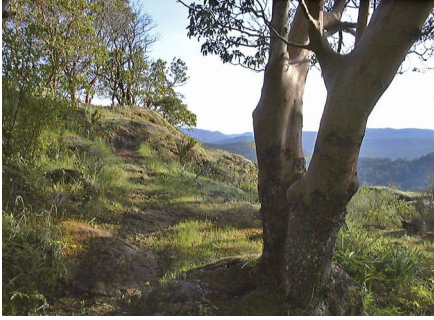




2006 ANNUAL REPORT



June 08, 2006



DISTRICT OF HIGHLANDS 2006 ANNUAL REPORT

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1. DISTRICT COUNCIL

The current Mayor and Council were elected at the general election in November 2005. The Council assignments for 2007 are as follows:

Mayor Mark Cardinal



Mayor Cardinal is in his first term as Mayor and previously served three terms as Councillor. He currently serves as the Council representative on the Juan de Fuca Parks and Recreation Board, the Director to the Capital Regional District Board, CRD Water Commission, Juan de Fuca Regional Water Supply Commission, CRD Parks and Environment Committees

Councillor Ken Brotherston



Councillor K. Brotherston is in his second term as a Councillor. He currently serves as the Council's representative to the Advisory Planning Commission, Alternate to the CRD Water Commission and Juan de Fuca Regional Water Supply Commission.

Councillor Andrew Fall



Councillor Fall is in his first term as a Councillor. He currently serves as the Council representative on the CRD Arts Committee, Capital Region Emergency Service Telecommunications (CREST) Board and the Council representative to the Emergency Planning Committee.

Councillor Joe Kadar



Councillor Kadar is in his second term as Councillor. He currently serves as the Council representative on the Inter-Municipal Committee on Disability Issues, Greater Victoria Public Library and the CRD Solid Waste Advisory Committee.

Councillor Michelle Mahovlich



Councillor Mahovlich is in her first term as a Councillor. She currently serves as the Council representative on the Greater Victoria Family Court Committee. She also serves on the District's Groundwater Task Force

Councillor Jane Mendum



Councillor Mendum is in her third term as a Councillor. She currently serves as the Council representative for the Western Communities Policing Advisory Committee and Alternate to the CRD Environment Committee and Parks Committee. She also serves as the alternate Council representative for the District of Highlands' Emergency Planning Committee and as alternate director on the CRD Board.

Councillor Ken Williams



Councillor Williams is in his first term as a Councillor. He currently serves as the Council representative to the Community Energy Planning Steering Committee. He also serves as Council alternate to the Advisory Planning Commission and the Inter-Municipal Committee on Disability Issues.

2. FINANCIAL MANAGEMENT REPORT 2006

The Audited Financial Statements contained herein have been prepared by management in accordance with generally accepted accounting principles.

Financial Statements are not precise since they include certain amounts abased on estimates or judgments. The integrity and objectivity of these statements are management's responsibility.

Management is also responsible for implementing and maintaining a system of internal controls to a high standard and consistent with reasonable cost. These systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the District's assets are properly accounted for and adequately safeguarded.

The District's auditors have the responsibility for assessing the management systems and practices for the District. KPMG LLP conducts an independent examination in accordance with generally accepted auditing standards, and express their opinion on the Financial Statements. The auditors have full and free access to the Council and meet with them on an annual basis.

On behalf of the District of Highlands.

