signpost major city attractions	2009 ***Not started***	Eng	Funding request reqd
	Undertake branding project with RRU students	2009 - 2010 ***Complete***	Adm	No funds reqd

	International marketing research (RRU)	2009 ***Ongoing***	Adm	No funds reqd
Initiative: Build partnerships				
	Partner with the Sooke School District and West Shore Parks and Recreation Society in sports facilities, emergency preparedness and other levered building use at the proposed Royal Bay School	2007 - 2010 ***Ongoing***	Adm	Funding request reqd
	Lobby the Provincial Government to locate some of its offices in the Colwood	Lobby started 2007- 2008 ***Ongoing***	Adm/ Eng/ Pln	
	Participate in First Nations treaty discussions	2007 Onwards ***Ongoing***	Adm	Financial implic.
	Partner with RRU on an initiative to become the first green learning university city in Canada; MOU singed	2009 ***Ongoing***	All depts	Financial implic.
Initiative: Update planning & development & engineering strategic & operational documents				
	Update Subdivision & Land Use Bylaw to include new design & beautification standards	Q 2 2008 ***Started***	Plan & Eng	Funding request reqd
	Update Resolutions 123 & 124 (forms part of Subdivision and Development Bylaw)	Q4 2007 ***Not started***	Eng	Funding request reqd
Initiative: Define the City's direction on housing				
	Commit to adopting an affordable housing policy & action plan	Q3 2007 ***To be revisited***	Plan	
	Introduce secondary suite initiative	2008 ***Completed***	Plan	Within op. budget
Enhance service delivery				
Initiative: Streamline City and inter governmental business processes				
	Review & improve the building permit issuing process (reduce processing time)	Q4 2008 ***Ongoing***	Bld	Within op. budget
	Poll builders/developers on how to improve efficiencies in a competitive market	Q4 2008 ***Rescheduled***	Bld	Within op. budget
	Delegation of Development Permit Process to staff	2010 ***Completed***	Pln	Within op. budget
	Investigate payment methods using credit cards	2010 ***Started***	Fin	Within op. budget
	Investigate vendor leasing opportunities for Coburg Peninsular – business expansion and revenue	2011	Adm/ Eng	Within op. budget
	Explore alternate building approval/inspection scheme – allow industry professional sign off	2010 ***Started***	Blg/ Adm	Within op. budget
EFFICIENT TRANSPORTATION & INFRASTRUCTURE				
Invest in infrastructure				
Initiative: Strategically plan for City sewers				
	Prepare a sewer master plan for the entire City	Q1 2008 ***Rescheduled 2010***	Eng	Budgeted from sewer reserves
	Enlarge LSA to accommodate new petitioners	2007 Onwards ***Discontinue reporting***	Adm/ Eng	Covered by fees

	Actively work towards resolving the ongoing third-party sewer litigation. Identify issues, estimate cost exposure, develop solution, and request Provincial assistance. Engage new legal counsel.	2007 Onwards ***Revaluate direction 2010***	Adm/ Eng	Signif. Financial implic.
	Create a council committee to guide the process of solving the sewer issues, which will also give it higher importance and profile.	2010		Council
	Create new LSA that encompasses Phase V and Lagoon LSAs.	2009 2010 ***Struck down New initiative 2010***	Adm/ Eng/ Fin	Within op. budget
Initiative:	Enhance existing City amenities			
	Prepare streetscape design and costing for Sooke Road	Q3 2008 ***Abandoned***	Eng	No funding identified
Initiative:	Strategically plan to solve major drainage issues			
	Design and install drainage solution for Triangle Mountain, Phase 2 – Cairndale thru Royal Bay or VMP to Colwood Creek Park	2008 – 2009 ***Started***	Eng	Funding request reqd
	Adopt a stormwater master plan	Q 4 2009 ***Not started***	Eng	DCC bylaw in progress
Initiative:	Plan, design, build and maintain City infrastructure			
	Install sidewalk on Kelly Road	Complete Q4 2007 ***Abandoned***	Eng	No funding identified
	Create parks & trails 5 year capital plan	Q2 2008 ***Not started***	Plan	Within op. budget
	Set in place monitoring of Lookout Dam and bridges	Q4 2008 ***In progress***	Eng	Funding request reqd
	Adopt a Regional Transportation Plan BC Transit/CRD; participate in Rapid Transit project	Q1 2008 ***Started***	Transit	
	Repair and open Lagoon Bridge – even if only temporarily by mid 2010.	July 2010 ***Started***	Eng	External assist.
	Research options of how to stabilize Coburg Peninsula and permanently fix the lagoon bridge.	2010/2011 ***Not strated***	Eng	Funding request reqd
Initiative:	Accountability framework for infrastructure level of services vs. costs			
	Develop a Plan Performance Maintenance Budget	Q4 2008 ***In progress***	Adm/ Fin/ Eng	Within op. budget
	Complete Council approved maintenance in the current year	>75% ***Achieved***	Eng PW	Within op. budget
	Complete Council-approved capital in the current year	>90% ***No capital works for 2009***	Eng PW	Within Cap. Budget – if avail.
Enhance service delivery				
Initiative:	Parks & trail identification			
	Create an information graphic & colour scheme for parks & trails	Q1 2009 ***Rescheduled 2010***	Plan	Funding request reqd

Broaden revenue sources				
Initiative: Financing of future infrastructure				
	Revise existing DCC Bylaws	Q1 2008 ***Started***	Eng	External assistance
	Enact a Latecomer Agreement to allow the expansion and over sizing of city infrastructure by developers, which benefits the city and gives developers an opportunity for repayment by other using the infrastructure in the future.	*2010* ***Completed***	*Adm/ Eng*	Within op. budget
Protect the environment				
Initiative: Reduce local air pollution & accrue health benefits				
	Introduce an anti-idling policy for Municipal vehicles	Q3 2008 ***Completed***	Adm	Within op. budget
	Purchase standard, fuel efficient vehicles	Q4 2008 ***Ongoing***	PW	Funding request reqd
Initiative: Reduce energy consumption and become Energy Positive				
	Inventory street lights & compare to Hydro invoice & convert to HPS	Q4 2008 ***Completed***	Eng	Within op. budget
	Install Uninterrupted Power Supply to LED traffic lights	Q4 2009 ***Ongoing***	Eng	Funding request reqd
	Change appropriate light switches at City Hall & Fire Station enabling complete switch off and auto on/off. 18 motion sensors installed.	Q3 2008 ***Completed***	Adm /Eng/ Fire	Funding request reqd
	Develop a Community Energy and Emissions Plan. Creation of Mayor's Energy Task Force. Terms of reference struck for Colwood Community Energy, Emissions and Economic Recovery Plan (CEEP). Climate policy	2009 ***90% complete***	Eng	Ext. grants
	Develop an energy policy for new buildings	2009 ***Started***		Within op. budget
	Develop a water smart policy for new buildings	2009 ***Not Started***		Within op. budget
	Change HVAC controls & settings at Fire Station to reduce natural gas consumption and reduce GHG's	2009 ***Completed***		Within op. budget
	Set greenhouse gas targets in the Official Community Plan	2010 ***Complete***	Pln	Within op. budget
Initiative: City response to climate change				
	Carbon sink: Maintain or increase the total tree canopy based on a yet undetermined base year (i.e., plant trees)	2008 ***Not Started***	All Depts	
	Look at adaptation to climate change, e.g., Coburg Peninsula and foreshore, lagoon bridge , storm sewers	2009 ***Ongoing***	Eng	
	Consider adopt the voluntary Solar Ready Provisions of the BC Building Code	2010 ***Started***	Bld/ Eng	Within op. budget
Implement innovation				
Initiative: Explore a City or West Shore utilities				
	Explore sewer & water utilities through partnerships - RFEI	Start Q1 2007 ***80% complete***	Admin /Eng	Within op. budget
	Actively pursue a West Shore sewer treatment plant(s) - RFEI	Start Q1 2007 ***Ongoing***	Adm /Eng	Within op. budget

