

2012



ANNUAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 2012



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City of Colwood
2012 Annual Report for fiscal year
ending December 31, 2012

Prepared by the City of Colwood
Communications Department

Endorsed by Colwood Council
in accordance with Section 99,
Community Charter



COLWOOD FAST FACTS

LAND AREA

- 17.66 square kilometres

POPULATION

- 16,093 residents
- 12% Children 0–9
- 7% Youth 10–19
- 63% Adults 20–64
- 13% Seniors 65+
- 6,095 total households
- 200+ licensed businesses

MUNICIPAL FACTS

- 70 employees
- \$16 million general operating budget
- \$1.10 million general capital budget



Colwood
2012
year in review



Mayor & Council

Mayor Hamilton with students from Wishart School

Message from the Mayor

On behalf of Council, I am very proud to present the City of Colwood 2012 Annual Report, which offers highlights of all that our City has achieved during the past year. This Annual Report is an invitation to Connect with Colwood —get involved, share your ideas and become a partner in shaping the vision for our community as it grows.

Connect with Colwood

- Join us at City meetings and community events
- Watch City meetings online at colwood.ca
- Follow @CityofColwood on twitter
- Email your ideas to mayor@colwood.ca

I love this community and I know residents share my great sense of pride. In 2012, there was incredible energy and a great sense of community among our citizens. Whether you are visiting one of Colwood's national historic sites, enjoying our waterfront at Esquimalt Lagoon, attending a special event like the Mother's Day Paint In or Rock the Shores, or staying active at the recreation centre, library or seniors centre, Colwood is bursting with energy and opportunities to get out in nature and connect with our community.

Council loves to hear from you! What do you value most about Colwood and want to ensure we hold on to as our community grows? What ideas do you have for making our community the best place to live, work and play? Join us at a Council meeting or open house, connect with us online, or drop by City Hall and say hello. We hope to see you soon.

Your City Council

The Mayor and six councillors are elected for a three year term. As the governing body of Colwood they are responsible for ensuring that decisions consider the needs and best interests of Colwood citizens.

Your City Council meets regularly to make decisions about City policies that will be carried out by Colwood city staff in the day to day business of the community. Decisions come in the form of bylaws and resolutions, which can only be made at Council meetings where there is a quorum, or fixed number of Council members present. You are welcome to attend meetings to share your views and learn more about decisions that affect your community.

Mayor and Council also serve on many committees, boards and commissions and provide input and direction on areas ranging from parks and recreation to economic development and regional issues.



Mayor
Carol Hamilton



Judith Cullington



Cynthia Day



Theresa Harvey



Gordie Logan



Shari Lukens



Rob Martin



Vision Mission and Values

View from Triangle Mountain with Mt. Baker in the distance

Vision, Mission and Values

2020 Vision

The City of Colwood is a vibrant community that offers a healthy lifestyle, a strong, diverse economy and a sustainable natural environment.

Mission

As stewards of the quality of life cherished by those who work, live and play in Colwood, we provide excellent service that respects the uniqueness and diversity of the community. We work to continually improve our services and build positive relationships with citizens and partners.

Values

Accountability

We serve the needs of the community, consulting residents and stakeholders regularly and providing timely reports on progress.

Collaboration

We focus on partnerships and on informing and involving residents and stakeholders to ensure excellence.

Innovation

We embrace creative ideas and have the courage to lead with innovation.

Flexibility

We are responsive to the needs of our community and continually evaluate and strive to improve our service.

Integrity

We honour the public trust by being transparent in decision making and using local knowledge and industry best practice to protect our environment and quality of life for residents.



Strategic Goals and Priorities



Jogger at Esquimalt Lagoon

Strategic Goals and Priorities

Goal: Community Well-Being

Colwood offers a safe, healthy lifestyle and promotes opportunities to enjoy social, recreational, educational, arts, culture and heritage activities. Our community is planned and designed to maximize public safety and quality of life. Housing and public services are available and affordable. By informing and involving residents in decisions that affect them, we promote shared responsibility and a connected community.

Priorities

- Service Capacity Review
10% complete - on target for 2013
- City Communications
40% complete - on target for 2013
- Social Plan
initial phase - on target for 2014
- Capital Asset Replacement Plan
30% complete - on target for 2015

Goal: Economic Diversity

Colwood provides a strong, sustainable economy with a wide range of business and investment opportunities. Careful management, fiscal responsibility, innovation, monitoring and community involvement create the environment, infrastructure, services and workforce required for businesses to succeed. The City's Official Community Plan and Economic Development Strategy lay the foundation for long term financial stability.

Priorities

- Economic Development Plan
10% complete - on target for 2013
- Land Use Bylaw Update
10% complete - on target for 2013
- Sewage Treatment Plan
20% complete - on target for 2013
- Subdivision & Development Bylaw
10% complete - on target for 2013

Goal: Environmental Care

Colwood works to protect and enhance air, land and water quality as well as green spaces, urban forests and the many natural and diverse ecosystems in the area. Defined areas for growth will create a walkable city centre, village centre and neighbourhoods. Our Official Community Plan promotes walking, cycling and transit options and a Transportation Master Plan will guide the creation of a variety of travel modes to connect neighbourhoods and businesses.

Priorities

- Lagoon Bridge and Foreshore
20% complete - on target for 2013
- Transportation Plan
20% complete - on target for 2013
- Urban Forest Strategy
initial phase - on target for 2014

Community Well-Being



Colwood staff and members of Council at City Hall

Community Well-being

Colwood offers a safe, healthy lifestyle and promotes opportunities to enjoy social, recreational, educational, arts, culture and heritage activities. Our community is planned and designed to maximize public safety and quality of life. Housing and public services are available and affordable. By informing and involving residents in decisions that affect them, we promote shared responsibility and a connected community.

2012 Key Accomplishments

- Reinforced strong working relationship with West Shore RCMP to ensure the best services for Colwood citizens and began discussions to establish a five-year strategic plan for police services.
- Completed a draft Fire Prevention and Suppression Bylaw and reviewed and updated all pre-fire planning documents.
- Completed plans for design and delivery of new Fire Engine 52 and completed final phase of the Volunteer Firefighter Recruitment Program.

Maintaining a safe, healthy and balanced lifestyle

- Implemented a plan to track and remove graffiti and to improve service to victims of graffiti crime across the entire Westshore. This included taking a greater role in restorative justice initiatives.
- Secured donations for 2012-2013 school year to fund school crossing guards at three designated locations in Colwood
- Reviewed the City's emergency planning governance and researched the feasibility of creating partnerships with neighbourhoods, businesses and schools.
- Initial work on the development of a Social Plan that supports the social fabric of Colwood in conjunction with Official Community Plan policies and objectives, as well as identifying social services available.
- Initial planning and partnership building for a performing arts centre envisioned for Royal Bay.
- Initiated St. John the Baptist Heritage Church Centennial celebration planning and submitted Heritage Canada grant application (approved early in 2013.)
- Continued to bring the community together at events like the Colwood Christmas Light-up at City Hall, Halloween bonfire at Colwood Fire Hall, Solar Colwood Sunfest and Colwood's first Haunted Heritage Tour.
- Investigated student internships in conjunction with Royal Roads University and other educational institutions.
- Hired part-time Communications Manager to improve communications processes, redesign the City website and webcast City meetings so that we can better inform and involve residents in decisions about our community.
- Began developing a customer service policy that establishes standards for service such as application process times; response times; complaint resolution tracking; and maintenance requests .

Promoting social connections, arts, culture and heritage

Keeping residents and partners informed and involved

Looking forward to 2013

- Bring the community together to celebrate Colwood's history and heritage at the St. John the Baptist Church Centennial Celebration.
- Continue to build community in Colwood through events like the Annual Christmas Light-Up, heritage celebrations and by encouraging social gatherings in the City.
- Set standards and processes for involving residents and partners in decision making through effective open houses, an improved website, newsletters, surveys and social media.

Economic Diversity



Red Barn Market at Latoria Walk

Economic Diversity

Colwood provides a strong, sustainable economy with a wide range of business and investment opportunities. Careful management, fiscal responsibility, innovation, monitoring and community involvement create the environment, infrastructure, services and workforce required for businesses to succeed. The City's Official Community Plan and Economic Development Strategy lay the foundation for long term financial stability.