C.D. Coates, Chief Financial Officer

May 23, 2007

DISTRICT OF HIGHLANDS

Year ended December 31, 2006

DISTRICT OF HIGHLANDS

Municipal Council

2006

Mayor Mark Cardinal

COUNCILLORS

Ken Brotherston
Ken Williams
Michelle Mahovlich

Andrew Fall
Joe Kadar
Jane Mendum

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## OFFICIALS

Administrator-Clerk/Treasurer

Christopher Coates

~~~~~

Auditors
Solicitors
Bankers
Police

KPMG LLP
Lidstone Young Anderson
Royal Bank of Canada
RCMP - Western Communities

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The following financial statements are prepared in accordance with Section 167 of the Community Charter.

# DISTRICT OF HIGHLANDS

Audited Financial Statements

Year ended December 31, 2006

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## **FINANCIAL REPORTING RESPONSIBILITY**

The accompanying consolidated statements of the District of Highlands (the "District") are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are consistent with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Board of the Canadian Institute of Chartered Accountants. The consolidated financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The District's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a defined division of responsibilities, accountability for performance and communication of standards of business conduct.

The Municipal Council oversees management's responsibilities for the financial reporting and internal control systems. Council meets periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged and to review and accept the consolidated financial statements.

KPMG LLP, Chartered Accountants, the independent auditors appointed by the District have examined these financial statements and issued their report that follows. The auditors have full and unrestricted access to the Council to discuss their audit and their related findings.

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Administrator-Treasurer

ABCD

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

Telephone (250) 480-3500  
Fax (250) 480-3539  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT TO THE MAYOR AND COUNCILLORS OF THE DISTRICT OF HIGHLANDS**

We have audited the consolidated statement of financial position of the District of Highlands as at December 31, 2006 and the consolidated statements of financial activities and fund balances and changes in financial position and the statements of financial activities and fund balances of the operating funds, capital funds and reserve funds for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Victoria, Canada

March 23, 2007

# DISTRICT OF HIGHLANDS

## Consolidated Statement of Financial Position

## STATEMENT A

December 31, 2006, with comparative figures for 2005

|                                              | 2006                | 2005                |
|----------------------------------------------|---------------------|---------------------|
| <b>Financial Assets</b>                      |                     |                     |
| Cash                                         | \$ 883,413          | \$ 688,149          |
| Property taxes receivable                    | 27,474              | 32,015              |
| Accounts receivable                          | 149,417             | 48,726              |
|                                              | <u>1,060,304</u>    | <u>768,890</u>      |
| <b>Liabilities</b>                           |                     |                     |
| Accounts payable and accrued liabilities     | 162,371             | 129,855             |
| Deferred revenue                             | 133,854             | 64,339              |
| Security deposits                            | 101,215             | 250,750             |
| Long-term debt (note 4)                      | 766,737             | 626,744             |
|                                              | <u>1,164,177</u>    | <u>1,071,688</u>    |
| Net financial liabilities                    | (103,873)           | (302,798)           |
| Capital assets (note 5)                      | 9,263,696           | 8,962,347           |
| Net financial liabilities and capital assets | <u>\$ 9,159,823</u> | <u>\$ 8,659,549</u> |
| <b>Municipal Position</b>                    |                     |                     |
| Fund balances:                               |                     |                     |
| Operating Funds (Statement D)                | \$ 215,105          | \$ 59,690           |
| Capital Funds (Statement E)                  | 48,833              | 61,217              |
| Reserve Funds (Statement F)                  | 398,926             | 203,039             |
| Total fund balances                          | <u>662,864</u>      | <u>323,946</u>      |
| Equity in capital assets (note 6)            | 8,496,959           | 8,335,603           |
| Contingent liabilities (note 10)             |                     |                     |
| Total municipal position                     | <u>\$ 9,159,823</u> | <u>\$ 8,659,549</u> |

See accompanying notes to financial statements.

\_\_\_\_\_  
Treasurer

# DISTRICT OF HIGHLANDS

## Consolidated Statement of Financial Activities and Fund Balances

## STATEMENT B

Year ended December 31, 2006, with comparative figures for 2005

|                                                               | Actual<br>2006    | Budget<br>2006    | Actual<br>2005    |
|---------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Revenue:</b>                                               |                   |                   |                   |
| Net taxes available for municipal purposes (note 7)           | \$ 1,161,933      | \$ 1,161,909      | \$ 1,007,354      |
| Government transfers (note 8)                                 | 268,474           | 300,522           | 232,204           |
| Sales of services                                             | 230,682           | 203,478           | 230,066           |
| Licences, permits and other                                   | 107,193           | 108,100           | 131,710           |
| Investment income                                             | 41,337            | 28,600            | 28,059            |
| Gain on sale of capital assets                                | 323               | -                 | 4,714             |
| Donations                                                     | 2,100             | 338,000           | 75,000            |
| Other income                                                  | 105,697           | 19,600            | 33,621            |
| Debt principal reduced by actuarial adjustments               | 5,961             | -                 | 4,471             |
|                                                               | <u>1,923,700</u>  | <u>2,160,209</u>  | <u>1,747,199</u>  |
| <b>Expenditure (note 9):</b>                                  |                   |                   |                   |
| General government services                                   | 495,515           | 530,816           | 601,370           |
| Protective services                                           | 265,323           | 329,820           | 279,091           |
| Transportation services                                       | 249,668           | 234,500           | 197,364           |
| Environmental health services                                 | 7,500             | 10,000            | -                 |
| Environmental development services                            | 96,520            | 128,575           | 115,813           |
| Recreation and cultural services                              | 459,390           | 502,637           | 469,575           |
|                                                               | <u>1,573,916</u>  | <u>1,736,348</u>  | <u>1,663,213</u>  |
| Excess of revenue over expenditure                            | 349,784           | 423,861           | 83,986            |
| Debt principal repayment                                      | (37,448)          | (25,380)          | (25,382)          |
| Debt principal reduced by actuarial adjustments               | (5,961)           | -                 | (4,471)           |
|                                                               | <u>(43,409)</u>   | <u>(25,380)</u>   | <u>(29,853)</u>   |
| Change in fund balances                                       | 306,375           | 398,481           | 54,133            |
| Fund balances, beginning of year                              | 323,946           | 323,946           | 269,813           |
| Proportionate share of consolidated entities' opening balance | 32,543            | -                 | -                 |
| Fund balances, end of year                                    | <u>\$ 662,864</u> | <u>\$ 722,427</u> | <u>\$ 323,946</u> |

See accompanying notes to financial statements.

**DISTRICT OF HIGHLANDS****Consolidated Statement of Changes in Financial Position****STATEMENT C**

Year ended December 31, 2006, with comparative figures for 2005

|                                                                    | 2006       | 2005       |
|--------------------------------------------------------------------|------------|------------|
| Cash provided by (used in):                                        |            |            |
| Operating activities:                                              |            |            |
| Excess of revenue over expenditure                                 | \$ 349,784 | \$ 83,986  |
| Add back non-cash item:                                            |            |            |
| Debt principal reduced by actuarial adjustments                    | (5,961)    | (4,471)    |
| Decrease in net financial liabilities excluding cash and financing | (136,815)  | 66,734     |
|                                                                    | 207,008    | 146,249    |
| Financing activities:                                              |            |            |
| Debt principal repayment                                           | (37,448)   | (25,382)   |
| Increase in cash                                                   | 169,560    | 120,867    |
| Cash, beginning of year                                            | 688,149    | 567,282    |
| Proportionate share of consolidated entities opening cash          | 25,704     | -          |
| Cash, end of year                                                  | \$ 883,413 | \$ 688,149 |

See accompanying notes to financial statements.

# DISTRICT OF HIGHLANDS

## Statement of Financial Activities and Fund Balances - Operating Funds

## STATEMENT D

Year ended December 31, 2006, with comparative figures for 2005