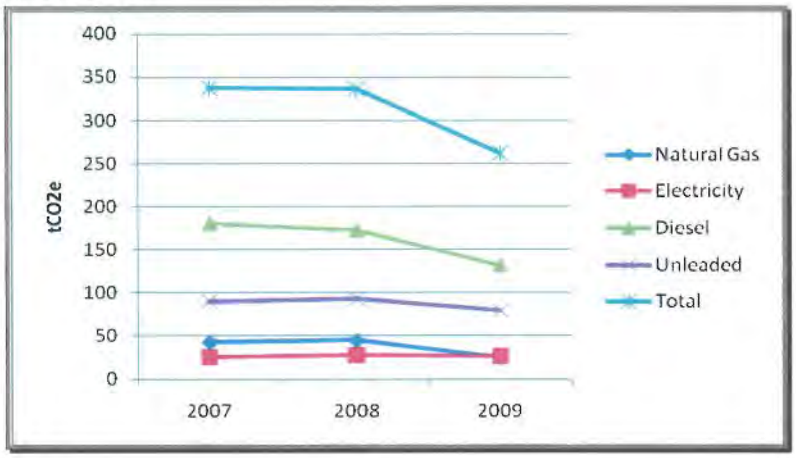
Initiative:	Rebrand the City as the first Green Learning City in Canada			
	Implement all or some of the recommendations in the RRU research – An Evolving City for a Changing World: A Leadership Challenge	2009-07-31 ***Started***	All Depts	Within op. budget
Create leisure opportunities				
Initiative:	Develop a comprehensive vision for Colwood parks & trails			
	Draft a Parks Master Plan	2010 ***On Hold***	Plan	Funding request reqd
	Create a work plan for the Coburg Peninsula Interim Management Plan	2009 ***Ongoing with ELSI***	Plan	Funding request reqd
	Develop a Colwood Creek Park Management Plan	2009 ***On Hold***	Plan	Funding request reqd
	Create plan to restore Latoria Creek	2010 ***On Hold***	Plan	Funding request reqd
	Create interconnected trails & green spaces in the south Latoria Valley developments	Q2 2007 ***Ongoing***	Plan	Funding request reqd
	Adopt a New Born Forest plan – a tree planting policy in urbanization.	Q4 2011 ***On Hold***	Plan	Funding request reqd

6. GHG EMISSIONS AND ENERGY USE

In 2008, Colwood became a signatory to the Climate Action Charter. This program requires Colwood to measure its emissions profile, become carbon neutral in its operations by 2012, publicly report on its progress to achieve its climate action goals through its proposed actions and become more compact and energy efficient.

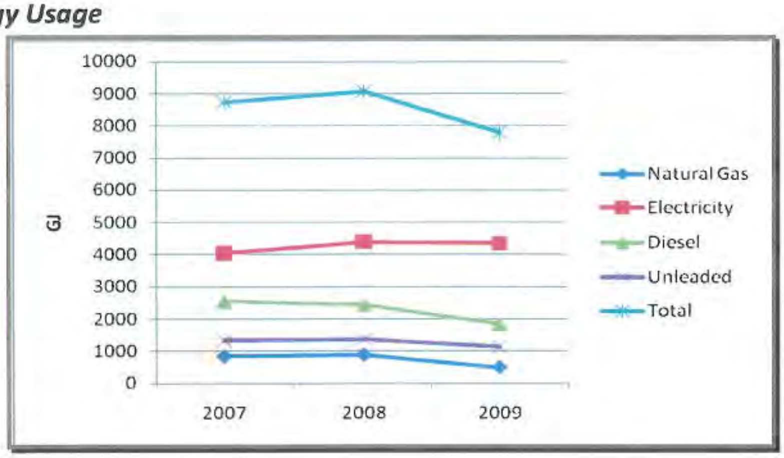
The City's corporate total greenhouse gas emissions for 2007, 2008 and 2009 are 338, 337 and 262 tonnes respectively. The reduction in overall GHG's since 2007 has been 22%.

City's Greenhouse Gas Emissions



The City's energy use reduction has not been as dramatic as its reduction in GHG emissions, but nevertheless over the 3 years of tracking the average consumption has decreased. Energy use is measured in Gigajoules (GJ). The base year of 2007 was recorded at a total of 8,743 GJ. In 2008 there was increase to 9,078 GJ with a decrease in 2009 to 7,800 GJ. Over the three years the average use is 8,540 GJ.

City's Energy Usage



7. APPENDICES

7.1. Appendix A: Vision of Colwood as Seen in 2008 Onwards

The newly adopted Official Community Plan[2] identifies a vision for Colwood which is reproduced below.

Our buildings, streets, and open spaces contribute to the community's overall 'look and feel' and largely determines activity patterns (e.g. how we get around, how we interact with neighbours, how we play). Evidently, our community's design and layout are critical for setting the stage for sustainable development. Development often involves changing or modifying natural ecosystems and regardless of location, development has an impact on life-sustaining elements such as air, water and soil. Development should therefore maintain the values of natural ecosystems and minimize other impacts when and where feasible. Thoughtful urban design is one of our community's most powerful tools to advance the quality of life of our residents, as well as the competitive advantage and attractiveness of the community, which is so critical for attracting business investment and jobs. Breathtaking natural features such as mountains, the lagoon and the sea will shape future developments as will our city's unique history and people.

Our Vision

Our safe, sustainable community, nestled in a rich network of hills, creeks, lakes and the sea, is defined by attractive, compact and complete centres connected by multi-modal transportation corridors. Our sustainable community is welcoming and inclusive for all and is planned and designed to support the needs of a diverse and changing population. The City of Colwood will make the full use of its regulatory and non-regulatory powers to ensure our vision is implemented to the greatest extent possible.

[2] City of Colwood Official Community Plan – 2008, Adopted by Council 2008/06/24

7.2. Appendix B: City Core Values

Vision

We want the City of Colwood to be the most liveable and safe city on Vancouver Island.

Mission Statement

Colwood is an exceptional community because of its natural contour beauty, its striking oceanfront, its pioneer heritage and its creative changing enhancements.

As employees of the City of Colwood, we have been entrusted to be the stewards of the quality of life cherished by those who work, live and play in the area.
In support of that trust, we commit to provide terrific service that respects the uniqueness and diversity of the community.
As an organization we embrace opportunities to improve our services and the quality and effectiveness of our relationships with the community and our teams. The following **Organizational Values** inspire and guide our efforts:

Accountable

We maintain the public trust by spending taxpayers' money wisely through 'working smart'.

Collaborative

We work together and support one another as team members across departmental boundaries.

Committed

We provide unbeatable customer service and we care and we know it makes a difference.

Creative

We embrace freedom to imagine and courage to act and find innovation.

Green

We consider the impact on the environment in everything we do.

Inclusive

We appreciate and accept the added value that open-mindedness and diversity bring to our team.

Integrity

We do the right thing, not the easy thing. We honour the public trust by conducting ourselves with integrity and doing what it takes to get the job done right.

Proud

We are proud of who we are and who we serve.

Spirited

We do our best in each moment, have fun doing it and celebrate a job well done.

7.3. Appendix C: Perspectives with Associated Current City Strategic Objectives

Customer Perspective: *Is the City making available the services that citizens need?*

Create leisure opportunities	Give citizens choices to participate in social, cultural and physical pursuits. Celebrate the heritage and history of the area. Encourage opportunities for 'green learning' in the City.
Protect the environment	Protect the local environments of air, water and soil. Follow environmental & sustainability principles. Work towards reducing energy use and emissions, and encouraging 'water smart' applications. Support 'grow local' food initiatives.
Support land & economic development	Actively promote land development based on OCP guidelines and encourage sustainable economic activity. Build partnerships to accrue benefits. Encourage new businesses, especially in relation to the 'green economy'.
Enhance protective services	Continually explore improvements in policing, fire prevention and bylaw enforcement. Continue to develop the City's ability to effectively handle emergency situations through training of staff and volunteers and honing skills through simulations.
Improve transportation links & modes	Plan and design transportation corridors holistically by taking into account West Shore and through-traffic pressures. Encourage alternative transportation modes and infrastructure.
Match infrastructure to the need	Plan and construct needed infrastructure to support a fast growing compact City, ensuring that the planning for such systems is long term. Install the necessary infrastructure to support the City's development direction. Look for opportunities to recover resources from waste.
Promote customer centered service	Focus attention on the needs of the City's taxpayers and customers by being well informed, helpful and solution-oriented.