**Streamlining processes
for builders and
developers**

2012 Key Accomplishments

- Began preparing an Economic Development Strategy for the City, working in partnership with the Westshore Chamber of Commerce.
- Streamlined the development process by updating application fees, continuing to hold collaborative review meetings and beginning the hiring process for an additional staff resource.
- Improved building permit tracking system by providing Council with current "time to issue" reports

- Refined and expanded the use of digitally transmitted encrypted building permit applications to include all architectural design teams.
- Began service capacity review to ensure the City's staff resources and the demands for City services match as cost effectively as possible.
- Continued to rebuild the City's financial reserves.
- Initiated Management Reports to track comprehensive service costs.
- Implemented the preferred GIS software for the City (started 2008, purchased 2011).
- Initiated the review and update of the Sign Bylaw.
- Proceeded with a full review and update of the Land Use Bylaw.
- Began update of the Subdivision & Development Bylaw, including new design and beautification standards.
- Continued working with School District No. 62 and other agencies on the design and build process of the new Royal Bay High School and Neighbourhood Learning Centre.
- Harmonized CADD mapping (began 2009).
- Resolved history of sewer billing challenges and completed the final phase of the new taxation system for sewers.
- Revised existing Road Development Cost Charge Bylaws.

Rebuilding the City's financial reserves

Working with partners and businesses to grow our thriving economy

Looking forward to 2013

- Promote the use of digitally encrypted applications within other City departments for land development processes.
- Complete service capacity review and continue to rebuild financial reserves.
- Complete next stages of the Economic Development Plan, including assessment of local economic circumstances, creation of an action plan, development of partnership strategies and an ongoing monitoring and evaluation plan.
- Complete revision of Land Use Bylaw, Subdivision & Development Bylaw and Sign Bylaw.
- Initiate a public satisfaction survey with home owners and builders who have completed building projects.
- Prepare a long term Capital Asset Management Plan.



Esquimalt Lagoon

Environmental Care

Environmental Care

Colwood works to protect and restore air, land and water quality as well as green spaces, urban forests and the many natural and diverse ecosystems in the area. Clean energy solutions are used and encouraged. Defined areas for growth will create a walkable city centre, village centres and neighbourhoods. Our Official Community Plan promotes walking, cycling and transit options and the new Transportation Master Plan will guide the creation of a variety of travel modes to connect neighbourhoods and businesses.

Protecting our waterfront

2012 Accomplishments

- Researched options to protect the Lagoon Foreshore as well as City owned assets including the road, bridge and sewage pump station.
- Continued to study how climate change will affect Coburg Peninsula and foreshore, lagoon bridge and storm system.
- Created a work plan for Coburg Peninsula Interim Management (working with Esquimalt Lagoon Stewardship Initiative)

- Worked with partners to develop a plan that identifies cost effective options to resolve the future of sewage treatment in Colwood.
- Completed design and financial work for Sewer Master Plan that describes how the entire community could be connected to sewer service, including financial requirements.
- Continued the Solar Colwood Program, building strong partnerships that leverage the \$3.9 million Natural Resources Canada grant to increase homeowners' awareness and uptake of clean energy solutions and create over \$12 million in economic activity in Colwood.
- Completed the Solar Colwood Demonstration Project at the Fire Hall.
- Developed water smart policy and energy policy for new buildings.
- Continued working to implement selected recommendations in Royal Roads University – An Evolving City for a Changing World.
- Continued to remove invasive species such as Blessed Milk Thistle and Japanese Knotweed on public land.
- Initiated projects to develop a Parks Master Plan, a five year capital plan for parks and trails and plans for Latoria Creek restoration and Colwood Creek Park management.
- Continued development of interconnected trails and green spaces in the south Latoria Valley developments (started in 2007).
- Participated in Rapid Transit project to optimize West Shore transportation connections to the core municipalities.
- Initialized Transportation Master Plan project to guide the design of an effective travel network that encourages active transportation, beautifies our city and fosters a renewed sense of community pride.

Planning for effective sewage treatment

Committed to energy conservation and a clean energy future

Enhancing Colwood's forests, parks and trails

Designing effective transportation routes that promote active transportation

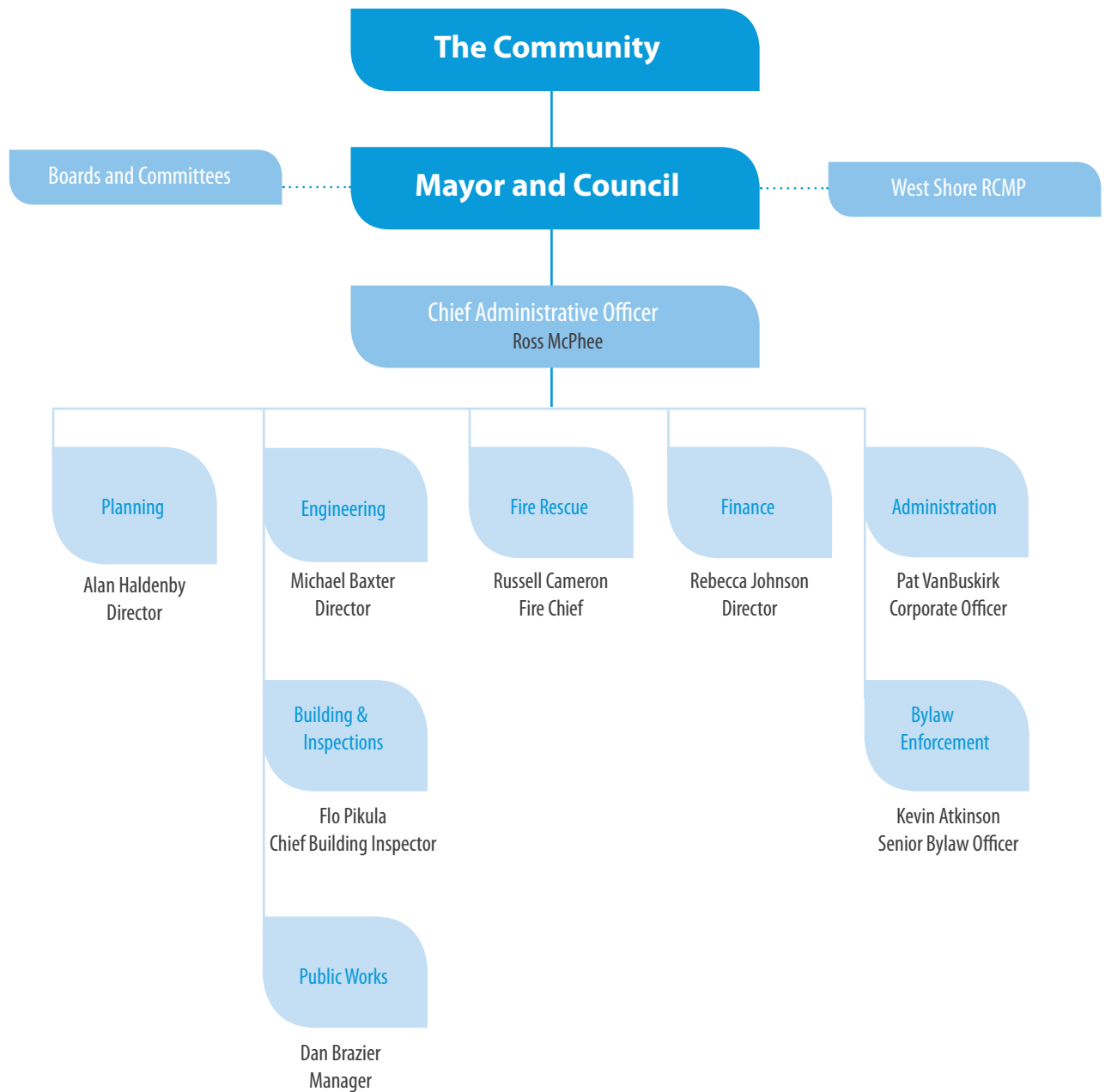
Looking forward to 2013

- Develop a sustainability checklist to aid in implementing performance-based evaluation of applications.
- Adopt an Urban Forest Stewardship Strategy and tree planting policy for development and urbanization.
- Prepare Rainwater Master Plan to protect streams, eliminate flooding problems and provide irrigation to City Parks and boulevards.
- Prepare Long Term Fleet Maintenance Plan and plan for future fuels.
- Develop methods to monitor energy use in the City of Colwood to determine effectiveness of energy and GHG emission reduction efforts when faced with increasing development activity.
- Install uninterrupted power supply to LED traffic lights and complete a road condition survey and master plan for road repair and repaving.



City Services

Management Team



Planning



City Services: Planning

The Planning Department is responsible for overseeing and guiding change in the community through implementation of Colwood's Official Community Plan and Council's Strategic Priorities. Planning is also charged with the subdivision and business licence approval processes and general policy development. Planning Department staff are committed to providing high-quality service to the community and excellent support to Council when called upon to provide professional advice.

66

development-
related
planning
approvals
processed
in 2012

The Planning Department is currently working closely with other City departments and outside agencies to provide timely approvals for a myriad of upcoming and ongoing development projects. Major developments include Capital City Centre, which is set to become the largest mixed-use development on Vancouver Island, and Royal Bay – a major comprehensive development encompassing a new High School and waterfront village.