|                                                                                 | Actual<br>2006 | Budget<br>2006 | Actual<br>2005 |
|---------------------------------------------------------------------------------|----------------|----------------|----------------|
| <b>Revenue:</b>                                                                 |                |                |                |
| Net taxes available for municipal purposes (note 7)                             | \$ 1,161,933   | \$ 1,161,909   | \$ 1,007,354   |
| Government transfers (note 8)                                                   | 268,474        | 300,522        | 232,204        |
| Sales of services                                                               | 230,682        | 203,478        | 230,066        |
| Licences, permits and other                                                     | 107,193        | 108,100        | 131,710        |
| Investment income                                                               | 31,520         | 28,600         | 24,343         |
| Donations                                                                       | 2,100          | 338,000        | -              |
| Other income                                                                    | 105,697        | 19,600         | 27,837         |
| Debt principal reduced by actuarial adjustments                                 | 5,961          | -              | 4,471          |
|                                                                                 | 1,913,560      | 2,160,209      | 1,657,985      |
| <b>Expenditure:</b>                                                             |                |                |                |
| General government services                                                     | 489,893        | 523,316        | 575,509        |
| Protective services                                                             | 247,057        | 302,320        | 183,306        |
| Transportation services                                                         | 150,683        | 130,500        | 122,314        |
| Environmental health services                                                   | 7,500          | 10,000         | -              |
| Environmental development services                                              | 96,520         | 128,575        | 115,813        |
| Recreational and cultural services                                              | 440,200        | 439,093        | 431,290        |
|                                                                                 | 1,431,853      | 1,533,804      | 1,428,232      |
| Excess of revenue over expenditure                                              | 481,707        | 626,405        | 229,753        |
| <b>Net interfund transfers:</b>                                                 |                |                |                |
| To Capital Funds                                                                | (125,407)      | (157,544)      | (136,163)      |
| To Reserve Funds                                                                | (190,019)      | (382,520)      | (83,768)       |
| Debt principal repayment                                                        | (37,448)       | (25,380)       | (25,382)       |
| Debt principal reduced by actuarial adjustments                                 | (5,961)        | -              | (4,471)        |
|                                                                                 | (358,835)      | (565,444)      | (249,784)      |
| Change in Operating Funds                                                       | 122,872        | 60,961         | (20,031)       |
| Operating Funds, beginning of year                                              | 59,690         | 59,690         | 79,721         |
| Proportionate share of consolidated entities' opening balance                   | 32,543         | -              | -              |
| Operating Funds, end of year                                                    | \$ 215,105     | \$ 120,651     | \$ 59,690      |
| Unappropriated balance                                                          | \$ 171,941     |                | \$ 23,246      |
| Appropriated surplus for West Shore Parks and Recreation Society's expenditures | 43,164         |                | 36,444         |
|                                                                                 | \$ 215,105     |                | \$ 59,690      |

See accompanying notes to financial statements.

# DISTRICT OF HIGHLANDS

## Statement of Financial Activities and Fund Balances - Capital Funds

## STATEMENT E

Year ended December 31, 2006, with comparative figures for 2005

|                                                   | Actual<br>2006   | Budget<br>2006   | Actual<br>2005   |
|---------------------------------------------------|------------------|------------------|------------------|
| <b>Revenue:</b>                                   |                  |                  |                  |
| Gain on sale of capital assets                    | \$ 323           | \$ -             | \$ 4,714         |
| Donated assets                                    | -                | -                | 75,000           |
| Other income                                      | -                | -                | 5,784            |
|                                                   | <u>323</u>       | <u>-</u>         | <u>85,498</u>    |
| <b>Expenditure:</b>                               |                  |                  |                  |
| General government services:                      |                  |                  |                  |
| Machinery and equipment                           | 5,622            | 7,500            | 25,861           |
| Protective services:                              |                  |                  |                  |
| Machinery and equipment                           | 18,266           | 27,500           | 95,785           |
| Transportation services:                          |                  |                  |                  |
| Engineering structures                            | 98,985           | 104,000          | 75,050           |
| Recreation and cultural services:                 |                  |                  |                  |
| Machinery and equipment                           | -                | -                | 869              |
| Engineering structures                            | -                | 45,000           | 20,989           |
| West Shore Parks and Recreation Society (note 12) | 19,190           | 18,544           | 16,427           |
|                                                   | <u>19,190</u>    | <u>63,544</u>    | <u>38,285</u>    |
| <b>Total expenditures</b>                         | <u>142,063</u>   | <u>202,544</u>   | <u>234,981</u>   |
| <b>Excess of expenditure over revenue</b>         | <u>(141,740)</u> | <u>(202,544)</u> | <u>(149,483)</u> |
| <b>Net interfund transfers:</b>                   |                  |                  |                  |
| From Operating Funds                              | 125,407          | 157,544          | 136,163          |
| From Reserve Funds                                | 3,949            | 45,000           | 19,104           |
|                                                   | <u>129,356</u>   | <u>202,544</u>   | <u>155,267</u>   |
| <b>Change in Capital Funds</b>                    | <u>(12,384)</u>  | <u>-</u>         | <u>5,784</u>     |
| <b>Capital Funds, beginning of year</b>           | <u>61,217</u>    | <u>61,217</u>    | <u>55,433</u>    |
| <b>Capital Funds, end of year</b>                 | <u>\$ 48,833</u> | <u>\$ 61,217</u> | <u>\$ 61,217</u> |

See accompanying notes to financial statements.

# DISTRICT OF HIGHLANDS

## Statement of Financial Activities and Fund Balances - Reserve Funds

## STATEMENT F

Year ended December 31, 2006, with comparative figures for 2005

|                                  | Actual<br>2006 | Budget<br>2006 | Actual<br>2005 |
|----------------------------------|----------------|----------------|----------------|
| Revenue:                         |                |                |                |
| Investment income                | \$ 9,817       | \$ -           | \$ 3,716       |
| Net interfund transfers:         |                |                |                |
| From Operating Funds             | 190,019        | 382,520        | 83,768         |
| To Capital Funds                 | (3,949)        | (45,000)       | (19,104)       |
|                                  | 186,070        | 337,520        | 64,664         |
| Change in Reserve Funds          | 195,887        | 337,520        | 68,380         |
| Reserve Funds, beginning of year | 203,039        | 203,039        | 134,659        |
| Reserve Funds, end of year       | \$ 398,926     | \$ 540,559     | \$ 203,039     |

|                                         | Balance<br>December 31,<br>2005 | Investment<br>income | Transfers to/<br>from other<br>funds | Balance<br>December 31,<br>2006 |
|-----------------------------------------|---------------------------------|----------------------|--------------------------------------|---------------------------------|
| Fire capital works and equipment        | \$ 82,061                       | \$ 3,236             | \$ 140,485                           | \$ 225,782                      |
| Park acquisition/development            | 90,518                          | 3,447                | -                                    | 93,965                          |
| Roads reserve                           | 7,101                           | 271                  | -                                    | 7,372                           |
| General reserve for future expenditures | -                               | 983                  | 48,586                               | 49,569                          |
| West Shore reserves                     | 23,359                          | 1,880                | (3,001)                              | 22,238                          |
|                                         | \$ 203,039                      | \$ 9,817             | \$ 186,070                           | \$ 398,926                      |

See accompanying notes to financial statements.



# DISTRICT OF HIGHLANDS

Notes to Financial Statements

Year ended December 31, 2006

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The District of Highlands (the "District") was incorporated as a district municipality in 1993 under the Local Government Act, a statute of the Province of British Columbia. Its principal activities include the provision of local government services to the residents and taxpayers of the incorporated area. These services include administrative, protective, transportation, recreation and fiscal services.