Financial Perspectives: *Is the City managing its assets and resources in a responsible and accountable manner?*

Set taxes & fees to the need	Deliver services and programs that are needed and comparable to neighbouring municipalities in terms of costs. Support initiatives that bring in commercial & business taxes & fees. Strive for property tax predictability over the short and long term.
Broaden revenue sources	Seek out government grants for infrastructure improvements and set user fees to off-set applicable associated costs.
Invest in infrastructure	Maintain and improve programs, services and infrastructure that improve and sustain all modes of transportation, public safety and health, the environment, the local economy and neighbourhood liveability.
Implement rigorous financial processes	Collect all taxes and fees annually. Ensure critical thinking in developing the 5 Year Financial Plan. Use a very conservative approach in borrowing (MFA). Protect Reserve accounts. Scrutinized annual financial audits. Regularly check service value for money for banking and insurance needs.

Internal Process Perspective: *Is the City continually improving its business processes?*

Embrace sustainability principles	Introduce and apply sustainability principles in land-use, transportation planning, emergency services & City construction and operations.
Implement innovation	Actively seek out and implement innovative approaches to municipal business, services and infrastructure. Use the power of information technology to help employees do their jobs more efficiently and provide value-added services to taxpayers and the community as a whole.
Enhance service delivery	Improve services delivery to better meet the need using best practices, inter-municipal sharing of resources and third-party partnering.

Learning & Growth Objectives: *Is the City empowering and preparing its employees to meet the changing demands of the work place and those depending on the service delivery?*

Create a preferred workplace	Foster a positive work environment that breaks down hierarchical barriers, encourages open communication and the sharing of ideas. The objective is to create a preferred work place, which encourages retention and facilitates recruitment.
Recruit & retain	Be deliberate and careful when recruiting. Create the necessary incentives and reasons to encourage employees to want to stay with the City of Colwood.
Encourage learning & growth	Give employees the opportunity to learn, experience and gain knowledge in their areas of work. Allow employees to expand their horizons. Provide the necessary training and experience to enable employees to do their jobs to the best of their abilities.

City of Colwood
3300 Wishart Road
Victoria BC V9C 1R1
Phone: 250 478 5999 Fax: 250 478 7516
Email: administration@colwood.ca Website: www.colwood.ca

PROPERTY TAX EXEMPTIONS:

In 2009, two specific types of permissive property tax exemptions were provided by Council:

Church properties receive a general statutory exemption for the building for the place of public worship and the building footprint.

In addition, Council granted additional exemptions for the land and improvements surrounding the facility used for religious purposes and assessed as Class 8 – Recreation / Non-Profit.

The following is the list of organizations that received a Permissive Tax Exemption in 2009 through the "Exemption from Taxation Bylaw No. 1050, 2008":

Civic Address	Name of Organization	Municipal Taxes Foregone in 2009
2250 Sooke Road	**Colwood Pentecostal Church**	**$ 21,051.04**
Glencairn Lane	**Anglican Synod Diocese in Trust**	**$ 18,542.58**
3319 Painter Road	**Congregation of the Pilgrim United Church**	**$ 8,813.97**
3307 Wishart Road	**West Side Bible Church**	**$ 6,335.83**
2225 Sooke Road	**Colwood Women's Institute**	**$ 9,086.84**

CITY OF COLWOOD

BYLAW NO. 1050

A BYLAW TO REPEAL BYLAW NO. 943 AND TO EXEMPT CERTAIN LAND AND IMPROVEMENTS FROM TAXATION DURING THE FISCAL YEARS 2009.

WHEREAS the *Community Charter* provides that land and improvements related to a building set a part for public worship which the Council considers are necessary thereto, may be exempt from taxation.

AND WHEREAS the *Community Charter* provides that land and improvements which are owned or held by a charitable, philanthropic, or other not for profit corporation and the Council considers are used for a purpose that is directly related to the purposes of the corporation, may be exempt from taxation.

NOW THEREFORE the Municipal Council of the City of Colwood, in open meeting assembled, enacts as follows:

1. TITLE

   This Bylaw may be cited for all purposes as the "Exemption from Taxation Bylaw No. 1050, 2008."

2. LAND AND IMPROVEMENTS EXEMPT FROM TAXATION

Folio 05462.010

a) That property known as Lot 1, Plan VIP65089, Section 69, Esquimalt Land District, PID #023-740-671 except the improvements located at 619 Kelly Road and the related land with dimensions 25.686 by 79.486 - Colwood Pentecostal Church - 2250 Sooke Road.

Folio 05522.100

b) That property known as Lot A, Plan 42416, Section 70 and 71, Esquimalt Land District Except Plan 43760, Section 224 CC, PID #001-678-396 - Ang Synod Diocese of BC in Trust – Glencairn Lane.

Folio 04953.020

c) That property known as Lot 2, Plan 41623, Section 36, Esquimalt Land District Section 224 CC, PID # 000-717-614 – Cong of the Pilgrim United Church - 3319 Painter Road.

Continued..... / 2

Folio 05169.510

d) That property known as Lot A, Plan VIP55791, Section 65, Esquimalt Land District, Section 224 CC, PID # 018-077-641 – West Side Bible Church – 3307 Wishart Road.

Folio 05531.001

e) That the property known as Lot K, Plan 2549, Section 70, Esquimalt Land District, Section 224 CC, PID # 006-332-404 – Colwood Women's Institute – 2225 Sooke Road.

4. REPEAL

Bylaw No. 943, cited as "The Exemption From Taxation Bylaw No. 943, 2007", is hereby repealed.

READ A FIRST TIME THIS 29th DAY OF SEPTEMBER 2008.

READ A SECOND TIME THIS 29th DAY OF SEPTEMBER 2008.

READ A THIRD TIME THIS 29th DAY OF SEPTEMBER 2008.

FINALLY PASSED AND ADOPTED THIS 27TH DAY OF OCTOBER, 2008.

MAYOR

CHIEF ADMINISTRATIVE OFFICER

3900-02-1876-EXE – Bylaw No. 1050 – Exemption from Taxation 2008

Declaration and Identification of Disqualified Council Members

There were no declarations of disqualified Council Members in Year 2009.

CITY OF COLWOOD

MANAGEMENT REPORT

Finance Department
3300 Wishart Road
Victoria, British Columbia
V9C 1R1
Phone: 250-478-5999
Fax: 250-478-7516

May 10, 2010

The Financial Statements contained in this Statement of Financial Information under the ***Financial Information Act*** have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the external auditors.

The external auditors, KPMG conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the City's system of internal controls and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

Prepared pursuant to Financial Information Regulation, Schedule 1, Section 9.

Jolene Kendrew, CA
Acting Deputy Director of Finance

This Schedule has been prepared pursuant to Schedule 1, subsection 6, Financial Information Regulation

CITY OF COLWOOD

STATEMENT OF FINANCIAL INFORMATION APPROVAL

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

Jolene Kendrew, CA
Acting Deputy Director of Finance

David Saunders
Mayor

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 0

CITY OF COLWOOD

SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID TO OR ON BEHALF OF EACH EMPLOYEE FOR THE YEAR ENDED DECEMBER 31, 2009

1. ELECTED OFFICIALS	Remuneration	Expenses	Total
Cullington, J.	$ 11,083	$ 711	$ 11,794
Day, C.	11,083	2,511	13,594
Logan, G.	11,083	2,152	13,235
Robertson, E.	11,083	1,945	13,028
Saunders, D.	21,266	-	21,266
Tucknott, B.	11,083	430	11,513
Wysiecki, S.	11,083	786	11,869
TOTAL EARNINGS - ELECTED OFFICIALS	$ 87,765	$ 8,534	$ 96,299

CITY OF COLWOOD

SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID TO OR ON BEHALF OF EACH EMPLOYEE FOR THE YEAR ENDED DECEMBER 31, 2009