2012 Key Accomplishments

- Issued timely planning approvals for a wide range of developments including Phase 1 of Capital City Centre and various mid-sized and small projects.
- Conducted a review of the Land Use Bylaw to allow backyard chickens in Colwood in order to promote urban agriculture and local food production (completed in 2013).
- Initiated work on a major overhaul of the Land Use Bylaw (No. 151) and an comprehensive Economic Development Strategy for the City.
- Undertook a review of the City's approach to contaminated sites regulation to ensure policies protect public health and safety, our environment and development projects.
- Provided Council with an assessment of current fees for planning and development applications (public consultation ongoing).
- Received and processed 13 development permit applications, 15 development variance permit applications, 4 Official Plan amendments, 7 rezonings, 15 secondary suite permit applications, 16 sign permit applications and 7 subdivisions
- Processed 93 new business licence applications for 2012 (out of a total of 558, including renewals).

93
new business
applications received
and processed

Looking forward to 2013

2013 will continue to be a busy year for the Planning Department as Colwood grows and long-range planning initiatives are undertaken. Continuation of various development approvals associated with new major projects and previously dormant sites now under new ownership (e.g. Royal Bay and the Aquattro Comprehensive Developments) will be underway.

Planning staff, in partnership with other City departments, will also be devoting time to important long-range planning initiatives already set in motion by Colwood Council (e.g. Economic Development Strategy).

Lastly, the Planning Department will also spearhead outreach activities with local First Nations and manage other City projects such as planning for the West Shore Performing Arts Centre in 2013.

3,800,000
square feet of
mixed-use floor space
approved for the
Capital City Centre
comprehensive
development zone

Engineering



City Services: Engineering

The Engineering Department ensures the safety and effectiveness of Colwood's infrastructure, such as parks, roads, sidewalks, drains, sewers, streetlights, traffic signals and city owned buildings. Engineering staff work closely with the Planning Department and with homeowners, businesses and developers to ensure projects enhance the livability of Colwood in accordance with the City's Official Community Plan

**Working with partners
to ensure sustainable
and affordable
sewage treatment
for Colwood**

2012 Key Accomplishments

- Held public consultations and implemented recommendations to complete the final phase of the new taxation system for sewers, resulting in reduced sewer taxes for many homes.
- Complete Council and public processes for Sewer Master Plan.
- Construction of sewers on parts of Sooke Road, Drummond Way, Veteran's Memorial Parkway, Allandale Road and Wildcat Trail as the first stage of the completion of the Central Local Area Service for sewers. Developers installed sewers on Braveheart Lane, part of Fulton Road and to Resolution Way and Hopwood Place.

- Connected 17 new or existing buildings to the sewer system, including one apartment building.
- Construction of bike lanes and sidewalks on the Old Island Highway connecting the sidewalks from View Royal to the Ocean Boulevard\Wale Road intersection. Included preparatory work for landscaping.
- Plan for the application of the Gas Tax to infrastructure projects in 2013 and 2014 completed.
- Succession planning for the department completed with the hiring of a deputy to the city engineer.
- Coordinated the installation of electric vehicle charging stations at Juan de Fuca Library, the City's Park & Ride and at City Hall, including construction of additional parking spaces at the Library, and a charging station for scooters and electric bicycles at City Hall.

6
**new electric vehicle
charging stations**

Looking Forward to 2013

- Commence construction of sewers on Metchosin Road, Allandale Road and Sooke Road to complete all the sewers for the Central LAS. This will be followed by construction of a pump station.
- Coordinate a Core Area Liquid Waste Management Plan amendment to use the proposed Capital City Centre sewage treatment plant rather than the proposed McLoughlin sewage treatment system.
- Finalize the Sewer Master Plan through consultation with the public.
- Connection of approximately 20 new or existing buildings to the municipal sewer system.
- Create and initialize Colwood's Transportation Master Plan, Rainwater Master Plan and new Subdivision Servicing Standards.
- Complete landscaping along the Old Island Highway, including a feature entrance at the Colwood - View Royal border.
- Conduct regular five year review of the Esquimalt Lagoon Bridge and create a coastline erosion plan to protect the Ocean Boulevard Pump Station and other assets near the shoreline.
- Improve pedestrian safety and promote active transportation by installing crosswalk signals on the Old Island Highway at Juan de Fuca Recreation Centre, on Ocean Boulevard at Lagoon Road, on Wishart Road at Cairndale, and on Veteran's Memorial Parkway at Havenwood Park. A bridge will also be installed in Havenwood East to complete the walkway from Winthrop Road to Havenwood West.

**Landscaping on the Old
Island Highway will
beautify streetscapes
and renew City pride**

**Construction of
pedestrian walkways,
trails and bridges will
create a connected
community.**



Public Works

52 city parks
maintained

City Services: Public Works

The City of Colwood Public Works team plays a vital role in keeping our city safe, beautiful and running efficiently by maintaining the community's roads, boulevards, street lights, sidewalks, parks, drains and City owned buildings. Public Works staff can be depended upon whenever the weather is at its worst to keep our City's infrastructure functioning.

2012 Key Accomplishments

- Maintained the nearly 110 kilometers of road network to ensure safety, extend the life of roads, keep our city beautiful, manage surface drainage and keep roads clear of snow and ice in winter weather.
- Performed regular roadside mowing to keep the City neat and maintain sight lines for transportation safety, while considering the natural environment such as wildflowers and waterways.

- Maintained the City's parks and trails, inspected playgrounds, trails, walkways and sidewalks to ensure safety and schedule maintenance.
- Performed annual Colwood Creek clean-up of garbage, invasive weeds and seasonal vegetation control.
- Maintained Colwood's beach front areas keeping designated pathways clear, managing invasive vegetation, removing beach litter and servicing washrooms daily.
- Manage invasive species such as Milkweed Thistle to reduce their negative impact on our community and ecosystems.
- Ran the annual Spring Residential Clean-Up program for Colwood residents to keep their homes and yards neat and free of clutter.
- Continued to provide the City's popular free Branch Drop-Off service every two weeks to keep our city looking great and protect air quality by providing an alternative to backyard burning, which is prohibited in Colwood.
- Began process of updating the City's maintenance equipment and vehicle fleet.

**Maintenance and
repairs to
110 km
of road networks**

Looking forward to 2013

- Work with Eagle Rise and Glenview Animal Hospital to have dog bag dispensers installed in several parks.
- Dam safety training and next phase of dam monitoring safety improvements to be installed.
- Implement parks and playgrounds inspection software to allow staff to file reports from mobile devices, improving record keeping and response times.
- First municipality to earn Supervisors Safety Certificates
- Assist with the implementation of improvements to the Havenwood Park Trail and Bridge, Colwood Creek Park Bridges, and Devito Trail.
- Provide assistance with protection of the Esquimalt Lagoon foreshore and bridge.
- Assist with the installation of LED traffic lights
- Assist with this creation of a road condition survey and master plan for road repair and repaving.

Building & Inspections



City Services: Building & Inspections

The City of Colwood Building Department works to protect people and property by ensuring that newly constructed and renovated buildings conform to codes and regulations. Our goal is to help avoid costly and time consuming pitfalls by providing permits, inspection services and advice on the City of Colwood Building Bylaw, BC Building Code and Land Use Bylaw issues.

256
building permits
issued

We're working hard to make Colwood's building permit process as quick and easy as possible while maintaining the City's safety, livability and sustainability for current and future property owners and residents.

Although 2012 was a less than a stellar year for the building and development industry, Colwood saw increased market confidence in the last quarter of 2012. The rebound from the 2008 financial crisis is easing and the City is prepared for an overall increase in the building construction sector.

2012 Key Accomplishments

Improved the City's turnaround time for issuing building permits. On average, the time it took to issue City building permits was:

- 5 days for a complex structure
- 3.4 days for a home or simple building
- 1.6 days for a plumbing permit

Initiated work with developers on several major projects, including:

- 12-unit condominium at 590 Bezanton Way (off of Latoria Road)
- Capital City Centre Phase 1 to construct the underground parkade

Brought major projects to completion, including:

- Co-op Gas Bar, Convenience Store and Car Wash on Wale Road in Colwood's City Centre
- 12-unit condo at 594 Bezanton Way (off of Latoria Road)
- Construction of Capital City Centre sales centre at Colwood Corners

Looking forward to 2013

- As Capital City Centre emerges from the underground parkade to street level the City will see significant activity on the site until the new London Drugs and eight storey office building open in fall 2014.
- Construction of the three levels of the underground parkade for the "SKYE" 23 storey high rise condominium is scheduled to begin in the fall of 2013, with construction of the tower to begin early in 2014.
- Westridge Landing Complex, consisting of an 80 room hotel, 63 condominium units and significant commercial /retail space on Wale Road is ramping up to start construction this summer.
- School District 62 will complete seismic upgrades to Sangster school. Ground-breaking for the new 800 student Royal Bay Secondary School will occur this summer with completion in September, 2015.
- 590 Bezanton Way condominium construction is well under way with completion scheduled for the end of this year.
- The first half of 2013 has shown a definite increase in builders applying for Colwood's 5-Day Building Permit, with 7 applications to the middle of June.