## 1. Significant accounting policies:

The financial statements of the District are prepared by management in accordance with generally accepted accounting principles for local governments, as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the District are as follows:

### (a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, changes in fund balances and changes in financial position of the District's operating, capital and reserve funds.

Effective January 1, 2006, the District adopted the amended recommendations under CICA PS 1300 Government Reporting Entity, which defines the scope of the government reporting entity. The amended standard requires that all government organizations controlled by the District be included in the government reporting entity. This change has been adopted on a prospective basis.

### (b) Revenue recognition:

Sources of revenue are recorded on the accrual basis and include revenue in the period in which transactions or events occurred that give rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due. Revenue unearned in the current period is recorded as deposits or deferred revenue.

### (c) Fund accounting:

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

### (d) Investments:

The investments are recorded at cost, which approximates fair market value.

# DISTRICT OF HIGHLANDS

Notes to Financial Statements

Year ended December 31, 2006

---

## 1. Significant accounting policies (continued):

### (e) Capital assets:

Capital assets are reported at cost.

Capital assets acquired or constructed are recorded at cost as expenditures in the period they are acquired. Capital assets contributed from developers are reported at estimated cost.

Depreciation is not recorded on capital assets.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related capital asset costs.

### (f) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occurred, providing all eligibility criteria has been met by the municipality, and reasonable estimates of the amounts can be made.

### (g) Equity in capital assets:

Equity in capital assets represents the District's net investment in capital assets, after deducting the portion financed by long-term debt.

### (h) Budget presentation:

Budget amounts presented in these financial statements represent the 2006-2009 five-year plan. This is the five-year plan upon which the municipal property tax rates are set. Amendments to the five-year plan, which occurred in the latter part of the year, are not presented in the financial statements.

### (i) Reserve accounts:

Reserve accounts are established to provide for the District's specific future requirements. Transfers to and/or from reserve accounts are reflected as an adjustment to the respective fund balances.

### (j) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

# DISTRICT OF HIGHLANDS

Notes to Financial Statements

Year ended December 31, 2006

## 2. Municipal Finance Authority debt reserve fund deposits:

Under borrowing arrangements with the Municipal Finance Authority ("MFA"), the District is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As the debt principal is retired, demand notes are released and the cash deposits are refunded and recorded as operating income in the period received.

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 held by the MFA to act as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the District.

The details of the cash deposits and demand notes are as follows:

|              | 2006             | 2005             |
|--------------|------------------|------------------|
| Cash         | \$ 9,962         | \$ 9,538         |
| Demand notes | 26,105           | 26,105           |
|              | <b>\$ 36,067</b> | <b>\$ 35,643</b> |

## 3. Temporary borrowings:

Temporary borrowings are comprised of demand loans with the Royal Bank of Canada at interest rates equal to the Royal Bank of Canada's prime rate. The District has authority to borrow \$500,000 under their Revenue Anticipation Borrowing bylaw.

## 4. Long-term debt:

| MFA issue #                 | Bylaw # | Purpose          | Maturity date | Original issued amount | Sinking fund contributions and deposits | Interest rate | Balance 2006      | Balance 2005      |
|-----------------------------|---------|------------------|---------------|------------------------|-----------------------------------------|---------------|-------------------|-------------------|
| 61                          | 32      | Fire truck       | 2010          | \$ 125,000             | \$ 82,709                               | 4.00%         | \$ 42,703         | \$ 52,139         |
| 61                          | 33      | Fire truck       | 2010          | 50,000                 | 33,084                                  | 4.00%         | 17,081            | 20,855            |
| 186                         | 81      | West Shore arena | 2022          | 571,021                | 36,629                                  | 4.86%         | 535,619           | 553,750           |
| Debt of consolidated entity |         |                  |               |                        |                                         |               | 171,334           | -                 |
|                             |         |                  |               |                        |                                         |               | <b>\$ 766,737</b> | <b>\$ 626,744</b> |

# DISTRICT OF HIGHLANDS

Notes to Financial Statements

Year ended December 31, 2006

## 4. Long-term debt (continued):

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

|                     | Total     |
|---------------------|-----------|
| 2007                | \$ 25,379 |
| 2008                | 25,379    |
| 2009                | 25,379    |
| 2010                | 25,379    |
| 2011                | 25,379    |
| 2012 and thereafter | 224,499   |

Total interest expense during the year was \$34,752 (2005 - \$41,176). West Shore arena interest on debt is reduced by a subsidy from the City of Langford.

Debenture debt:

The loan agreements with the Capital Regional District and the MFA provide that if, at any time, the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect of such borrowings, the resulting deficiency becomes a liability of the District.

## 5. Capital assets:

|                         | Balance,<br>December 31,<br>2005 | Acquisitions | Disposals   | Balance,<br>December 31,<br>2006 |
|-------------------------|----------------------------------|--------------|-------------|----------------------------------|
| Land                    | \$ 1,921,190                     | \$ -         | \$ -        | \$ 1,921,190                     |
| Buildings               | 1,939,580                        | 19,759       | -           | 1,959,339                        |
| Machinery and equipment | 1,176,589                        | 221,549      | (38,944)    | 1,359,194                        |
| Engineering structures  | 3,924,988                        | 98,985       | -           | 4,023,973                        |
|                         | \$ 8,962,347                     | \$ 340,293   | \$ (38,944) | \$ 9,263,696                     |

# DISTRICT OF HIGHLANDS

Notes to Financial Statements

Year ended December 31, 2006

## 6. Equity in capital assets:

|                                                 | 2006         | 2005         |
|-------------------------------------------------|--------------|--------------|
| Equity in capital assets, beginning of year     | \$ 8,335,603 | \$ 8,147,185 |
| Add debt retirement:                            |              |              |
| Debt principal repayment                        | 37,448       | 25,382       |
| Debt principal reduced by actuarial adjustments | 5,961        | 4,471        |
|                                                 | 43,409       | 29,853       |
| Capital asset additions                         | 142,063      | 234,981      |
| Less capital asset disposals                    | (38,944)     | (76,416)     |
| Equity from consolidated entities               | 14,828       | -            |
| Change in equity in capital assets              | 117,947      | 158,565      |
| Equity in capital assets, end of year           | \$ 8,496,959 | \$ 8,335,603 |

## 7. Net taxes available for municipal purposes:

|                                      | 2006         | 2005         |
|--------------------------------------|--------------|--------------|
| Taxes:                               |              |              |
| Municipal property taxes             | \$ 2,422,096 | \$ 2,175,960 |
| 1% utility tax                       | 17,266       | 14,631       |
|                                      | 2,439,362    | 2,190,591    |
| Less transfers to other governments: |              |              |
| School authorities                   | 988,601      | 914,048      |
| Capital Regional District            | 131,233      | 122,487      |
| Capital Regional Hospital District   | 77,051       | 77,686       |
| B.C. Assessment Authority            | 29,823       | 27,604       |
| Victoria Regional Transit Authority  | 50,619       | 41,325       |
| Municipal Finance Authority          | 102          | 87           |
|                                      | 1,277,429    | 1,183,237    |
| Net municipal property taxes         | \$ 1,161,933 | \$ 1,007,354 |

# DISTRICT OF HIGHLANDS

Notes to Financial Statements

Year ended December 31, 2006

## 8. Government transfers:

|                                             | 2006       | 2005       |
|---------------------------------------------|------------|------------|
| Provincial government:                      |            |            |
| Small communities and equalization payments | \$ 180,040 | \$ 123,084 |
| Other miscellaneous                         | 3,447      | 8,302      |
|                                             | 183,487    | 131,386    |
| Other                                       | 84,987     | 100,818    |
|                                             | \$ 268,474 | \$ 232,204 |

## 9. Consolidated expenditures by object:

|                                   | 2006         | 2005         |
|-----------------------------------|--------------|--------------|
| Contracted and general services   | \$ 934,214   | \$ 949,224   |
| Council expenses                  | 56,821       | 39,440       |
| Interest                          | 11,317       | 17,742       |
| Grants                            | 13,750       | 5,900        |
| Materials, supplies and utilities | 57,040       | 155,336      |
| Miscellaneous                     | 22,138       | 10,395       |