2. OTHER EMPLOYEES	Remuneration	Expenses
Baxter, Michael	$ 126,507	$ 549
Boyle, Rob	82,717	2,823
Brazier, Dan	92,907	294
Cameron, Russell	112,732	1,898
Cassidy, John	98,832	1,127
Chow, Greg	103,213	593
Gale, Frank	101,026	668
Haldenby, Alan	92,676	21
Johal Gary	90,610	260
Lawrence, Simon	103,611	451
Mavrikos, Adia	100,465	2,728
Pease, Chris	137,315	1,209
Pikula, Florian	88,318	260
Reed, Jennifer	92,585	4,439
Rose, Selwyn	120,682	941
Skillings, Mike	87,534	-
Smith, Kerry	104,582	494
Vanbuskirk, Patricia	88,932	35
Total of Employees > $75,000	$ 1,825,244	
Others, less than $75,000	$ 2,687,165	
TOTAL EARNINGS - OTHER EMPLOYEES	$ 4,512,408	

CITY OF COLWOOD

RECONCILIATION OF REMUNERATION
FOR THE YEAR ENDED DECEMBER 31, 2009

Remuneration of elected officials	$	87,765
Remuneration - other employees		4,512,408
Subtotal		4,600,173
Reconciling items		
Employee benefits		961,255
Contractual work	-	61,334
Renumeration included in capital assets	-	27,700
	$	5,472,394
Total per Note 13 of the Financial Statements	$	6,879,077
Variance	-$	1,406,683

Variance is due to the remuneration to employees being reported on a cash basis; the financial statements are prepared on an accrual basis. In addition, the financial statements include the City's proportionate share of Westshore Parks & Recreation's operations.

CITY OF COLWOOD
SCHEDULE OF DEBTS

FOR THE YEAR ENDED DECEMBER 31, 2009

Long Term Debt

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

Debt covered by sinking funds or reserves

As shown in Notes 5 to the Financial Statements, long term debt of $6,821,529 has been borrowed through the Municipal Finance Authority. The debentures are issued on a sinking fund basis.

CITY OF COLWOOD
SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

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

CITY OF COLWOOD
SCHEDULE OF SEVERANCE AGREEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

There were no severance agreements made between The City of Colwood and its non-unionized employees during 2009.

CITY OF COLWOOD
SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF GOODS OR SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2009

Suppliers who received aggregate payments exceeding $25,000

121876 BC Ltd		66,000
650088 BC Ltd		90,000
Alpine Recycling		26,746
B.C. Assessment Authority		230,678
B.C. Hydro and Power Authority		165,193
B.C. Pension Corporation		598,663
B.C. Transit		665,229
Britco Leasing		25,867
Capital City Paving		89,545
Capital Regional District		2,299,748
Capital Regional Hospital District		766,539
Chevron Canada Limited		81,604
City of Langford		172,420
Co-operators		40,664
Crest		45,331
C.U.P.E. Local 374		48,812
David J. Gawley, C.A.		36,614
Diamond Municipal Solutions		120,467
D.L. Bins Ltd.		49,197
D.R. Coell & Associates		66,732
EH Emery Electric Ltd		55,719
Greater Victoria Public Library		662,898
GVLRA		47,989
Hendry, Swinton, McKenzie		198,631
HUB Fire Engines & Equipment Ltd		26,910
Jordan Fisher & Assoc		32,500
KPMG		59,049
Mainroad Maintenance Products		62,573
Medical Service Plan of BC		68,398
Minister of Finance		210,937
Ministry of Provincial Revenue		4,013,950
Municipal Finance Authority		121,391
Pacific Blue Cross		175,399
Receiver General for Canada		1,273,210
Royal Bank Visa		63,396
School District #62		264,126
South Island Power Sweeping		26,107
Staples McDonnald Stewart		59,148
West Shore Parks & Recreation		1,079,172
Wilco Computer Systems		53,096
Young Anderson		174,464
Total Suppliers Equal and Over $25,000	$	14,415,111
Other Suppliers Less Than $25,000	$	852,805
	$	15,267,916

CITY OF COLWOOD
SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF GOODS OR SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2009

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

Pacific Centre for the Family	$	48,425
Colwood Volunteer Fire Fighters Association		30,000
	$	78,425

Reconciliation

Total of suppliers receiving more than $25,000		14,415,111
Total of suppliers receiving less than $25,000		852,805
Total grants and contributions greater than $25,000		78,425
	$	15,346,341
Total per the Consolidated Statement of Operations and Accumulated Surplus of the Financial Statements	$	16,044,788
Variance	-$	698,447

Variance is due to suppliers list including payments for balance sheet items (e.g. investments, employee benefits) and payment of taxes collected on behalf of other organizations. It is also due to the PSAB requirement for financial statements to account for tangible capital assets and record amortization on capital assets. In addition, the listing of payments made to suppliers is prepared on a cash basis; the financial statements are prepared on an accrual basis.

Consolidated Financial Statements of

CITY OF COLWOOD

Year ended December 31, 2009

KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada

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Internet www.kpmg.ca
Internet www.kpmg.ca

AUDITORS' REPORT

To the Mayor and Councillors of the City of Colwood

We have audited the consolidated statement of financial position of the City of Colwood as at December 31, 2009 and the consolidated statements of operations, change in net debt and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

March 23, 2010

CITY OF COLWOOD

Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated - note 2)
Financial assets:		
Cash and cash equivalents (note 3)	$ 9,244,463	$ 6,494,377
Property taxes receivable	1,276,357	837,754
Accounts receivable	1,691,654	1,981,769
	12,212,474	9,313,900
Financial liabilities:		
Accounts payable and accrued liabilities	4,849,332	4,172,089
Prepaid property taxes	114,667	122,858
Deferred revenue (note 4)	1,763,577	908,084
Refundable deposits	1,595,343	1,544,517
Capital leases	939,682	494,721
Debt (note 5):		
Short-term	10,606,640	16,962,314
Long-term	6,821,529	944,525
	26,690,770	25,149,108
Net debt	(14,478,296)	(15,835,208)
Non-financial assets:		
Tangible capital assets (note 7)	140,995,561	142,783,802
Inventory of supplies	975,913	1,006,649
Prepaid expenses	130,079	67,869
	142,101,553	143,858,320
Accumulated surplus (note 8)	$ 127,623,257	$ 128,023,112

Commitments and contingencies (note 11)

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

Director of Finance

CITY OF COLWOOD

Consolidated Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	Budget (unaudited - note 12)	2009	2008 (Restated - note 2)
Revenue:			
Taxation, net (note 9)	$ 11,085,000	$ 11,235,795	$ 10,279,772
User charges	2,242,958	2,488,702	2,854,479
Fines and penalties	68,000	259,778	53,010
Development charges earned	-	-	1,758
Investment earnings	97,900	100,954	210,557
Unconditional government transfers (note 10)	711,700	997,361	744,470
Conditional government transfers (note 10)	565,700	222,862	717,888
Developer contributions	-	35,001	916,391
Gain on sale of tangible capital assets	-	-	103,371
Other	32,077	260,981	97,175
Total revenue	14,803,335	15,601,434	15,978,871
Expenses:			
General government	1,730,800	2,208,111	2,043,612
Protective services	4,230,100	4,346,012	3,728,643
Engineering and transportation services	2,743,000	4,517,298	5,294,567
Community services:			
Environmental health services	158,900	164,280	152,243
Environmental and development services	448,800	476,823	881,315
Recreation and cultural services	3,060,216	3,335,333	3,100,246
Utility and enterprise services	886,200	996,921	940,815
Total expenses	13,258,016	16,044,778	16,141,441
Annual surplus (deficit)	1,545,319	(443,344)	(162,570)
Accumulated surplus, beginning of year	128,023,112	128,023,112	128,774,016
Change in proportionate share of West Shore	-	43,489	(588,334)
Accumulated surplus, end of year	$ 129,568,431	$ 127,623,257	$ 128,023,112