\$235,684
building permit
revenue for the City

\$22.5 million
construction value
added to Colwood



CITY SERVICES

Fire Rescue

Colwood Fire Hall

City Services: Fire Rescue

Colwood Fire Rescue has been protecting Colwood residents since 1946 as the Westshore's longest serving fire department. The community is well-served by 40 dedicated and experienced firefighters who care passionately about their community. All of our 8 career firefighters and 32 volunteer members are dedicated fire suppression and rescue professionals trained and certified under the British Columbia firefighter training program.

2012 Key Accomplishments

- Responded to 429 emergency calls, 46 non-emergency calls and 40 calls for assistance.
- Successfully managed a dangerous propane leak on Federal property requiring full response from Colwood Fire Rescue, resources from View Royal Fire and CRD Hazardous Materials Response Team.
- Improved dispatch efficiency and data reporting by moving to a full dispatch model with a new provider.

515 the number of calls attended by Colwood firefighters in 2012

- Firefighters participated in 4,946 hours of training in drills, Justice Institute Live Fire Training, Medical First Responder Training, Driving Training and more.
- Maintained public safety at the Rock the Shores community event at West Shore Parks and Recreation.
- Issued tender for the replacement of retired engine 52 and maintenance of fleet.
- Renovations and new historical displays added to Firefighters Museum.
- Enhanced public safety by installing fencing and signage around outdoor training area.
- Completed three year project to improve Volunteer Firefighter recruitment with a new selection process and brochure.
- Hosted 476 community members at the Colwood Fire Department open house which raises public awareness about fire prevention and safety as well as services provided by the department and volunteers.

678
fire inspections
completed on Colwood
homes and businesses

Looking forward to 2013

- The Department is excited to take delivery of its new replacement fire engine 52 early in 2013 and begin the extensive hours of training required to bring the truck into service. The department will also be tendering for a replacement for its duty command vehicle 55 in 2013.
- A major recruit drive to identify prospective volunteer fire firefighters with the right stuff will be rolled out early summer for a potential selection of recruit volunteer firefighters for the late fall of 2013.
- Continued development of operational guidelines and training standards or initiatives to meet the large scale developments underway in our City as well as anticipated growth and service delivery pressures. This is in particular relation to City Centre development in our City core and the New High school in Royal Bay.
- Significant upgrades are occurring with CRD upgrading water delivery infrastructure in our City now and over the next few years. The fire department will be undertaking in a graduated annual process more comprehensive fire flow hydrant testing throughout our City as this infrastructure is installed.

19 fires caused
\$477,100
in insurable losses in
Colwood in 2012

Bylaw Enforcement



Bylaw Enforcement at City Hall

City Services: Bylaw Enforcement

Bylaw Enforcement Officers protect the safety and quality of life of residents by ensuring residents and business understand and comply with the City's bylaws, and by being a watchful presence in our community. They receive and investigate complaints, monitor issues and work with individuals to encourage voluntary compliance through education and mediation. When enforcement is required, Bylaw Officers issue municipal tickets and fines and may seek legal recourse.

The Officers work closely with West Shore RCMP to address traffic safety issues. Bylaw Enforcement Officers also assist Fire Rescue and Public Works services as required.

786
complaints received,
responded to and
followed up

2012 Key Accomplishments

- Responded to 786 complaints in our community, 525 of which required follow up visits. The vast majority of these were resolved through voluntary compliance.

- Officers performed 581 patrols of our community in 2012, monitoring ongoing issues, providing support services during emergencies and connecting with residents and visitors to raise awareness about City bylaws.
- In 2012, Officers attended 2 payment hearings and made 3 court appearances to assist in resolving ongoing issues.
- Participated in several special events such as Tour De Victoria, Canada Day, Rock the Shores Concert, Goddess Run and Halloween.
- Purchased second Bylaw vehicle to allow enforcement officers to have a greater safety presence in the community.
- In 2012, the City of Colwood's Graffiti Outreach Pilot Program was expanded to provide better service for the residents of Colwood and was renamed the West Shore Graffiti Outreach Program to include partners in neighbouring municipalities.
- Bylaw Enforcement implemented a plan that successfully tracked and removed graffiti, resulting in 100% removal of tags.
- The graffiti program continued to achieve success by implementing a four point strategy in partnership with community stakeholders to improve monitoring and reporting, abatement, education and enforcement.
- Bylaw Officers took on a greater role in restorative justice initiatives, assisting 5 youth to fulfil restitution orders, deliver apology letters and perform community service.

100%
of graffiti removed
and numerous homes
and businesses were
educated about graffiti
prevention methods

36%
reduction in graffiti acts

**865 tags recorded in
510 separate acts of
vandalism**

Looking forward to 2013

- Advocate for continuation and inter-municipal expansion of Graffiti Outreach Program.
- Continue to work with residents, businesses, partners and youth on education, prevention, tracking and removal of graffiti on the West Shore.
- Participate in upcoming community events.
- Continue to play an integral role in restorative justice initiatives and alternate disposition initiatives.
- Take on a greater role in emergency preparedness planning, public safety education, partnership building and information sharing.

Administration



Colwood City Hall

City Services: Administration

The Chief Administrative Officer advises Council and provides overall direction to city staff to ensure that decisions made by Council are carried out by staff. Administrative staff strive to provide excellent customer service as they perform the duties required to effectively manage city services and be responsive to the needs of the community.

The City empowers its employees to meet the changing demands of our community by fostering a fair and positive work environment, focusing on occupational health and safety and providing opportunities to gain the knowledge and training required to excel in the work they do.

Focusing on excellent customer service and keeping our community connected

2012 Key Accomplishments

- Hired a part time Communications Manager to create a communications strategy and update communication tools to ensure residents and other stakeholders are informed and involved in decisions that affect them.

- Began work on a new employee performance appraisal system that will encourage continuous quality improvement by celebrating employee achievements, acknowledging strengths and identifying areas where the City can provide additional mentoring or training so that staff have the support they need to excel.
- Supported staff training and professional development opportunities based on criteria outlined in the City's Education and Training Assistance Policy.
- Initialized project plans to develop an employee wellness program.
- Standardized purchasing of ergonomic equipment for City Hall staff and established a budget line item under Health and Welfare for ergonomic equipment purchases.
- Continued to promote municipal bylaw changes regarding building inspectors exposure to asbestos and other hazardous materials in demolitions or renovations of buildings constructed prior to 1990.
- Gained Council approval to develop the "City Watch" program to improve community safety through a partnership with municipal staff, RCMP and CUPE Local 374.
- Seven staff members graduated from BC Municipal Safety Association Supervisor Safety Certificate Program in addition to continuing education on chain saw operation, WHMIS, first aid and conflict resolution.

**7 Public Works staff first
in BC to earn Supervisor
Safety Certificates**

Looking forward to 2013

- Undertake a Service Capacity Review to ensure the City has the staff resources required to effectively meet the changing needs of our community.
- Implement the new employee performance appraisal system.
- Continue Occupational Health & Safety training and distribution of safety resource material and procedure manuals.
- Launch the City Watch Program and new Violence in the Workplace Program.
- Design new Health and Wellness program which will include sick leave monitoring.



City Services: Finance

The Finance Department is responsible for long-term financial planning, annual budget development, investment management, general accounting and all statutory financial reporting. They calculate and levy property taxes, generate utility bills and process payments for licenses, permits and fines. Finance is also responsible for the City's employee payroll of approximately 70 full-time, part-time and casual employees as well as insurance, risk management and Information Technology systems.

\$16 million
general operating
budget

\$1.10 million
general capital
budget

2012 Key Accomplishments

- Used federal gas tax funds and other grants effectively to ensure that the cost of major planning initiatives, road improvements and park enhancements did not add to property tax burden.
- Planned ahead to make major capital purchases prior to the HST changeover in 2013 to avoid more than \$35,000 in additional taxes.

- Completed the final phase of the new taxation system for sewers, resulting in reduced sewer taxes for many homes connected to sewers.
- Continued to build up the City's reserve funding, increasing the amount set aside for specific purposes by \$275,000.
- Supported our community by providing \$76,000 in grants to volunteer, heritage and business development organizations.
- Managed \$3.29 million in project grants for the City.