| Wages and employee benefits       | 478,636      | 485,176      |
|                                   | \$ 1,573,916 | \$ 1,663,213 |

# DISTRICT OF HIGHLANDS

Notes to Financial Statements

Year ended December 31, 2006

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## 10. Contingent liabilities:

- (a) Capital Regional District debt, under the provisions of the Local Government Act, is a direct, joint and severally liability of the Capital Regional District and each member municipality within the Capital Regional District, including the municipality.
- (b) The municipality is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated whose services provide 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 through the Greater Victoria region and the Gulf Islands. Pursuant to a Members' Agreement, members are obligated to share in funding the ongoing operations and costs related to capital assets.
- (c) The loan agreements with the MFA provide that if the Authority does not have sufficient funds to meet payments on its obligations, it shall make payments from the Debt Reserve Fund which, in turn, is established by a similar Debt Reserve Fund in the municipality and all other borrowing participants. If the Debt Reserve Fund is deficient, the Authority's obligations become a liability of the regional district and may become a liability of the participating municipalities.

## 11. Pension plan:

The District and its employees contribute to the Municipal Pension Plan (the plan), a jointly-trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the plan. The pension plan is a multi-employer contributory defined benefit pension plan. Basic pension benefits provided are defined. The plan has about 140,000 active members and approximately 51,000 retired members. Active members include approximately 31,000 contributors from local governments.

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, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the surplus to individual employers. The District of Highlands paid \$26,052 in employer contributions to the plan in fiscal 2006.

# DISTRICT OF HIGHLANDS

Notes to Financial Statements

Year ended December 31, 2006

## 12. West Shore Parks and Recreation Society (the "Society"):

- (a) The Capital Regional District (the "CRD") transferred the lands and facilities comprising the Juan de Fuca Recreation Centre to the following municipal partners (the "Municipalities") effective January 2, 2003: 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).

The lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the *Co-Owners' Agreement*. The basis for valuation of the assets transferred was fair market value, as determined by the B.C. Assessment Authority through their annual valuation and assessment process. Future improvements are to be allocated among the partners as per the cost sharing formulas in effect each year for each service or facility, as outlined in a *Members' Agreement*.

The repayment of the long-term debt associated with the transferred assets is to remain a regional function, as per the terms of an *Agreement to Transfer* between the CRD, the Municipalities and the District. The debt payments are charged to the Municipalities as part of the CRD's annual requisition. The maturity dates of the various borrowings range from 2012 through 2014. The proportionate share of the debt funded by the District through the requisition process as at December 31, 2006 was \$220,521.

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) Financial results and budget for the Society are consolidated into the District's financial statements proportionately based on the cost sharing formula outlined in the *Members' Agreement*. In 2006, the District's proportion for consolidation purposes was 4.883% (2005 - 5.030%). Condensed financial information for the Society is as follows:

|                          | 2006                | 2005                |
|--------------------------|---------------------|---------------------|
| Financial assets         | \$ 2,364,050        | \$ 1,995,068        |
| Financial liabilities    | 1,024,691           | 806,167             |
| Net financial assets     | 1,339,359           | 1,188,901           |
| Capital assets           | 1,810,260           | 1,795,714           |
|                          | <b>\$ 3,149,619</b> | <b>\$ 2,984,615</b> |
| Society position         | \$ 1,339,359        | \$ 1,188,901        |
| Equity in capital assets | 1,810,260           | 1,795,714           |
|                          | <b>\$ 3,149,619</b> | <b>\$ 2,984,615</b> |



**DISTRICT OF HIGHLANDS**

Notes to Financial Statements

Year ended December 31, 2006

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

(b) (Continued)

|                         | 2006         | 2005         |
|-------------------------|--------------|--------------|
| Revenues                | \$ 4,796,335 | \$ 5,204,072 |
| Requisition for members | 2,857,283    | 2,806,815    |
|                         | 7,653,618    | 8,010,887    |
| Expenditures            | 4,645,877    | 4,905,927    |
| Requisition for members | 2,857,283    | 2,806,815    |
|                         | 7,503,160    | 7,712,742    |
| Net revenues            | \$ 150,458   | \$ 298,145   |

### 3. SERVICES AND OPERATIONS

#### **Fire Protection**

The District has a Fire Specified Area that now covers most of the municipality and the service is paid for by a *separate* property tax levy. There are a number of large undeveloped provincial and regional park lands that are outside of the fire protection area, as well as a few large vacant privately owned parcels of land. There are only a couple of occupied properties not in the fire protection area. Our fire department is a volunteer department with about 30 members. The Fire Chief and Deputy Chief were each provided with an annual stipend of \$8,000 and \$4,000 respectively. Individual firefighters received no payment for their invaluable service to the community. The Firefighters Association was provided with a grant of \$9,500, a significant portion of which is spent by the Association on fire equipment. The District has two fire halls and six fire vehicles (two main pumpers, two mini pumpers, one tanker and one pickup).



#### **Animal Control**

The District contracts its animal control services to the Capital Regional District (CRD). The service includes dog licencing and control as well as any other animal related matters. The contract provides that the District shares in the total cost for the animal control service with other participating areas and municipalities, as if we were a participant in a regional service. Therefore, the CRD collects and keeps any dog licence fees and fines.

#### **Bylaw Enforcement**

The District has a fee for service contract with the CRD for Bylaw Enforcement Services. Under the provisions of the contract, the District can call upon CRD Bylaw Enforcement staff on a fee for service basis to undertake any bylaw enforcement activity. The use of CRD Bylaw Enforcement staff has decreased significantly since have engaging the services of a Building Inspector/Bylaw Enforcement Officer. As development increases throughout the District of Highlands, more time will be spent in the role of Building Inspector.

#### **Municipal Emergency Program**

The District has a small volunteer emergency program. The primary responsibility is emergency planning, as well as some on site support for major fire events or search and rescue. The District has, over the last couple of years, acquired two emergency program vehicles. A used mini bus was purchased for \$3,000 in 2001 to be used as an on site support vehicle and a van was donated in 2003 to be used as a command post.

#### **Library**

The District participates, along with most of the local municipalities, in the Greater Victoria Public Library system. The local branch is located at the Juan de Fuca recreation site in Colwood and is paid for jointly by Colwood, Highlands, Langford, and Metchosin. We also pay a portion of the central branch costs for the administration of all of the branches. District of Highland residents may access any branch of the Greater Victoria Public Library within the Capital Region. The Greater Victoria Public Library Board is presently discussing a new operating agreement with all of its members.

## **Recreation**

### *Juan de Fuca Recreation Centre*

The main recreation facility is located at the Juan de Fuca Recreation site in Colwood and consists of two arenas, an indoor pool, veladrome, playing fields, 9 hole golf course, seniors centre, etc. The facility is jointly owned by Colwood, Highlands, Langford and Metchosin and the CRD, on behalf of a portion of the Juan de Fuca Electoral Area. The facility is operated by a jointly owned Society. The Society has a joint Board of Directors and engages all of the recreation staff. Given the large geographical area of the Highlands, a number of our residents also use facilities in other municipalities, such as the District of Saanich, that are closer to their homes than the Juan de Fuca facilities.



### *Municipal Parks – Twinflower and others*

The District has a management agreement with the Highlands Parks and Recreation Association whereby they manage and maintain our active use municipal parks. The primary municipal park is Twinflower Park, which has a tot lot playground, a non-regulation size ball field, a bicycle jump and a horse-riding ring. The other primary active recreation park is Eagles Lake Park, which has a very small swimming beach and picnic area. The District pays for any capital cost or operating cost items.

### *Caleb Pike Homestead*

The District has a management agreement with the Highlands Heritage Parks Society, whereby they operate and maintain the municipally owned Caleb Pike homestead. The homestead consists of Caleb Pike House, the Little Red Schoolhouse, a heritage orchard and the Gregory House which is used as a caretaker's residence.

## **Road Maintenance**

The maintenance of the District's 43.7 kilometers of paved roads is contracted out to Victoria Contracting and Municipal Maintenance Corporation. This five year contract expired in November 2005. A new five year contract was signed with Victoria Highways and Maintenance.



Budget Variance Report  
 Fiscal Year : 2006  
 Budget Type  
 : FINAL BUDGET

| Acct Code                            | Account Name                          | CC1 | CC2 | Actual Amount | Budget Amount |
|--------------------------------------|---------------------------------------|-----|-----|---------------|---------------|
| <b>REVENUES</b>                      |                                       |     |     |               |               |
| 1001 Real Property Taxes             |                                       |     |     |               |               |