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

CITY OF COLWOOD

Consolidated Statement of Change in Net Debt

Year ended December 31, 2009, with comparative figures for 2008

	Budget (unaudited - note 12)	2009	2008 (Restated - note 2)
Annual surplus (deficit)	$ 1,545,319	$ (443,344)	$ (162,570)
Acquisition of tangible capital assets	(651,330)	(850,514)	(2,826,254)
Amortization of tangible capital assets	-	2,682,244	2,701,314
Gain on sale of tangible capital assets	-	-	(103,371)
Proceeds on sale of tangible capital assets	-	-	123,040
	893,989	1,388,386	(267,841)
Acquisition of prepaid expenses	-	(250,778)	(197,356)
Consumption of inventory of supplies	-	30,736	17,614
Use of prepaid expenses	-	188,568	129,487
	-	(31,474)	(50,255)
Change in net financial assets (debt)	893,989	1,356,912	(318,096)
Net debt, beginning of year	(15,835,208)	(15,835,208)	(15,517,112)
Net debt, end of year	$ (14,941,219)	$ (14,478,296)	$ (15,835,208)

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

CITY OF COLWOOD

Consolidated Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual deficit	$ (443,344)	$ (162,570)
Items not involving cash:		
Amortization of tangible capital assets	2,682,244	2,701,314
Gain on disposal of tangible capital assets	-	(103,371)
Actuarial adjustment on debt	(53,053)	(24,257)
Change in non-cash operating assets and liabilities:		
Property taxes receivable	(438,603)	(412,200)
Accounts receivable	290,115	(654,924)
Accounts payable and accrued liabilities	677,243	(632,448)
Prepaid property taxes	(8,191)	(36,452)
Deferred revenue	855,493	(307,001)
Refundable deposits	50,826	331,913
Inventory of supplies	30,736	17,614
Prepaid expenses	(62,210)	(67,869)
	3,581,256	649,749
Capital activities:		
Acquisition of tangible capital assets	(850,514)	(2,826,254)
Proceeds on sale of tangible capital assets	-	123,040
	(850,514)	(2,703,214)
Financing activities:		
Capital lease proceeds	1,036,273	372,375
Capital lease payments	(591,312)	(29,379)
Short-term debt payments	(6,355,674)	(633,297)
Long-term debt proceeds	6,077,000	-
Long-term debt payments	(146,943)	(191,322)
	19,344	(481,623)
Increase (decrease) in cash and cash equivalents	2,750,086	(2,535,088)
Cash and cash equivalents, beginning of year	6,494,377	9,029,465
Cash and cash equivalents, end of year	$ 9,244,463	$ 6,494,377
Supplemental cash flow information:		
Cash paid for interest	$ 434,850	$ 827,396
Cash received from interest	138,785	248,114

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

City of Colwood (the "City") is a municipality in the Province of British Columbia 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.

1. Significant accounting policies:

The consolidated financial statements of the City are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the City 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 in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenses are not yet incurred are included in deferred revenue.

(d) Deferred revenue:

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

1. **Significant accounting policies (continued):**

(d) Deferred revenue (continued):

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.

(e) 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.

(f) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(g) Investments:

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

(h) Long-term debt:

Long-term debt is recorded net of related sinking fund balances.

(i) Employee future benefits:

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

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

1. Significant accounting policies (continued):

(j) 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
Water and wastewater infrastructure	75 - 100
Parks and land improvements	15 - 40
Roads infrastructure	10 - 75

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(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.

1. **Significant accounting policies (continued):**

   (j) Non-financial assets (continued):

      (v) Interest capitalization

      The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

      (vi) Leased tangible capital assets

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

      (vii) Inventory of supplies

      Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost.

   (k) Use of estimates:

   The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 and in performing actuarial valuations of employee future benefits.

   In addition, the City's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

   Actual results could differ from these estimates.

2. Change in accounting policy:

The City has implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were recorded as expenditures and then were set up as capital assets in the Statement of Financial Position. The capital assets were not amortized.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The City applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, indices including the consumer price index were used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus at January 1, 2008:	
Operating fund balance	$ 1,392,941
Capital fund balance	(240,267)
Reserves	2,334,633
Equity in physical assets	54,566,722
Accumulated surplus, as previously reported	58,054,029
Change in net book value of tangible capital assets	70,799,487
Deferred revenue, seniors	(79,500)
Accumulated surplus, as restated	$128,774,016

Annual deficit for 2008:	
Net expenditures, as previously reported	$ (277,197)
Assets capitalized but previously expensed	2,788,971
Amortization expense not previously recorded	(2,701,314)
Use of inventory of supplies previously expensed	67,869
Seniors revenue previously recognized	(40,899)
Annual deficit, as restated	$ (162,570)

3. Cash and cash equivalents:

	2009	2008
Bank deposits	$ 1,321,702	$ 1,407,687
MFA - Money Market Fund	7,922,761	5,086,690
Total	$ 9,244,463	$ 6,494,377

4. Deferred revenue:

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

	2009	2008
Building permit fees	$ 106,500	$ 197,731
Federal Gas Tax funds	701,065	258,470
Development cost charges	140,940	2,593
Cash in lieu of parklands	239,565	239,565
Provincial government grants	379,640	-
West Shore	195,867	209,725
Total deferred revenue	$ 1,763,577	$ 908,084

Gas tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

	2009	2008
Opening balance of unspent funds	$ 258,470	$ 474,487
Add:		
Amounts received during the year	450,897	230,595
Interest income restricted for projects	3,198	13,388
	454,095	243,983
Less amount spent on projects and recorded as revenue	(11,500)	(460,000)
	$ 701,065	$ 258,470

5. Debt:

(a) Short-term debt:

Short-term debt of $10,606,640 (2008 - $16,962,314) is with the MFA and bears interest at 1.25%. It is the City's intention to repay the short-term debt in 2010 or 2011 by issuing long-term debt instruments through the MFA.

(b) Long-term debt:

The City issues long-term debt instruments through the MFA. The amount payable of $6,821,529 (2008 - $944,525) is net of the sinking fund balance of $1,230,470 (2008 - $1,069,100). Other long-term debt of $nil (2008 - $10,686) was issued through a Canadian chartered bank and was repaid during the year.

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

	Total
2010	$ 450,263
2011	388,647
2012	388,647
2013	388,647
2014	388,647

(d) Maturities and interest rates:

Existing long-term debt matures from 2016 to 2024 and interest range from 3.15% to 4.9%.

(e) Interest expense:

Total interest expense during the year was $460,848 (2008 - $816,318).

6. Employee future benefit obligations:

The City provides sick leave and other benefits to its employees. The amounts are included in accounts payable and accrued liabilities and are as follows:

	2009	2008
Accrued sick leave	$ 193,742	$ 180,565
Retirement benefit payments	185,631	186,966
	$ 379,373	$ 367,531

Accumulated sick leave represents the liability for sick leave banks accumulated for estimated draw down at future dates.

Retirement benefit payments represent the City's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments.

The amount recorded for these benefits is based on an actuarial evaluation performed by the City using a projected benefit actuarial valuation method pro-rated on services. This evaluation is reviewed on a periodic basis.

	2009	2008
Accrued benefit obligation:		
Balance, beginning of year	$ 367,531	$ 301,083
Current service cost	41,307	59,241
Interest cost	7,439	7,207
Benefits paid	(36,904)	-
Balance, end of year	$ 379,373	$ 367,531

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

	2009	2008
Discount rates	5.00 %	5.25 %
Expected future inflation rates	2.50 %	2.50 %
Expected wage and salary increases	3.00 %	3.00 %

6. Employee future benefit obligations (continued):

Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of $438 million for basic pension benefits. The next valuation will be as at December 31, 2009, with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The City paid $369,263 (2008 - $364,924) for employer contributions.