Where Colwood Property Tax Dollars Go

48% of the average Colwood residential property tax bill goes to other agencies over which the city has no direct control:

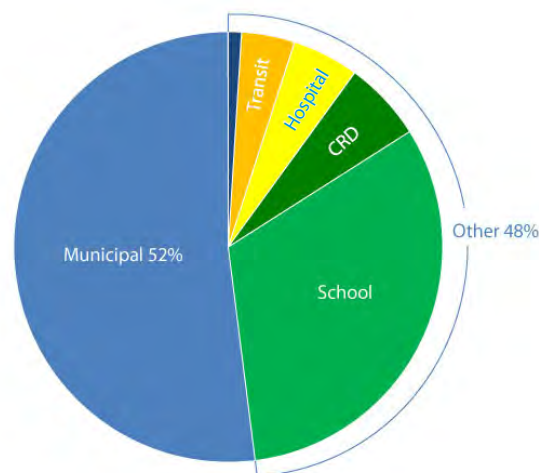
- Provincial School Taxes - 32%
- Capital Regional District - 6%
- Hospital District - 5%
- BC Transit - 4%
- BC Assessment & Municipal Finance Authority - 1%

The municipal portion of property tax collected goes toward funding the services and amenities that help make Colwood a great place to live, work and play. The bar chart on the right shows how each municipal tax dollar breaks down:

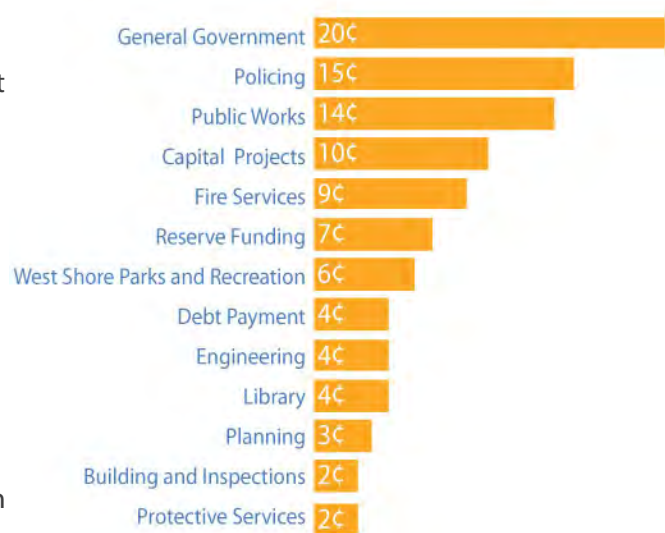
Looking forward to 2013

- Implement new budgeting software model for a more efficient budget process.
- Manage \$1.33 million in capital projects and \$971,000 in other City projects.
- Perform a full review of business and benefit insurance in an effort to improve coverage and lower premiums.
- Implement a financial reporting model to provide on-demand financial information.
- Streamline accounting processes.

Where Colwood Property Tax Dollars Go



Breakdown of Each Municipal Tax Dollar



Partnerships and Programs



West Shore RCMP

West Shore RCMP is responsible for policing Colwood, as well as Highlands, Langford, Metchosin, View Royal, Songhees First Nation, and Esquimalt First Nation. This combined population of approximately 67,000 people is well served by the detachment's 60 regular members and 17 municipal employees.

Key services provided by West Shore RCMP include policing, forensic identification, investigation, fraud unit, police dog service, traffic service and administrative support. In addition, more than 70 dedicated volunteers provide services like the Auxiliary Constable Program, Keep in Touch Program (KIT) for seniors living alone, Speed Watch, Restorative Justice, the Community Policing Advisory Committee and Greater Victoria Police Victim Services.

In 2012, the province signed a new contract with the RCMP for policing services. Colwood continued to develop a strong working relationship with West Shore RCMP and collaborated on large scale events such as Rock the Shores music festival.

School District 62

The City of Colwood continues to work collaboratively with School District 62 on the planning and delivery of two new West Shore high schools. The project is the largest K-12 construction project in the province's history and will positively impact about 5,000 students and their families. The new schools will allow for the restructuring of the middle school grades, creating space at the elementary level. They will provide state of the art facilities such as tournament gyms, asphalt running tracks, theatres, teaching kitchens, and small educational communities. Plans for Neighbourhood Learning Centres include services provided by Camosun College, the health authority, recreation associations, community based social services, and day care services.



Solar Colwood

Solar Colwood began in 2011 with a \$3.9 million grant from Natural Resources Canada to demonstrate whole community change towards energy conservation and renewable clean energy. The funding supported installations at the Fire Station, Electric Vehicle (EV) charging stations, incentives for Colwood homeowners and businesses to make energy retrofits, and opportunities to showcase energy excellence at Capital City Centre. The program reduces energy costs for homeowners and businesses, keeps local dollars in our community, supports local businesses to provide sustainable solutions, creates jobs and training opportunities, and shows Colwood's commitment to a clean energy future.

2012 Key Accomplishments

- Installed two solar hot water panels and 12 solar photovoltaic panels at Colwood's Fire Station, generating 2.7 MWh of electricity and 17,430 MJs of hot water and providing the City with ongoing annual savings of \$1,000 per year in fuel costs for a net investment of \$5,100.
- More than 100 Colwood businesses and households have taken advantage of incentives for solar hot water and ductless split heat pump systems. About 200 homeowners undertook energy assessments, and 270 received free water and energy savings kits. Together, these actions reduce community energy use by about 1700 MWh annually and significantly reduce energy costs for participating homeowners up to 40%.
- Colwood was named as BC's pilot community for the BC Hydro Power Smart Home Loan program, providing homeowners with access to inexpensive financing for energy retrofits.
- Partnerships with more than 14 organizations including federal and provincial government, BC Hydro, Royal Roads University, Camosun College, Vancity Credit Union, and WestShore Chamber.
- Injected more than \$3 million into Colwood, including \$1 million from Natural Resources Canada, \$429,000 from other government sources, \$624,000 in homeowner contributions and an additional \$1.4 million from other partners.
- Continued to highlight Colwood as a leader in sustainability, and is taking tangible actions to reduce our community's carbon footprint.



\$1000/yr
savings in City fuel costs
generated by installation
at Colwood Fire Station

Reducing Colwood's
energy use by about
1700 MWh
annually

Injected more than
\$3 million
into Colwood's economy



Financial Reports

Financial Reports

The following pages contain the 2012 Financial Statements as well as the 2012 Permissive Tax Exemptions in accordance with the Community Charter Section 98 requirements.

Statement of Financial Information (SOFI)

CITY OF COLWOOD

Year ended December 31, 2012

(In compliance with the Public Bodies Financial Information Act Statutes of
British Columbia, Chapter 140)

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Statement of Financial Information Approval

Approved by Council for the City of Colwood at the regular meeting of July 8th, 2013.

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*.



Rebecca Johnson, CGA
Director of Finance



Carol Hamilton
Mayor

Management Report

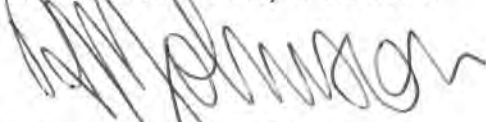
The Financial Statements contained in this Statement of Financial Information have been prepared by management in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants. The integrity and objectivity of these statements are management’s responsibility. Management is also responsible for all statements and schedules and for ensuring that this information is consistent with the information contained in the audited 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.

Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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 does not relate to the other schedules and statement required by the Financial Information Act. Their examination includes a review and evaluation of the City’s systems of internal controls and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of The City of Colwood



Rebecca Johnson, CGA

July 8, 2013

Schedule of Debts

For the year ended December 31, 2012

Long Term Debt

Information on the long term debt of the City of Colwood is shown in Note 4 of the financial statements.

Debt covered by sinking funds or reserves

As shown in Note 4 of the Financial Statements, long term debt of \$10,793,077 has been borrowed through the Municipal Finance Authority. The debentures are issued on a sinking fund basis.

Schedule of Guarantee and Indemnity Agreements

For the year ended December 31, 2012

The City of Colwood has not given any guarantees or indemnities under the Guarantees and Indemnities regulation.

Schedule of Declaration of Disqualification of Council Members

For the year ended December 31, 2012

The following information is provided in accordance with Section 98 (2) (e) of the Community Charter, S.B.C. 2003, c. 26, as amended:

I hereby declare that there have been no applications for the declaration of disqualification of a Council member made pursuant to Section 111 of the Community Charter in 2010 pertaining to the City of Colwood.