| 11110011010                          | MUNICIPAL PROPERTY TAXES              |     |     | -891934.55    | -800598       |
| 11110011016                          | SUPPLEMENTAL TAXES                    |     |     | 52.79         | 0             |
| 11110011040                          | REGIONAL DISTRICT TAXES               |     |     | -131233       | -131233       |
|                                      | Total Real Property Taxes             |     |     | -1023114.76   | -931831       |
| 1012 Special Assessments             |                                       |     |     |               |               |
| 11110121051                          | HIGHLANDS FIRE PROTECTION SPEC. AREA  |     |     | -252786.09    | -226000       |
|                                      | Total Special Assessments             |     |     | -252786.09    | -226000       |
| 1240 Prov. Gov't Agencies            |                                       |     |     |               |               |
| 11112401141                          | B.C. HYDRO - 1% LEVY                  |     |     | -11154.89     | -8550         |
|                                      | Total Prov. Gov't Agencies            |     |     | -11154.89     | -8550         |
| 1270 Non-Government Organizations    |                                       |     |     |               |               |
| 11112701151                          | B.C. TELEPHONE - 1% LEVY              |     |     | -2421.19      | -2375         |
| 11112701152                          | TERRASEN GAS - 1% LEVY                |     |     | -1222.68      | -1285         |
| 11112701153                          | SHAW CABLE - 1% LEVY                  |     |     | -2466.75      | -2425         |
|                                      | Total Non-Government Organizations    |     |     | -6110.62      | -6085         |
| 1320 Provincial Government           |                                       |     |     |               |               |
| 11113201221                          | SCHOOL TAX ADMINISTRATION FEE         |     |     | -2928.55      | -2900         |
| 11113201222                          | SCHOOL SITE ADMINISTRATION FEE        |     |     | -2111.2       | -2100         |
|                                      | Total Provincial Government           |     |     | -5039.75      | -5000         |
| 1510 Licences and Permits            |                                       |     |     |               |               |
| 11115101411                          | INTERMUNICIPAL BUSINESS LICENCES      |     |     | -2000         | -1500         |
| 11115101412                          | BUILDING PERMITS                      |     |     | -55736        | -80000        |
| 11115101413                          | REZONING APPLICATIONS                 |     |     | -600          | -1000         |
| 11115101414                          | SUBDIVISION APPLICATIONS              |     |     | -42452        | -35000        |
| 11115101415                          | DEVELOPMENT PERMITS                   |     |     | -1000         | -2500         |
| 11115101416                          | DEVELOPMENT VARIANCE PERMITS          |     |     | -1250         | -2500         |
| 11115101417                          | TREE CUTTING PERMIT                   |     |     | -1155         | -10000        |
| 11115101418                          | ROAD ACCESS PERMITS                   |     |     | -50           | -100          |
| 11115101419                          | BLASTING PERMITS                      |     |     | -900          | -5000         |
| 11115101420                          | BOARD OF VARIANCE PERMITS             |     |     | 0             | -250          |
| 11115101421                          | SOIL DEPOSITS/REMOVAL                 |     |     | -2050         | -5000         |
|                                      | Total Licences and Permits            |     |     | -107193       | -142850       |
| 1550 Return on investments           |                                       |     |     |               |               |
| 11115501461                          | BANK INTEREST                         |     |     | -18712.95     | -6000         |
|                                      | Total Return on investments           |     |     | -18712.95     | -6000         |
| 1560 Penalties and interest on taxes |                                       |     |     |               |               |
| 11115601471                          | PENALTIES ON CURRENT TAXES            |     |     | -11474.42     | -10000        |
| 11115601472                          | INTEREST ON ARREARS                   |     |     | -1174.05      | -1500         |
| 11115601473                          | INTEREST ON DELINQUENT                |     |     | -158.71       | -200          |
|                                      | Total Penalties and interest on taxes |     |     | -12807.18     | -11700        |
| 1570 Other revenues                  |                                       |     |     |               |               |

|                     |                                             |             |          |
|---------------------|---------------------------------------------|-------------|----------|
| 11115701481         | AMENITY FUNDS                               | -84349.62   | -338000  |
| 11115701482         | DONATIONS                                   | -2100       | 0        |
|                     | Total Other revenues                        | -86449.62   | -338000  |
| 1590                | Miscellaneous                               |             |          |
| 11115901491         | BYLAWS, PHOTOCOPIES, ETC                    | -635.25     | -400     |
| 11115901492         | TAX SEARCH REQUESTS                         | -1092       | -1000    |
| 11115901497         | OTHER MISCELLANEOUS                         | -29358.32   | -5000    |
|                     | Total Miscellaneous                         | -31085.57   | -6400    |
| 1620                | Provincial Government - Unconditional       |             |          |
| 11116201521         | SMALL COMMUNITIES PROTECTION GRANT          | -180040     | -123084  |
|                     | Total Provincial Government - Unconditional | -180040     | -123084  |
| 1630                | Local & regional governments                |             |          |
| 11116301541         | CASINO REVENUE - LANGFORD/COLWOOD           | -50302.61   | -34000   |
|                     | Total Local & regional governments          | -50302.61   | -34000   |
| 1750                | Provincial Government - Conditional         |             |          |
| 11117501621         | PLANNING GRANTS                             | -3161.6     | -5000    |
| 11117501628         | MISCELLANEOUS GRANTS                        | 0           | -40030   |
|                     | Total Provincial Government - Conditional   | -3161.6     | -45030   |
| 1810                | Regional districts                          |             |          |
| 11118101652         | UBCM GRANTS                                 | -7500       | -10000   |
|                     | Total Regional districts                    | -7500       | -10000   |
| 1980                | Collections for other governments           |             |          |
| 11119801945         | SCHOOL TAXES                                | -988601.19  | -928552  |
| 11119801951         | REGIONAL HOSPITAL DISTRICT                  | -77051      | -77700   |
| 11119801952         | BCAA                                        | -29823.34   | -28352   |
| 11119801953         | MFA                                         | -102.49     | -101     |
| 11119801954         | BC TRANSIT                                  | -50619.44   | -46833   |
|                     | Total Collections for other governments     | -1146197.46 | -1081538 |
|                     | Total REVENUES                              | -2941656.1  | -2976068 |
| <b>EXPENDITURES</b> |                                             |             |          |
| 2110                | Legislative services                        |             |          |
| 11221102101         | COUNCIL INDEMNITIES                         | 45429.54    | 47000    |
| 11221102109         | COUNCIL ACCIDENT INSURANCE                  | 500         | 350      |
| 11221102110         | COUNCIL CONFERENCES & SEMINARS              | 8770.01     | 10000    |
| 11221102112         | COUNCIL MEMBERSHIPS & DUES                  | 1410.27     | 1300     |
| 11221102151         | COUNCIL NEWSLETTER                          | 605.85      | 700      |
| 11221102153         | COUNCIL SPECIAL PROJECTS                    | 105.24      | 300      |
| 11221102170         | GRANTS-IN-AID                               | 6250        | 6250     |
|                     | Total Legislative services                  | 63070.91    | 65900    |
| 2120                | General administrative services             |             |          |
| 11221202102         | ADMIN SALARIES & BENEFITS - F/T             | 136779.58   | 166880   |
| 11221202105         | ADMINISTRATIVE CONSULTING                   | 5000        | 0        |
| 11221202106         | STAFF TRAINING AND EDUCATION                | 0           | 1000     |
| 11221202110         | STAFF CONFERENCES & SEMINARS                | 3198.41     | 3500     |
| 11221202111         | ADMIN-TRAVEL                                | 271.99      | 0        |
| 11221202112         | MEMBERSHIPS & SUBSCRIPTIONS                 | 3244.83     | 2500     |
| 11221202119         | WEBSITE MAINTENANCE                         | 1849.06     | 500      |
| 11221202120         | COMPUTER CONSULTANT                         | 7493.6      | 3500     |
| 11221202121         | OFFICE EQUIPMENT RENTAL & MAINT.            | 4629.67     | 5340     |
| 11221202122         | OFFICE EQUIPMENT MAINTENANCE                | 76.32       | 0        |
| 11221202125         | OFFICE SUPPLIES & STATIONERY                | 7754.5      | 9000     |
| 11221202126         | POSTAGE & COURIER                           | 1697.77     | 3000     |
| 11221202127         | PUBLICATIONS                                | 521.19      | 750      |
| 11221202128         | ADVERTISING                                 | 3859.94     | 7500     |
| 11221202140         | TELEPHONE                                   | 6437.44     | 4500     |

|             |                                                               |           |        |
|-------------|---------------------------------------------------------------|-----------|--------|
| 11221202145 | INSURANCE                                                     | 23095.48  | 24000  |
| 11221202146 | LEGAL FEES                                                    | 17697.19  | 50000  |