GVLRA – CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employees representing a number of CUPE locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. The 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, 2006. At December 31, 2009, the total plan provision for approved and unreported claims was $10,410,807 with a net surplus of $1,452,478. The City paid $20,290 (2008 - $13,487) for employer contributions and City employees paid $20,290 (2008 - $13,487) for employee contributions to the plan in fiscal 2009.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

7. Tangible capital assets:

	Land	Building and building improvements	Vehicles, machinery and equipment	Water and wastewater infrastructure	West Shore	Parks and land improvements	Roads infrastructure	Total 2009	Total 2008
Cost:									
Balance, beginning of year	$57,684,463	5,571,245	8,250,371	29,346,007	14,639,574	1,085,474	61,539,680	$178,116,814	$175,976,274
Additions	-	-	683,330	-	168,392	-	-	851,722	2,826,254
Disposals	-	-	-	-	-	-	-	-	(19,669)
Change in West Shore share	-	-	-	-	50,402	-	-	50,402	(666,045)
Balance, end of year	57,684,463	5,571,245	8,933,701	29,346,007	14,858,368	1,085,474	61,539,680	179,018,938	178,116,814
Accumulated amortization:									
Balance, beginning of year	-	1,745,967	4,022,903	3,045,619	2,358,904	526,289	23,633,330	35,333,012	32,631,698
Amortization	-	143,768	388,161	311,774	247,289	45,098	1,546,154	2,682,244	2,701,314
Change in West Shore share	-	-	-	-	8,121	-	-	8,121	(95,192)
Balance, end of year	-	1,889,735	4,411,064	3,357,393	2,614,314	571,387	25,179,484	38,023,377	35,333,012
Net book value, end of year	$57,684,463	3,681,510	4,522,637	25,988,614	12,244,054	514,087	36,360,196	$140,995,561	$142,783,802

7. Tangible capital assets (continued):

(a) Assets under construction

There were no assets under construction at year end.

(b) Contributed tangible capital assets

There were no contributed assets recognized during the year.

(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

No write-down of tangible capital assets occurred during the year.

8. Accumulated surplus:

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

	2009	2008
Surplus:		
Invested in tangible capital assets	$122,627,710	$124,382,242
Other	1,486,695	674,379
Total surplus	124,114,405	125,056,621
Reserves set aside by Council:		
Future sewer contingencies	499,214	241,097
Future operational contingencies	326,000	326,000
Future sewer expansion	96,540	28,000
Future sewer enhancement	172,722	41,040
Carry-forward capital projects	67,000	-
West Shore	319,469	350,919
Total reserve funds	1,480,945	987,056
Reserve funds set aside for specific purposes by Council:		
New works and equipment	608,332	604,291
Police building improvements	138,179	137,261
Affordable housing	220,552	212,586
Amenities	505,477	473,619
Storm drains	536,092	532,531
Parklands	19,275	19,147
Total reserve funds	2,027,907	1,979,435
	$127,623,257	$128,023,112

9. Taxation:

Taxation revenue, reported on the consolidated statement of operations, is made up of the following:

	2009	2008
General	$ 17,224,551	$ 16,967,338
Payments in place of taxes	2,450,463	2,084,048
Special assessments - sewer	1,088,868	1,163,792
1% utility taxes	155,159	146,138
	20,919,041	20,361,316
Less taxes levied for other authorities:		
Capital Regional District - General Operating	1,171,135	1,099,235
Capital Regional District - Sewer Operating	204,210	327,888
Capital Regional Hospital District	678,520	677,022
School Authorities	6,874,407	7,156,878
BC Assessment Authority	197,409	220,516
Municipal Finance Authority	584	553
Victoria Regional Transit Authority	556,981	599,452
	9,683,246	10,081,544
	$ 11,235,795	$ 10,279,772

10. Government transfers:

The City recognizes the transfer of government funding as revenue or expense in the period that the events giving rise to the transfer occurred. The Government transfers reported on the consolidated statement of operations are:

	2009	2008
Conditional transfers:		
Federal - West Shore Parks and Recreation Society	$ 8,273	$ 12,762
Provincial:		
West Shore Parks and Recreation Society	7,146	31,190
Street lighting	-	213
West Nile Virus	7,649	12,847
Other	16,716	-
Energy and emissions	-	15,000
UBCM BLT Environment	-	12,600
Community Health	-	1,698
Gas tax	11,500	460,000
Other:		
Bear Mountain Arena	171,578	171,578
	222,862	717,888
Unconditional:		
Small communities	428,314	221,360
Traffic fines	181,360	118,239
Casino revenue sharing	377,187	404,871
Other	10,500	-
Subtotal federal grants	997,361	744,470
Total revenue	$ 1,220,223	$ 1,462,358

11. Commitments and contingencies:

(a) Contingent liabilities:

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.

11. Commitments and contingencies (continued):

(a) Contingent liabilities (continued):

The City is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated 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 the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a *Members' Agreement.*

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:

Under borrowing arrangements with the MFA, the City is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are included in the City's financial assets as restricted receivables and are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the City. At December 31, 2009 there were contingent demand notes of $354,505 (2008 - $98,615) which are not included in the financial statements of the City.

(c) Litigation liability:

The City has been named a defendant in various lawsuits including claims related to the funding of sewer infrastructure. 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. The 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 2009 estimated cost of this contract is $1,743,000 (2008 - $1,386,200).

12. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on May 13, 2009 (amended May 29, 2009). Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenues:	
Operating budget	$ 14,983,335
Less:	
Transfers from own funds	(80,000)
Proceeds on sale of assets	(100,000)
Total revenue	14,803,335
Expenses:	
Operating budget	14,800,216
Less:	
Capital expenses	(598,800)
Transfer to own funds	(209,600)
Debt principal payments	(733,800)
Total expenses	13,258,016
Annual surplus	$ 1,545,319

13. West Shore Parks and Recreation Society:

(a) Capital asset transfer:

The Capital Regional District (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 on 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. For 2009, the City's share of improvements purchased by the Society on its behalf is

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

$129,000.

Because the cost sharing formula in the Members' Agreement produces different cost shares for the members from year-to-year, there is a gain or loss on the opening fund balances. In 2009, the City recorded a gain of $43,489.

The repayment of the long-term debt associated with the transferred assets will continue to be a regional function, in accordance with the terms of an Agreement to Transfer between the CRD, the Municipalities and the Society. The debt payments are charged to the Municipalities as part of the CRD's annual requisition. The maturity dates of the various borrowings range from 2012 through 2014. The proportionate share of the debt funded by the City through the requisition process as at December 31, 2009 was $932,000.

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 2009, the City's proportion for consolidation purposes was 25.4% (2008 - 25.3%).

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

(b) Consolidation (continued):

Condensed financial information for the Society is as follows:

	2009	2008
Financial assets	$ 3,085,770	$ 2,946,046
Financial liabilities	1,841,117	1,565,860
Net financial assets	1,244,653	1,380,186
Non-financial assets	758,343	745,387
Accumulated surplus	$ 2,002,996	$ 2,125,573
Invested in tangible capital assets	$ 743,107	$ 736,893
Reserve funds	1,259,889	1,388,680
	$ 2,002,996	$ 2,125,573
Revenues	$ 5,501,066	$ 4,815,341
Requisition from members	3,647,206	3,583,724
	9,148,272	8,399,065
Expenses	5,623,643	5,125,075
Requisition for members	3,647,206	3,583,724
	9,270,849	8,708,799
Net revenues (expenses)	$ (122,577)	$ (309,734)

14. Segmented information:

The City is a diversified municipal organization that provides a wide range of services to its citizens. Certain segments that have different governance and responsibility have been separately 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, Human Resources, Legislative Services and any other functions categorized as non-departmental.

14. **Segmented Information (continued):**

Protective Services

Protective Services is comprised of four 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, providing services around infrastructure, traffic control, transportation planning, review of land development impacts on transportation, traffic management, pedestrian and cycling issues, on-street parking regulations, including street signs and painting as well as traffic signal timing.

Community and Development Services

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. Community Development 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.

Utility and Enterprise 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 2009-2013 consolidated financial plan.

14. Segmented information (continued):

Utility and Enterprise Services (continued):

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.