June 11, 2013
Pat VanBuskirk, CMC
Corporate Officer

Schedule of Council Remuneration and Expenses
For the year ended December 31, 2012

ELECTED OFFICIAL	REMUNERATION AND ALLOWANCE FOR INCIDENTAL EXPENSES	EXPENSES INCURRED FOR MEETINGS, COURSES AND CONVENTIONS
CULLINGTON, JUDITH	11,876.64	698.42
DAY, CYNTHIA	11,876.64	367.86
HAMILTON, CAROL	23,753.40	819.60
HARVEY, TERESA	11,876.64	57.72
LOGAN, GORDIE	11,876.64	471.68
LUKENS, SHARI	11,876.64	183.04
MARTIN, ROBERT	11,876.64	136.20

Schedule of Employee Remuneration and Expenses

For the year ended December 31, 2012

EMPLOYEE NAME	REMUNERATION *	EXPENSES **
BAXTER, MICHAEL	139,191.21	17.25
BOYLE, ROB	86,541.25	44.80
BOURHILL, IAIN	81,512.11	912.02
BRAZIER, DANIEL	101,111.12	1,732.90
CAMERON, RUSSELL	118,962.23	1,276.50
CASSIDY, JOHN	99,124.55	175.20
CHOW, GREG	109,186.33	400.00
ERWIN, BRYAN	80,207.25	1503.18
GALE, FRANK	104,049.26	370.00
HALDENBY, ALAN	110,220.30	-
HALL-JARDINE, KERRY	80,579.54	5,479.42
HEPTING, JENN	117,045.93	2,185.00
LOCKHART, HELEN	76,189.39	397.60
MCPHEE, ROSS	150,749.59	4,485.52
MYLES, ROSS	77,294.18	-
PIKULA, FLO	102,028.21	21.27
SKILLINGS, MIKE	91,620.39	-
SMITH, KERRY	111,021.84	2,478.67
TWIDALE, CRAIG	85,535.14	354.76
VANBUSKIRK, PAT	100,696.63	683.24
TOTAL \$75,000 or MORE	2,022,914	
TOTAL UNDER \$75,000	2,733,441	
GRAND TOTAL	4,756,355	

* Remuneration (a) includes any form of salary, wages, bonuses, gratuities, taxable benefits, payment into trust or any form of income deferral paid by the corporation to the employee or on behalf of the employee during the fiscal year being reported upon, whether or not such remuneration is reported under the Income Tax Act (Canada) and (b) does not include anything payable under a severance agreement.

** Expenses are defined as travel expenses, memberships, tuition, relocation, vehicle expenses, extraordinary hiring expenses, registration fees and similar amounts paid directly to an employee or to a third party on behalf of the employee, which has not been included in 'remuneration.'

Schedule of Severance Agreements

For the year ended December 31, 2012

During the fiscal year ending December 31, 2012, the City of Colwood entered into one severance agreement in the range of 1.5 months duration.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(7).

Schedule of Payments to Suppliers of Goods and Services

For the year ended December 31, 2012

SUPPLIER NAME	2012 Amount Paid
ALPINE RECYCLING	\$33,952.39
ASSOCIATED ENGINEERING (B.C.)LTD	\$148,050.44
ASSOCIATED FIRE & SAFETY	\$27,826.26
BC HYDRO & POWER AUTHORITY	\$219,991.75
BRANDT TRACTOR LTD VICTORIA OFFICE	\$156,062.77
BRITCO LEASING LTD	\$91,140.00
CAPITAL CITY PAVING	\$80,926.73
CAPITAL REGIONAL DISTRICT	\$170,654.83
CAPITAL REGIONAL DISTRICT ANIMAL CONTROL DIVISION	\$65,159.33
CHEVRON CANADA LIMITED	\$111,457.53
CITY GREEN SOLUTIONS SOCIETY	\$93,911.50
CITY OF LANGFORD	\$196,022.55
COLWOOD VOLUNTEER FIREFIGHTERS ASSOCIATION	\$30,073.00
CO-OPERATORS	\$25,491.73
CREST (EMERGENCY SERVICES)	\$48,188.95
DISTRICT OF SAANICH	\$133,030.65
DL'S BINS LTD	\$69,660.60
E.H. EMERY ELECTRIC LTD	\$63,462.46
ERNST & YOUNG INC	\$84,008.97
GILLIS, RALPH	\$62,232.05
GREATER VICTORIA LABOUR RELATIONS ASSOCIATION	\$60,673.33
GREATER VICTORIA PUBLIC LIBRARY	\$707,639.06
HENDRY, SWINTON INSURANCE INC.	\$74,971.00
ILLUMINATE SOLAR INC.	\$80,225.08
ISLAND ASPHALT LTD.	\$31,277.25
ISLAND ENERGY INC	\$29,575.00
ISLAND KEY COMPUTER LTD	\$46,906.30
JENNER CHEVROLET BUICK GMC	\$41,117.21
JOHNSON CONTROLS #V4020	\$47,640.23
KERR WOOD LEIDAL CONSULTING ENGINEERS	\$141,911.15
KPMG LLP ACCOUNTING SERVICE	\$27,384.00
LAMONT LAND INC - SILVER CREEK	\$61,325.00
MAINROAD MAINTENANCE PRODUCTS	\$51,246.92
MAVRIKOS, ADIA	\$33,260.30
MINISTER FINANCE-MSP COVERAGE	\$79,190.00
MUNICIPAL INSURANCE ASSOCIATION	\$118,128.85
MUNICIPAL PENSION PLAN	\$432,601.80

PACIFIC BLUE CROSS	\$175,843.28
PACIFIC CENTRE FAMILY SERVICE	\$49,941.71
PACIFIC SOLAR SMART HOMES	\$52,020.00
POWERTECH LABS INC	\$38,416.00
PRAIRIECOAST	\$43,347.56
R. MANION CONSULTING	\$44,856.00
RECEIVER GENERAL FOR CANADA	\$1,018,458.84
ROCKY MOUNTAIN PHOENIX	\$75,808.28
ROYAL ROADS UNIVERSITY	\$30,083.28
SCANSA CONSTRUCTION LTD	\$241,840.43
SCHO'S LINE PAINTING LTD	\$34,658.40
SOUTH ISLAND POWER SWEEPING	\$28,345.52
SOUTH MID VANC ISL ZONE VETERANS HOUSING SOCIETY	\$50,000.00
SOUTHERN VANCOUVER ISLAND PUBLIC EMPLOYEES	\$52,767.86
*TD VISA - JENN PRESTON	\$55,381.65
*TD VISA - JOANNE TOPPING	\$28,335.11
*TD VISA - MIKE SKILLINGS	\$29,086.53
TERRATEK ENERGY SOLUTIONS INC	\$45,434.43
WEST SHORE ENVIRONMENTAL SERVICES	\$79,610.00
WESTSHORE PARKS & RECREATION JUAN DE FUCA	\$312,227.71
WINDLEY CONTRACTING LTD	\$489,003.89
YOUNG,ANDERSON	\$164,759.38
TOTAL \$25,000 OR MORE	\$7,116,602.83
TOTAL UNDER \$25,000	\$1,458,818.75
GRAND TOTAL	\$8,575,421.58

*Banking institutions require that Visa accounts be assigned to a person rather than a corporate entity, which is why employee names are used on these accounts.

Schedule of Grants
For the year ended December 31, 2012

RECEIPIENT	AMOUNT
BIKE TO WORK VICTORIA	1,250
CRISIS INTERVENTIONS AND PUBLIC INFORMATION SOCIETY OF GREATER VICTORIA	1,021
VOLUNTEER VICTORIA	1,000
VICTORIA MILITARY MUSIC FESTIVAL SOCIETY PACIFIC TATTOO	5,000
FORT RODD HILL AND FISGARD LIGHTHOUSE	1,000
ECONOMIC/BUSINESS DEVELOPMENT	12,000
ISLAND CHEF COLLABORATIVE	2,500
WESTSHORE EARTH DAY	1,000
MOTHER'S DAY PAINT IN	1,000
OFF THE GRID MUSIC FESTIVAL	500
EMILY CARR ART CENTRE	9,157
GRAND TOTAL	35,428

Schedule of Permissive Tax Exemptions
Approved through Bylaw No. 1359
For the year ended December 31, 2012

In accordance with Section 98(2)(b) of the Community Charter, we disclose that the following properties were provided permissive tax exemptions by Colwood City Council in 2012. Permissive tax exemptions are those exemptions granted by bylaw in accordance with Section 224 of the Community Charter.