| 11221202148 | VEHICLE REPAIRS, MTCE & INSURANCE                             | 3524.33   | 2000   |
| 11221202149 | VEHICLE LEASE                                                 | 4112.16   | 4210   |
| 11221202159 | COMMUNITY GROUP INSURANCE                                     | 4475      | 5000   |
| 11221202160 | ADMINISTRATIVE MISCELLANEOUS                                  | 16983.05  | 13000  |
|             | Total General administrative services                         | 252701.51 | 306180 |
|             | 2121 Financial services                                       |           |        |
| 11221212102 | FINANCIAL SALARIES & BENEFITS - F/T                           | 41717.15  | 51565  |
| 11221212103 | FINANCIAL SALARIES & BEN. - CASUAL & P/T                      | 49456.81  | 45011  |
| 11221212105 | FINANCIAL CONSULTANT                                          | 14346.61  | 13000  |
| 11221212122 | COMPUTER SOFTWARE MAINTENANCE<br>COMPUTER SUPPLIES & SOFTWARE | 6612.13   | 7500   |
| 11221212125 | PROGRAMS                                                      | 3761.06   | 3000   |
| 11221212147 | AUDIT FEES                                                    | 17756.7   | 12000  |
| 11221212176 | CASH OVER/SHORT                                               | -5.75     | 0      |
|             | Total Financial services                                      | 133644.71 | 132076 |
|             | 2140 Office building services                                 |           |        |
| 11221402123 | MUN. JANITORIAL/MAINT./REPAIRS                                | 3640.31   | 4000   |
| 11221402124 | MUN. GROUNDS MAINTENANCE                                      | 104.09    | 5000   |
| 11221402130 | MUN. HYDRO/PROPANE HEAT                                       | 4499.24   | 3250   |
| 11221402131 | MUN. GARBAGE PICKUP                                           | 1505.7    | 1500   |
| 11221402132 | MUN. KITCHEN SUPPLIES                                         | 580.81    | 750    |
|             | Total Office building services                                | 10330.15  | 14500  |
|             | 2220 Bylaw enforcement services                               |           |        |
| 11222202015 | CRD CONTRACT - BYLAW ENFORCEMENT                              | 1792.37   | 4500   |
| 11222202102 | BYLAW ENF. SALARIES & BENEFITS - F/T                          | 21136.12  | 21375  |
|             | Total Bylaw enforcement services                              | 22928.49  | 25875  |
|             | 2241 Administration - Fire                                    |           |        |
| 11222412104 | FIRE CHIEF HONOURARIUM                                        | 8094.4    | 8000   |
| 11222412111 | F.D. CONFERENCES/TRAVEL                                       | 0         | 2000   |
| 11222412112 | F.D. DUES & SUBSCRIPTIONS                                     | 240       | 200    |
| 11222412125 | F.D. OFFICE SUPPLIES & STATIONARY                             | 316.02    | 750    |
| 11222412160 | F.D. MISCELLANEOUS                                            | 686.13    | 10500  |
|             | Total Administration - Fire                                   | 9336.55   | 21450  |
|             | 2242 Fire fighting force                                      |           |        |
| 11222422104 | DEP. F.CHIEF HONOURARIUM                                      | 4047.2    | 4000   |
| 11222422107 | DEP. F. CHIEF VEHICLE ALLOWANCE                               | 500       | 500    |
| 11222422109 | F.D. WCB BENEFITS                                             | 403.57    | 480    |
| 11222422113 | F.D. ALLOWANCE                                                | 9500      | 9500   |
| 11222422145 | FIRE FIGHTERS' INSURANCE                                      | 1136      | 1300   |
| 11222422154 | F.D. CHRISTMAS BONUS                                          | 2790      | 1200   |
|             | Total Fire fighting force                                     | 18376.77  | 16980  |
|             | 2243 Fire alarm system                                        |           |        |
| 11222432134 | F.D. FIRE ALARM SERV. & PAGER REPAIR                          | 744.21    | 1700   |
| 11222432135 | F.D. RADIO REPAIRS                                            | 0         | 500    |
| 11222432136 | F.D. RADIO LICENSE                                            | 0         | 7000   |
| 11222432137 | F.D. CELL PHONES RENTAL                                       | 1208.93   | 1500   |
|             | Total Fire alarm system                                       | 1953.14   | 10700  |
|             | 2244 Fire prevention                                          |           |        |
| 11222442106 | F.D. TRAINING AND EDUCATION                                   | 7891.71   | 20000  |
|             | Total Fire prevention                                         | 7891.71   | 20000  |
|             | 2245 Water supply & hydrants - Fire                           |           |        |
| 11222452123 | FIRE HYDRANT/TANK MAINTENANCE                                 | 225       | 3500   |
|             | Total Water supply & hydrants - Fire                          | 225       | 3500   |

|             |                                     |           |        |
|-------------|-------------------------------------|-----------|--------|
| 2246        | Fire stations & buildings           |           |        |
| 11222462130 | F.D. HEAT/HYDRO                     | 5145.94   | 6500   |
| 11222462132 | F.D. CLEANING SUPPLIES              | 29.36     | 200    |
| 11222462133 | F.D. BUILDING MAINTENANCE           | 2515.88   | 7500   |
| 11222462140 | F.D. TELEPHONE                      | 1410.71   | 1400   |
| 11222462145 | FIRE STATION/BLD. INSURANCE         | 3786.52   | 4000   |
|             | Total Fire stations & buildings     | 12888.41  | 19600  |
| 2247        | Fire fighting equipment             |           |        |
|             | FIRE EQUIP REPAIRS & MAINTENANCE    |           |        |
| 11222472122 | (TRUCK)                             | 18334.5   | 25000  |
| 11222472139 | F.D. EQUIPMENT AND SUPPLIES         | 8675.29   | 7500   |
| 11222472142 | F.D. S.C.B. APPARATUS MAINTENANCE   | 1292.27   | 2500   |
| 11222472145 | F.D. EQUIP INSURANCE AND LICENSING  | 4594      | 6000   |
| 11222472149 | F.D. VEHICLE LEASE                  | 4053.84   | 4500   |
|             | Total Fire fighting equipment       | 36949.9   | 45500  |
| 2248        | Interest on debt - Fire             |           |        |
| 11222482156 | BYLAW 32 - INTEREST                 | 5000      | 10000  |
| 11222482157 | BYLAW 33 - INTEREST                 | 2000      | 4000   |
|             | Total Interest on debt - Fire       | 7000      | 14000  |
| 2249        | Principal on debt - Fire            |           |        |
| 11222492156 | BYLAW 32 - PRINCIPAL                | 5792.79   | 5793   |
| 11222492157 | BYLAW 33 - PRINCIPAL                | 2317.11   | 2317   |
|             | Total Principal on debt - Fire      | 8109.9    | 8110   |
| 2250        | Emergency measures                  |           |        |
| 11222502143 | C.R.E.S.T MEMBERS LEVY              | 18544     | 26000  |
| 11222502188 | MUNICIPAL EMERGENCY PROGRAM         | 7071.81   | 8000   |
|             | Total Emergency measures            | 25615.81  | 34000  |
| 2260        | Building department                 |           |        |
| 11222602102 | BUILDING SALARIES & BENEFITS - F/T  | 83961.9   | 89715  |
| 11222602103 | APPROVING OFFICER - CASUAL P/T      | 5301.83   | 0      |
| 11222602110 | CONFERENCES & SEMINARS              | 1260.28   | 850    |
| 11222602111 | BUILDING-TRAVEL                     | 374.87    | 0      |
| 11222602112 | BLD-MEMBERSHIPS                     | 456       | 150    |
|             | Total Building department           | 91354.88  | 90715  |
| 2323        | Roads and streets                   |           |        |
| 11223232122 | ROAD SUPPLIES, REPAIRS & MAINT      | 71171.55  | 55000  |
| 11223232185 | JBR SUBDIVISION CONSULTING          | 1036      | 2500   |
| 11223232189 | ROAD MAINTENANCE CONTRACT           | 78475     | 73000  |
|             | Total Roads and streets             | 150682.55 | 130500 |
| 2490        | Environmental health services       |           |        |
| 11224902186 | CRYSTAL METH                        | 7500      | 0      |
|             | Total Environmental health services | 7500      | 0      |
| 2610        | Planning and zoning                 |           |        |
| 11226102102 | PLANNING SALARIES & BENEFITS - F/T  | 66934.87  | 65145  |
| 11226102110 | PLANNING-CONFERENCE/SEMINARS        | 83.2      | 500    |
| 11226102111 | PLANNING-TRAVEL                     | 18.02     | 0      |
| 11226102112 | PLANNING-MEMBERSHIPS                | 356.77    | 400    |
| 11226102125 | MAPPING EXPENSE                     | 230       | 6000   |
| 11226102128 | PLANNING-ADVERTISING                | 0         | 2000   |
| 11226102180 | OFFICIAL COMMUNITY PLAN             | 0         | 7500   |
| 11226102184 | ENVIRONMENTAL DEV. - OTHER          | 12549.1   | 45030  |
| 11226102186 | SPECIAL PROJECTS                    | 3310.1    | 12000  |
|             | Total Planning and zoning           | 83482.06  | 138575 |
| 2641        | Subdivisions - Highlands Estates    |           |        |
| 11226412105 | MISC. SUBDIVISION CONSULTING        | 13038     | 0      |

|             |                                                |            |         |
|-------------|------------------------------------------------|------------|---------|
|             | Total Subdivisions - Highlands Estates         | 13038      | 0       |
| 2748        | Debt Interest - Recreation                     |            |         |
| 11227482154 | ARENA DEBT SUBSIDY                             | -23435     | -23400  |
| 11227482155 | NEW ARENA DEBT - INTEREST                      | 27751.62   | 27750   |
|             | Total Debt Interest - Recreation               | 4316.62    | 4350    |
| 2749        | Debt Principal - Recreation                    |            |         |
| 11227492155 | NEW ARENA DEBT - PRINCIPAL                     | 17269.15   | 17270   |
|             | Total Debt Principal - Recreation              | 17269.15   | 17270   |
| 2750        | Recreation services                            |            |         |
| 11227502122 | PARKS MAINTENANCE                              | 2134.51    | 4000    |
| 11227502160 | W. SHORE PARKS & REC SOCIETY                   | 140221.6   | 139260  |
| 11227502161 | LIBRARY                                        | 69937.39   | 68776   |
|             | Total Recreation services                      | 212293.5   | 212036  |