14. Segmented information (continued):

2009	General Government	Protective Services	Engineering and Transportation Services	Community and Development Services	Utility and Enterprise Services	Total
Revenue:						
Taxation	$ 1,622,937	$ 3,345,295	$ 3,466,698	$ 2,034,556	$ 766,309	$ 11,235,795
User charges	44,520	434,049	44,934	1,338,956	626,243	2,488,702
Government transfers	-	181,360	829,967	208,896	-	1,220,223
Other	563,148	5,173	-	88,393	-	656,714
Total revenue	2,230,605	3,965,877	4,341,599	3,670,801	1,392,552	15,601,434
Expenses:						
Salaries and wages	1,072,575	1,727,313	1,822,995	2,038,471	217,723	6,879,077
Materials, supplies and services	808,754	2,373,762	686,634	1,080,035	382,912	5,332,097
Interest and other	262,315	15,474	117,721	564,391	191,459	1,151,360
Amortization	64,467	229,463	1,889,948	293,539	204,827	2,682,244
Total expenses	2,208,111	4,346,012	4,517,298	3,976,436	996,921	16,044,778
Annual surplus (deficit)	$ 22,494	$ (380,135)	$ (175,699)	$ (305,635)	$ 395,631	$ (443,344)

14. Segmented information (continued):

2008	General Government	Protective Services	Engineering and Transportation Services	Community and Development Services	Utility and Enterprise Services	Total
Revenue:						
Taxation	$ 10,279,772	$ -	$ -	$ -	$ -	$ 10,279,772
User charges	126,819	489,607	184,414	1,300,406	753,233	2,854,479
Government transfers	1,698	339,599	879,637	241,424	-	1,462,358
Other	324,522	-	1,039,259	18,481	-	1,382,262
Total revenue	10,732,811	829,206	2,103,310	1,560,311	753,233	15,978,871
Expenses:						
Salaries and wages	1,106,373	1,561,100	1,857,340	658,995	106,370	5,290,178
Materials, supplies and services	632,015	1,694,324	1,313,747	2,739,662	246,321	6,626,069
Interest and other	243,467	243,759	234,285	419,084	383,285	1,523,880
Amortization	61,757	229,460	1,889,195	316,063	204,839	2,701,314
Total expenses	2,043,612	3,728,643	5,294,567	4,133,804	940,815	16,141,441
Annual surplus (deficit)	$ 8,689,199	$ (2,899,437)	$ (3,191,257)	$ (2,573,493)	$ (187,582)	$ (162,570)

KPMG

City of Colwood

Audit Findings Report to Mayor and Council

For the year ended December 31, 2009

May 17, 2010

AUDIT

AUDIT ▪ TAX ▪ ADVISORY

Contents

This Audit Findings Report (the "Report") for the year ended December 31, 2009 provides an overview of the results of our audit.

This Report is confidential and intended solely for the use of the Mayor and Council in carrying out and discharging their responsibilities, and should not be used for any other purposes. No responsibility for loss or damages, if any, to any third party is accepted as this Report has not been prepared for, and is not intended for, any other purposes.

This Report is a by-product of the audit and is therefore a derivative communication and should not be distributed to others outside the Entity without our prior written consent.

KPMG LLP, Chartered Accountants

Audit status

Purpose of this report

- We have issued this report to assist in your review of the City's financial statements.

Basis for information

- The matters that we raise within this report arise from the financial statement audit and are matters that we believe need to be brought to your attention
- This report may not include all matters of interest to you. Please let us know of other areas you would like to discuss with us.

Audit status: Complete

- We have completed our audit of the City's financial statements in accordance with professional standards and have released our audit report dated March 23, 2010.

Significant matters

Tangible Capital Assets

- Effective January 1, 2009, the City adopted PS 3150 Tangible Capital Assets. This accounting standard establishes standards on how to account for and report tangible capital assets in public sector financial statements.
- Under PS 3150, the City is required to account for and report tangible capital assets on the statement of financial position at cost, which includes the purchase price, as well as installation costs, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, and duties, as applicable. The standard also requires the City to record the amortization of tangible capital assets as expenses in the statement of operations, based on the established useful lives of the assets, as determined by the City. In prior years, tangible capital asset additions were treated as expenditures in the year of acquisition and then they were set up as capital assets with the other side of the entry to Equity in Physical Assets. Amortization was not recorded.
- The standards have been applied retroactively and comparative balances have been restated to reflect this change in accounting treatment. The impact of the changes, along with applicable reconciliations, has been appropriately disclosed in the notes to the financial statements.
- In addition to being a material change to the financial statements, the standards also require considerable additional disclosure regarding the various tangible capital asset categories and this information is provided in the notes to the financial statements.

Financial Statement Presentation

- Effective January 1, 2009, the City adopted PS 1200 Financial Statement Presentation which establishes general reporting principals and standards for the disclosure of information in public sector financial statements. The new standards are a significant change to the presentation of information in the City's financial statements.
- Major changes to the Statement of Financial Position are:
    - Financial assets and financial liabilities are subtotaled to either Net Financial Assets or Net Debt.
    - Non-financial assets are then added to calculate the Accumulated Surplus.
    - The components of Accumulated Surplus are now shown in a note to the financial statements.
- Major changes to the Statement of Financial Activities are:
    - Statement is now called the Statement of Operations
    - Expenditures have been replaced by expenses
    - Amortization of tangible capital assets is now included in expenses
    - Proceeds from and repayment of debt have been removed from the statement
    - The purchase of capital assets has been removed from the statement

- Statements of Financial Activities by fund – these have been eliminated.

- Statement of Change in Net Debt is a new statement:
  - Starting with the Annual surplus (deficit), it provides a reconciliation of the change in Net Debt for the year.

- Major changes to the Statement of Changes in Financial Position:
  - Statement is now called the Statement of Cash Flows
  - Presentation of cash provided by (used in) Operating Activities, Capital Activities and Financing Activities.

Sewer bylaws

- The City continues to be involved in a number of legal actions relating to sewer bylaws.
- The outcome of the legal actions is not determinable and accordingly, no amounts have been recognized in the 2009 financial statements.
- In the financial statements, the note regarding "Litigation liability" specifically mentions claims related to the funding of sewer infrastructure.
- Discussions with Management have indicated that while the potential dollar amount of exposure for the City is significant, presently it is not possible to determine the likelihood of occurrence.

Property expropriation settlement

- An expropriation of private lands was settled in January 2010. The settlement resulted in an additional $69,000 being set up as a liability and expense at December 31, 2009. In prior years the City had recognized a liability and expense of $358,000 with respect to this matter.

Lehigh property tax appeal

- Discussions with Management have indicated that Lehigh has appealed their 2008 and 2009 property assessments. The amounts involved are potentially material to the financial statements and could be either revenue or expense, depending on the outcome. Management has indicated that it is not possible to determine the likelihood of occurrence of either the revenue or expense and accordingly, no amounts have been recognized in the 2009 financial statements.
- This appeal has been taken into consideration when Management determined the level of reserves for property tax appeals.

Small community and traffic fine grants

- In 2009 the Provincial government, in an attempt to stimulate the economy, accelerated the payment of Small community and traffic fine grants. Previously the grants had been received by the City in equal payments over two years. In 2009 the City received $609,674 and Management had recorded $248,052 as deferred revenue. As there was no external restriction on the grants, the $248,052 has been adjusted and is included in 2009 unconditional government transfers.

Capital road project

- In prior years the City undertook significant development of a capital road project. At December 31, 2009 there is a total of $740,000 that the City expects to collect from the property owners.
- 65% of the total has been recognized as revenue in prior years and the remaining 35% will be recognized when funds are received from the property owners.
- The current accounting treatment represents Managements best estimate of the situation. We concur with Management's treatment.

Internal control weaknesses

- During the course of our audit of the 2009 financial statements we identified certain internal control weaknesses.
- The items noted were considered in determining the nature, extent and timing of the audit tests applied in our audit however, as measured against our materiality for planning purposes of $200,000, they were not considered to be significant internal control weaknesses.
- We will be presenting Management with our internal control letter which will include items identified during the 2009 audit, as well as our follow up on items noted in prior years.

Adoption of International Financial Reporting Standards (IFRS) or other basis of accounting

- The Canadian Accounting Standards Board (AcSB) has confirmed the changeover date to IFRS to be January 1, 2011, with early adoption permitted for eligible entities. Conversion to IFRS will be required by listed entities and publicly accountable enterprises.
- It is anticipated that all federal, provincial and local governments will continue to follow PSAB recommendations.

Summary of uncorrected audit differences

There is one uncorrected audit difference:

- A possible provision of $13,807 against a specific account receivable.

Management has concluded that the $13,807 is not material to the Annual surplus (deficit).

Summary of corrected audit differences

The following audit differences were noted and corrected.