ROLL NUMBER	CIVIC ADDRESS	NAME OF PROPERTY OWNER	PROPERTY VALUE	TAX CLAS S	TAX RATE 2012	EXEMPTION VALUE
05522.100	510 Mount View Avenue	Anglican Synod Diocese	\$ 2,606,400	8	10.2948	\$ 26,832.37
04953.020	3319 Painter Road	Pilgrim United Church	\$ 942,600	8	10.2948	\$ 9,703.88
05169.510	3307 Wishart Road	Westside Bible Church	\$ 766,200	8	10.2948	\$ 7,887.88
05531.001	2225 Sooke Road	Colwood Women's Institute	\$ 989,900	8	10.2948	\$ 10,190.82
05462.010	619 Kelly Road	Colwood Pentecostal Church	\$ 1,936,200	8	10.2948	\$ 19,932.79
					TOTAL:	\$ 74,547.74

Consolidated Financial Statements of

CITY OF COLWOOD

Year ended December 31, 2012

CITY OF COLWOOD

Consolidated Financial Statements

Year ended December 31, 2012

Financial Statements

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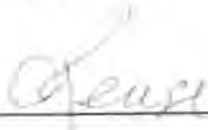
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the City of Colwood (the "City") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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



Chief Administrative Officer

Director of Finance



We have audited the accompanying consolidated financial statements of the City of Colwood, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Colwood as at December 31, 2012, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

June 24, 2013
Victoria, Canada

CITY OF COLWOOD

Consolidated Statement of Financial Position

December 31, 2012, with comparative information for 2011

	2012	2011
Financial assets:		
Cash and cash equivalents (note 2)	\$ 14,063,924	\$ 11,418,311
Property taxes receivable	1,555,621	1,093,916
Accounts receivable	1,497,934	1,815,582
	<u>17,117,479</u>	<u>14,327,809</u>
Financial liabilities:		
Accounts payable and accrued liabilities	4,171,092	3,933,002
Prepaid property taxes	192,172	171,573
Deferred revenue (note 3)	4,086,979	3,816,949
Refundable deposits	1,398,818	658,960
Capital leases	807,138	724,462
Debt (note 4):		
Short-term	2,422,634	8,488,721
Long-term	10,856,540	5,981,593
	<u>23,935,373</u>	<u>23,775,260</u>
Net debt	(6,817,894)	(9,447,451)
Non-financial assets:		
Tangible capital assets (note 6)	136,628,031	136,980,334
Inventory of supplies	911,400	932,958
Prepaid expenses	74,719	136,476
	<u>137,614,150</u>	<u>138,049,768</u>
Accumulated surplus (note 7)	<u>\$ 130,796,256</u>	<u>\$ 128,602,317</u>

Commitments and contingencies (note 10)



Chief Administrative Officer



Director of Finance

CITY OF COLWOOD

Consolidated Statement of Operations

Year ended December 31, 2012, with comparative information for 2011

	Budget (unaudited - note 11)	2012	2011
Revenue:			
Taxation, net (note 8)	\$ 12,787,562	\$ 12,800,580	\$ 12,497,584
User charges	3,016,154	2,709,008	2,624,346
Fines and penalties	222,060	247,637	220,683
Investment earnings	57,500	237,411	146,069
Unconditional government transfers (note 9)	839,016	819,072	868,856
Conditional government transfers (note 9)	2,446,278	1,311,082	566,776
Developer contributions	137,000	16,000	448,500
Other	-	1,953,530	(152,130)
Total revenue	19,505,570	20,094,320	17,220,684
Expenses:			
General government	4,212,472	2,800,229	3,537,668
Protective services	5,453,686	5,304,355	4,731,684
Engineering and transportation services	3,426,604	4,447,912	4,325,126
Community services:			
Environmental health services	164,300	206,623	161,171
Environmental and development services	548,754	509,176	413,831
Recreation and cultural services	3,248,994	3,626,740	3,509,137
Utility and enterprise services	1,216,511	1,005,346	1,096,203
Total expenses	18,271,321	17,900,381	17,774,820
Annual surplus (deficit)	1,234,249	2,193,939	(554,136)
Accumulated surplus, beginning of year	128,602,317	128,602,317	129,156,453
Accumulated surplus, end of year	\$ 129,836,566	\$ 130,796,256	\$ 128,602,317

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, 2012, with comparative information for 2011

	Budget (unaudited – note 11)	2012	2011
Annual surplus (deficit)	\$ 1,234,249	\$ 2,193,939	\$ (554,136)
Acquisition of tangible capital assets	(3,398,000)	(1,288,560)	(1,205,794)
Acquisition of leased tangible capital assets	-	(232,661)	-
Amortization of tangible capital assets	-	2,486,818	2,541,878
Loss on disposal of tangible capital assets	-	-	4,616
Change in proportionate share of West Shore	-	(613,294)	599,290
	(2,163,751)	2,546,242	1,385,854
Consumption of inventory of supplies	-	21,558	29,463
Use (acquisition) of prepaid expenses	-	61,757	(21,459)
	-	83,315	8,004
Change in net financial assets (debt)	(2,163,751)	2,629,557	1,393,858
Net debt, beginning of year	(9,447,451)	(9,447,451)	(10,841,309)
Net debt, end of year	\$ (11,611,202)	\$ (6,817,894)	\$ (9,447,451)

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

CITY OF COLWOOD

Consolidated Statement of Cash Flows

Year ended December 31, 2012, with comparative information for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 2,193,939	\$ (554,136)
Items not involving cash:		
Amortization of tangible capital assets	2,486,818	2,541,878
Loss on disposal of tangible capital assets	-	4,616
Change in proportionate share of West Shore	(613,294)	599,290
Actuarial adjustment on debt	(70,902)	(52,294)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	(461,705)	138,039
Accounts receivable	317,648	267,697
Accounts payable and accrued liabilities	238,090	11,999
Prepaid property taxes	20,599	46,130
Deferred revenue	270,030	670,111
Refundable deposits	739,858	106,275
Inventory of supplies	21,558	29,463
Prepaid expenses	61,757	(21,459)
	5,204,396	3,787,609
Capital activities:		
Acquisition of tangible capital assets	(1,288,560)	(1,205,794)
	(1,288,560)	(1,205,794)
Financing activities:		
Capital lease payments	(149,985)	(117,738)
Debt proceeds	5,373,023	-
Debt payments	(6,493,261)	(1,336,581)
	(1,270,223)	(1,454,319)
Increase in cash and cash equivalents	2,645,613	1,127,496
Cash and cash equivalents, beginning of year	11,418,311	10,290,815
Cash and cash equivalents, end of year	\$ 14,063,924	\$ 11,418,311
Supplemental cash flow information:		
Cash paid for interest	\$ 523,989	\$ 474,487
Cash received from interest	108,700	111,353

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

CITY OF COLWOOD

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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 public sector accounting standards for local 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.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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 that are cashable on demand or have 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 principal repayments and actuarial adjustments.

(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.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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

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

(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.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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

2. Cash and cash equivalents:

	2012	2011
Bank deposits	\$ 10,019,976	\$ 6,670,190
MFA - Money Market Fund	4,043,948	4,748,121
Total	\$ 14,063,924	\$ 11,418,311

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

3. Deferred revenue:

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

	2012	2011
Building permit fees	\$ 67,900	\$ 29,000
Federal Gas Tax funds	1,737,207	1,597,250
Development cost charges	787,111	528,647
Cash in lieu of parklands	359,852	313,528
Provincial government grants	126,504	376,789
West Shore	104,539	90,809
Sidewalk fund	274,602	274,602
Frontage	505,824	505,824
Other	123,440	100,500
Total deferred revenue	\$ 4,086,979	\$ 3,816,949

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.

	2012	2011
Opening balance of unspent funds	\$ 1,597,250	\$ 1,143,002
Add:		
Amounts received during the year	444,706	444,706
Interest income restricted for projects	19,361	14,542
	464,067	459,248
Less amount spent on projects and recorded as revenue	(324,110)	(5,000)
Closing balance of unspent funds	\$ 1,737,207	\$ 1,597,250

4. Debt:

(a) Short-term debt:

Short-term debt of \$2,422,634 (2011 - \$8,488,721) is with the MFA and bears interest at 1.73%.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

4. Debt (continued):

(b) Long-term debt:

The City issues long-term debt instruments through the MFA. The amount payable of \$10,793,077 (2011 - \$5,879,604) is net of repayments and actuarial adjustments of \$1,856,946 (2011 - \$1,397,447).

Included in long-term debt is the City's proportionate share of a West Shore five year fixed rate term loan for \$63,463 (2011 - \$101,989).

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

	Total
2013	\$ 723,052
2014	723,052
2015	723,052
2016	723,052
2017	667,442

(d) Maturities and interest rates:

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

(e) Interest expense:

Total interest expense during the year was \$375,335 (2011 - \$466,792).

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

5. 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:

	2012	2011
Accrued sick leave	\$ 230,916	\$ 186,217
Retirement benefit payments	214,308	187,025
	<u>\$ 445,224</u>	<u>\$ 373,242</u>

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.

	2012	2011
Accrued benefit obligation:		
Balance, beginning of year	\$ 373,242	\$ 380,204
Current service cost	39,744	32,886
Interest cost	8,730	7,325
Benefits paid	-	(47,173)
Actuarial	23,508	-
Balance, end of year	<u>\$ 445,224</u>	<u>\$ 373,242</u>

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

	2012	2011
Discount rates	3.50 - 5.00 %	5.00 %
Expected future inflation rates	2.50 %	2.50 %
Expected wage and salary increases	2.00 - 2.75 %	2.00 %

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

5. Employee future benefit obligations (continued):

Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee 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 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 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, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The City paid \$432,105 (2011 - \$382,926) for employer contributions to the plan in fiscal 2012.

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. Employers and employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2011. At December 31, 2012, the total plan provision for approved and unreported claims was \$16,019,500 with a net deficit of \$4,097,874. The City paid \$30,337 (2011 - \$19,960) for employer contributions and City employees paid \$30,337 (2011 - \$19,960) for employee contributions to the plan in fiscal 2012.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

6. Tangible capital assets:

	Land	Building and building improvements	Vehicles, machinery and equipment	Water and wastewater infrastructure	West Shore improvements	Parks and land infrastructure	Roads	Total 2012	Total 2011
Cost:									
Balance, beginning of year	\$58,518,410	5,571,245	8,956,125	29,907,647	14,364,409	1,085,474	61,547,180	\$179,950,490	\$179,491,698
Additions	-	83,317	523,784	251,422	46,760	615,938	-	1,521,221	1,205,794
Disposals	-	-	(21,497)	-	-	-	-	(21,497)	(9,289)
Change in West Shore share	-	-	-	-	763,379	-	-	763,379	(737,713)
Balance, end of year	58,518,410	5,654,562	9,458,412	30,159,069	15,174,548	1,701,412	61,547,180	182,213,593	179,950,490
Accumulated amortization:									
Balance, beginning of year	-	2,177,599	5,162,357	3,983,427	2,863,388	661,583	28,121,802	42,970,156	40,571,374
Disposals	-	-	(21,497)	-	-	-	-	(21,497)	(4,673)
Amortization	-	145,789	382,117	317,532	273,693	56,948	1,310,739	2,486,818	2,541,878
Change in West Shore share	-	-	-	-	150,085	-	-	150,085	(138,423)
Balance, end of year	-	2,323,388	5,522,977	4,300,959	3,287,166	718,531	29,432,541	45,585,562	42,970,156
Net book value, end of year	\$58,518,410	3,331,174	3,935,435	25,858,110	11,887,382	982,881	32,114,639	\$136,628,031	\$136,980,334

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

6. 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.

(e) West Shore:

The City's proportionate share of West Shore assets includes land, buildings and equipment which are subject to amortization policies consistent with those of the City.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

7. Accumulated surplus:

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

	2012	2011
Surplus:		
Invested in tangible capital assets	\$122,541,719	\$121,785,558
Other	2,084,946	2,681,046
Total surplus	124,626,665	124,466,604
Reserves set aside by Council:		
Future sewer contingencies	(183,800)	(181,497)
West Shore	367,950	286,334
Total reserve funds	184,150	104,837
Reserve funds set aside for specific purposes by Council:		
Police building improvements	142,142	140,529
Affordable housing	208,684	203,830
Amenities	756,065	743,565
Capital projects	865,361	854,459
Equipment replacement	374,344	309,339
RCMP surplus	840,171	729,616
Sewer capital	486,298	506,120
Future operational expense	2,312,372	543,328
Total reserve funds	5,985,437	4,030,876
	\$130,796,252	\$128,602,317

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

8. Taxation:

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

	2012	2011
General	\$ 19,790,560	\$ 19,280,914
Payments in place of taxes	1,603,525	1,505,250
Special assessments - sewer	864,421	1,020,985
1% utility taxes	177,015	169,910
	22,435,521	21,977,059
Less taxes levied for other authorities:		
Capital Regional District - General Operating	1,167,502	931,967
Capital Regional District - Sewer Operating	59,738	56,496
Capital Regional Hospital District	914,985	918,745
School Authorities	6,477,002	6,541,256
BC Assessment Authority	199,887	210,012
Municipal Finance Authority	633	643
Victoria Regional Transit Authority	815,194	820,356
	9,634,941	9,479,475
	\$ 12,800,580	\$ 12,497,584

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

9. 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:

	2012	2011
Conditional transfers:		
Federal - West Shore Parks and Recreation Society	\$ 51,726	\$ 90,281
Provincial:		
Natural Resources Canada	507,841	286,830
Other	255,827	3,087
Energy and emissions	-	10,000
Federal gas tax	324,110	5,000
Other:		
Bear Mountain Arena	171,578	171,578
	1,311,082	566,776
Unconditional:		
Provincial:		
Small communities	318,827	316,090
Traffic fines	170,362	202,479
Casino revenue sharing	329,798	337,102
Other	85	13,185
	819,072	868,856
Total revenue	\$ 2,130,154	\$ 1,435,632

10. Commitments and contingencies:

(a) Contingent liabilities:

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

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

10. 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, 2012 there were contingent demand notes of \$490,890 (2011 - \$306,160) which are not included in the financial statements of the City.

(c) Litigation liability:

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

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

10. Commitments and contingencies (continued):

(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 20112 estimated cost of this contract is \$2,508,002 (2011 - \$2,214,717). RCMP members and the federal government are currently in legal proceedings regarding pay raises for 2009 and 2010 that were retracted for RCMP members. As the final outcome of the legal action and the potential financial impact to the City is not determinable, the City has not recorded any provision for this matter in the financial statements as at December 31, 2012.

11. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2012 operating and capital budgets approved by Council on May 14, 2012. 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
Revenue:	
City	\$ 21,427,515
West Shore	1,317,299
Less:	
Transfers from own funds	(939,244)
Proceeds on debt issue	(2,300,000)
Total revenue	19,505,570
Expenses:	
City	21,427,515
West Shore	1,405,030
Less:	
Capital expenditures	(3,398,000)
Transfer to own funds	(275,000)
Debt principal payments	(888,224)
Total expenses	18,271,321
Annual surplus	\$ 1,234,249

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

12. West Shore Parks and Recreation Society:

(a) Capital asset transfer:

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

In 2002 the lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the Co-Owners' Agreement. The lands and facilities were reallocated amongst the members 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 2012, the City's share of improvements purchased by the Society on its behalf is \$10,576.

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 2012, the City recorded a gain of \$613,294 (2011 - loss of \$599,290).

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 2013 through 2014. The proportionate share of the debt funded by the City through the requisition process as at December 31, 2012 was \$320,000.

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 2012, the City's proportion for consolidation purposes was 24.1% (2011 - 22.9%).

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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

(b) Consolidation (continued):

Condensed financial information for the Society is as follows:

	2012	2011
Financial assets	\$ 2,219,968	\$ 2,099,082
Financial liabilities	1,658,182	1,850,172
Net financial assets	561,786	248,910
Non-financial assets	752,357	763,902
Accumulated surplus	\$ 1,314,143	\$ 1,012,812
Invested in tangible capital assets	\$ 738,913	\$ 753,692
Reserve funds	1,524,044	1,248,963
Other	(948,814)	(989,843)
	\$ 1,314,143	\$ 1,012,812
Revenues	\$ 5,424,178	\$ 5,480,808
Requisition from members	4,698,024	4,453,952
	10,122,202	9,934,760
Expenses	5,122,847	5,867,895
Requisition for members	4,698,024	4,453,952
	9,820,871	10,321,847
Annual surplus (deficit)	\$ 301,331	\$ (387,087)

13. 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.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

13. 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.

CITY OF COLWOOD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

13. Segmented information (continued):

		General Government	Protective Services	Engineering and Transportation Services	Community Development Services	Utility and Enterprise Services	Total
2011							
Revenue:							
Taxation	\$	2,377,040	\$ 3,828,010	\$ 3,499,324	\$ 2,048,354	\$ 744,856	\$ 12,497,584
User charges		96,804	355,150	75,571	1,248,349	831,295	2,607,169
Government transfers		-	202,479	957,709	275,444	-	1,435,632
Other		461,925	21,549	514,568	(317,743)	-	680,299
Total revenue		2,935,769	4,407,188	5,047,172	3,254,404	1,576,151	17,220,684
Expenses:							
Salaries and wages		1,274,747	1,775,538	1,822,447	572,051	84,681	5,529,464
Materials, supplies and services		1,898,323	2,698,903	609,951	3,219,099	646,488	9,072,764
Interest and other		268,673	50,775	153,909	-	157,357	630,714
Amortization		95,925	206,468	1,738,819	292,989	207,677	2,541,878
Total expenses		3,537,668	4,731,684	4,325,126	4,084,139	1,096,203	17,774,820
Annual surplus (deficit)	\$	(601,899)	\$ (324,496)	\$ 722,046	\$ (829,735)	\$ 479,948	\$ (554,136)

CITY OF COLWOOD

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