Corrected audit differences to the restated 2008 comparative figures for adoption of new accounting standards:

- Decrease opening accumulated surplus by $149,836 for capital leases previously considered operating leases.
- Decrease operating expenses by $67,869 to reflect prepaid expenses at December 31, 2008.

Net effect of these entries was to decrease the annual deficit for the year ended December 31, 2008 by $67,869 and decrease opening accumulated surplus at January 1, 2008 by $149,836 over amounts initially prepared by management.

Corrected audit differences for the current audit year:

There are eight corrected audit differences:

- Reduce user charge revenue by $20,000 for a payment that should have decreased accounts receivable.
- Defer recognition of $141,941 of developer road cost charges revenue until the funds are spent on the development of roads.
- Accrue interest expense of $30,461 on MFA long-term debt.
- Accrue actuarial gain of $20,023 on MFA long-term debt.
- Reduce current year expense by $8,389 for the increase in prepaid expenses over 2008.
- Recognize revenue of $248,052 for unconditional provincial grants received during the year.
- Recognize $91,553 of MFA debt reserve cash as a financial asset and other revenue.
- Defer recognition of $3,198 of interest allocated to unspent federal gas tax monies.

Net effect of these entries was to decrease the annual deficit for the year ended December 31, 2009 by $172,417 over amounts initially prepared by management.

Misstatements

Misstatements

- Management is responsible for the financial statements and, accordingly, evaluates uncorrected misstatements to determine whether individually, and in the aggregate, these misstatements, in their judgement, are material to the financial statements.
- Management has represented to us that the uncorrected misstatements, individually and in the aggregate, are, in their judgement, not material to the financial statements.
- The Director of Finance and the Chief Administrative Officer will be providing KPMG with a letter confirming their conclusion that the accounts are fairly presented, complete and accurately reported in the financial statements. A signed copy of this letter will be available for review upon request.

Audit Differences

- Misstatements identified during the audit ("audit differences") are described in the next few pages and have been categorized as follows:
  - uncorrected audit differences
  - corrected audit differences
  - uncorrected and corrected changes in financial statement presentation and disclosure.
- We have encouraged Management to correct all audit differences.

Control deficiencies implications

- We have considered whether, for each corrected and uncorrected audit difference, the audit difference was the result of a control deficiency.

Summary of corrected audit differences (continued)

Adoption of tangible capital assets

During our audit of the adoption of PS 3150, there were several discussions and changes to the historical cost estimates as initially prepared by management. A summary of these changes follows:

- The estimated useful life for soft trails was adjusted to match the tangible capital asset policy of 10 years.
- Sewer lift stations were reclassified to sewer from buildings.
- Land improvements were reclassified to be disclosed separately from equipment, furniture and vehicles.
- The historical cost of the firehall / museum was decreased $60,000 to reflect abatement cost for the renovation which was counted twice.
- The put in use date of the firehall / museum was changed from 1993 to 2005 to reflect significant renovations which occurred in 2005.
- Dimensions of land under roads were revised to reflect actual width.
- Metchosin Road build date was updated to 1991 from 1988.
- The expected life for all vehicles was updated to 10 years consistent with the tangible capital asset policy.
- For one specific hard surface trail the build date was updated to 2008 when it was paved.
- The valuation index for vehicles, computers, equipment and furniture was changed to CPI instead of ENR as it better reflects the historical price changes of these items

Summary of omissions and other errors in presentation and disclosure

There were several changes to formatting and presentation made in respect to our suggestions.

Appendices

Our audit process, which takes a top-down, risk-based approach, is outlined below. As part of the audit process, we consider materiality when determining the nature, timing, and extent of our audit procedures and in the evaluation of the effect of misstatements.

We define a level of materiality to provide a quantitative starting point for planning the nature, timing, and extent of our audit procedures. We define this as materiality for planning purposes.

Under Canadian Generally Accepted Auditing Standards the acceptable range for materiality is up to 2% of Revenue, which would be $312,000 for 2009.

For 2009 we established our materiality for planning purposes at $200,000.

Reporting materiality is the threshold we use to evaluate the effect of misstatements at the completion of the audit.

Appendix 1 – Summary of our audit approach

Phase	Activities
Planning	■ Perform risk assessment procedures and identify significant accounts and disclosures and risks ■ Determine audit strategy, including materiality for planning purposes ■ Evaluate the design and implementation of entity level controls ■ Determine planned audit approach for significant accounts and disclosures
Control Evaluation	■ Understand accounting and reporting activities ■ Evaluate the design and implementation of selected activity level controls, including IT general controls (for certain significant accounts and disclosures) ■ Test operating effectiveness of selected activity level controls, including IT general controls (for certain significant accounts and disclosures)
Substantive Testing	■ Plan and perform substantive procedures
Completion	■ Evaluate misstatements ■ Evaluate the sufficiency and appropriateness of audit evidence ■ Perform completion procedures ■ Present Audit Findings Report ■ Form and release audit opinion on financial statements

Audit response to identified financial reporting risks

Significant account	Work Performed
Revenues/accounts receivable	■ Tested grants and donations to ensure restrictions met for revenue recognition. ■ Performed analytics for revenues, including investment revenue. ■ Sent confirmations for significant outstanding receivables.
Expenses/accounts payable	■ Tested the design and implementation of key controls over budget development and monitoring. ■ Performed analytics to budget for expenditures. ■ Reviewed journal entries for the year for evidence of management override. ■ Tested significant capital purchases during the year, including details of financing. ■ Tested the design and implementation of key controls over the procurement process.
Employee future benefits	■ Tested the design and implementation of key controls over identification and valuation of employee future benefits. ■ Tested the details of the valuation of employee future benefits including actuarial valuation performed by management.
Tangible capital assets	■ Tested the assumptions and details used by management to determine historical costs and useful lives of tangible capital assets ■ Tested the details of additions and disposals of capital assets.

Appendix 2 – Independence letter

March 23, 2010

Mayor and Council of the City of Colwood

We have been engaged to express an opinion on the financial statements of the City of Colwood (the "City") as at and for the year ended December 31, 2009.

Professional standards require that we communicate at least annually with you regarding all relationships between the City and us that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of British Columbia and applicable legislation, covering such matters as:

- provision of services in addition to the audit engagement
- other relationships such as:
  - holding a financial interest, either directly or indirectly, in a client
  - holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
  - personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
  - economic dependence on a client.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since June 12, 2009, the date of our last letter.

Provision of services

The following summarizes the professional services rendered by us to the City for the period from June 12, 2009 to March 23, 2010:

Final billing for the 2008 audit	$22,337
GST consultations	2,100
Interim billing for the 2009 audit	20,000
Interim billing for the audit of tangible capital assets	5,000

Other relationships

We are not aware of any relationships between the City and us that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from June 12, 2009 to March 23, 2010.

Confirmation of Independence

Professional standards require that we confirm our independence to you in the context of the Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of British Columbia.

Accordingly, we hereby confirm that we are independent with respect to the Entity (and its related entities) within the meaning of the Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of British Columbia as of March 23, 2010.

Other matters

This letter is confidential and intended solely for use by those with oversight responsibility for the financial reporting process in carrying out and discharging its responsibilities and should not be used for any other purposes. No responsibility for loss or damages, if any, to any third party is accepted as this letter has not been prepared for, and is not intended for, any other purpose. This letter should not be distributed to others outside the entity without our prior written consent.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours very truly

KPMG LLP

Chartered Accountants

Goldstream News Gazette
Place Advertisement in June 23rd and June 30th issues.

CITY OF COLWOOD
2010 ANNUAL REPORT
[Reporting on Year 2009]

Colwood City Council will consider the 2010 Annual Report at its Regular Meeting of Council scheduled for 7:00 p.m. Monday, July 12, 2010 at Colwood City Hall, 3300 Wishart Road, Colwood, BC. The 2010 Annual Report reports on Year 2009 and includes the 2010-2014 Strategic Plan. It is available for public inspection at Colwood City Hall between the hours of 8:30 a.m. to 4:30 p.m. Monday through Friday (excluding statutory holidays) and on the City's website at www.colwood.ca. Printed copies are available on request and will be provided at the Council meeting. Comments on the annual report can be submitted in writing and public comment will be permitted at the meeting.

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