| 2821        | Transfer to general reserve for future e       |            |         |
| 11228212214 | GENERAL MUNICIPAL RESERVE                      | 0          | 220000  |
|             | Total Transfer to general reserve for future e | 0          | 220000  |
| 2822        | Transfer to other                              |            |         |
|             | funds                                          |            |         |
| 11228222220 | GENERAL CAPITAL FUND                           | 134949.74  | 54820   |
| 11228222222 | FIRE EQUIP REPLACEMENT RESERVE FUND            | 19478      | 38660   |
| 11228222228 | TSF TO RESERVE FOR FUTURE FIRE CAPITAL         | 115026.21  | 118000  |
|             | Total Transfer to other funds                  | 269453.95  | 211480  |
| 2830        | Transfers to Regional Gov'ts                   |            |         |
| 11228302230 | CAPITAL REGIONAL DISTRICT                      | 131233     | 131233  |
|             | Total Transfers to Regional Gov'ts             | 131233     | 131233  |
| 2880        | Transfers to Other Governments                 |            |         |
| 11228802245 | MINISTER OF FINANCE - SCHOOL TAXES             | 988601.19  | 928552  |
| 11228802251 | CAPITAL REGIONAL HOSPITAL DISTRICT             | 77051      | 77700   |
| 11228802252 | B.C. ASSESSMENT AUTHORITY                      | 29823.34   | 28352   |
| 11228802253 | MUNICIPAL FINANCE AUTHORITY                    | 102.49     | 101     |
| 11228802254 | BC TRANSIT                                     | 50619.44   | 46833   |
|             | Total Transfers to Other Governments           | 1146197.46 | 1081538 |
|             | Total EXPENDITURES                             | 2737844.13 | 2976068 |
|             | REVENUES                                       |            |         |
| 1000        | Revenue                                        |            |         |
| 12110001020 | CONTRIBUTIONS FROM GENERAL OPERATING           | -134949.74 | -54820  |
| 12110001025 | CONTRIBUTIONS FROM RESERVE FUNDS               | 0          | -45000  |
| 12110001055 | AMENITIES                                      | 9739       | 0       |
|             | Total Revenue                                  | -125210.74 | -99820  |
|             | Total REVENUES                                 | -125210.74 | -99820  |
|             | EXPENDITURES                                   |            |         |
| 2100        | General government capital                     |            |         |
| 12221002110 | GEN CAPITAL - EQUIPMENT                        | 5621.78    | 2500    |
| 12221002130 | MUNICIPAL HALL                                 | 0          | 5000    |
|             | Total General government capital               | 5621.78    | 7500    |
| 2240        | Protective services                            |            |         |
| 12222402210 | EQUIPMENT - FIRE DEPT                          | 10584.5    | 20000   |
| 12222402216 | FIRE HYDRANTS/WATER TANKS                      | 0          | 7500    |
| 12222402230 | GEN CAPITAL FIRE HALL                          | 5900       | 0       |
|             | Total Protective services                      | 16484.5    | 27500   |
| 2300        | Transportation Capital                         |            |         |
| 12223002310 | SIGNS/NOTICE BOARDS                            | 940.09     | 5000    |
| 12223002355 | LOST LAKE RD IMPROVEMENT                       | 96710.97   | 0       |
| 12223002357 | NEW HYDRO POLE                                 | 1334       | 0       |
|             | Total Transportation Capital                   | 98985.06   | 5000    |



|                                            |           |       |
|--------------------------------------------|-----------|-------|
| 2700 Recreation Capital                    |           |       |
| 12227002710 PARKS CAPITAL                  | 0         | 45000 |
| 12227002725 WEST SHORE PARKS & REC SOCIETY | 13858.4   | 14820 |
| Total Recreation Capital                   | 13858.4   | 59820 |
| Total EXPENDITURES                         | 134949.74 | 99820 |



#### **4. PROGRESS REPORT ON 2006 OBJECTIVES**

##### **A. Establishment of a Community Hall Task Force**

Council created a Task Force of residents to carry out the preliminary work to establish some guidelines and needs for a new community hall. The task force has prepared a time line for their proposed objectives. During the course of 2006 the Terms of Reference for the Task Force were expanded to encompass a Community Centre Concept including Municipal Buildings, and possible private sector commercial facilities. Funding has been sought from the BC Spirit Squares Program to aid in outdoor space planning. The Task Force has recently submitted a report to Council and is waiting direction on how to proceed with issues such as public consultation and possible land acquisition.

##### **B. Official Community Plan Review**

In 2006 the District's Official Community Plan review did not move forward. A modified version was taken to public hearing in March of 2007 and remains at second reading currently.

##### **C. Groundwater Monitoring Program**

A three person technical Task Force solicited proposals from qualified Groundwater Consultants to prepare Terms of Reference for the groundwater monitoring program. Golder Associates was selected and has prepared the Terms of Reference. The District received full funding from a Provincial Infrastructure Planning Grant for the cost of this Project.

##### **D. Review of Future Tax Implications**

Council has approved the engagement of KPMG Financial Consultants to carry out a financial analysis for the District and expects to commence the review in the fall of 2006. The report was completed in late 2006 and is currently under review by Council.

##### **E. Review and Possible Restructure of our Committees**

Council policy was to review our new committee structure after the first year. The structure of these new committees seems a little more cumbersome than the previous smaller committees and needs to be reviewed. Council recognizes that volunteer groups such as our committees need clear and precise direction and deserve to be recognized for their valued work. This review did not take place in 2006.

##### **F. Piped Water to Industrial Park Properties**

The District has been accepted as a full member in both the CRD Regional Water Board and the Juan de Fuca Regional Water Supply Commission. Water supply to the Industrial Properties will be forthcoming. The timetable has not yet been established.

##### **G. Engage in the Services of a New Chief Administrative Officer**

The District engaged the services of a Recruitment Consultant and selected a new Chief Administrative Officer. Chris Coates assumed the position of CAO in July of 2006.

**H. Enhance Development in our Industrial Park**

Sewer and Water are the key components for the future re-development of the industrial park. Sewer is being proposed in the summer of 2006 and water should follow shortly. With the provision of these services major improvements to the industrial park will enhance future development and increase the industrial tax base for the District. To date no further progress except in relation to the provision of water has occurred.

**I. Long Range Review of our Fire Protection Services (Vokes Report)**

Council has engaged the services of a consultant to carry out a long range plan for the delivery of fire protection for the District. This plan was completed in the fall of 2006. It was reviewed by Council in early 2007.

**J. Improvements to our Trails Network**

Improving the trails network continues to be a priority of the District. Through subdivision approval in 2006 new roadside trails in the Woodridge Area were provided by the developer of the Woodridge Estates Subdivision.

## 5. STATEMENT OF OBJECTIVES AND MEASURES FOR 2007 AND 2008

### Objective

### Measure

OCP Update

Completed/In Progress/Not Started

Groundwater Monitoring Program

Financial Planning/Sustainability (Includes KPMG Report)

Roads and Trails Upgrades/New/Assessments

Emergency Planning

Community Centre Concept

Fire Dept Review (Vokes Report)

Wildfire/Urban Interface Policy

Secondary Suites

Millstream Meadows Property

Recreation Opportunities/Facilities

Cuff Recommendation Implementation

Economic Development South Highlands

Community Pride/Vision/Motto/Flag

Council Ethics Policy

Volunteer Recognition

Zoning for Crown Land

Staffing Levels

**In addition to the above, the District's Five Year Financial Plan identifies other projects and priorities and is attached as Appendix A to this Annual Report**

## 6. COUNCIL MEMBER REMUNERATION AND EXPENSE REPORT

### M E M O R A N D U M

**DATE:** June 7, 2007  
**TO:** C.Coates, CAO  
**FROM:** B. Lapierre Accounting Clerk  
**RE:** Reporting of Remuneration

As per **Section 329.1 of the Local Government Act** please find below a report listing each Council member's indemnity and expenses incurred during the 2006 calendar year.

| Name                             | Indemnity        | Expenses        | Registration Fee & Expenses                                                                                                                                          | Insurance     |
|----------------------------------|------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Mayor Cardinal                   | 10,000.00        | 1,250.02        | UBCM's Newly Elected Official Seminar<br>UBCM's Annual Convention<br>AVICC Convention                                                                                | 71.43         |
| Councillor<br>Brotherston, Ken   | 6,000.00         | 0               |                                                                                                                                                                      | 71.43         |
| Councillor<br>Fall, Andrew       | 6,000.00         | 1,876.91        | UBCM's Newly Elected Official Seminar<br>UBCM's Annual Convention<br>AVICC Convention<br>Wildland Urban Interface Symposium<br>The Sustainable Municipality Workshop | 71.43         |
| Councillor<br>Kadar, Joe         | 6,000.00         | 917.30          | UBCM's Newly Elected Official Seminar<br>Wildland Urban Interface Symposium                                                                                          | 71.43         |
| Councillor<br>Mahovich, Michelle | 6,000.00         | 476.50          | UBCM's Annual Convention                                                                                                                                             | 71.43         |
| Councillor<br>Mendum, Jane       | 6,000.00         | 430.00          | UBCM's Annual Convention                                                                                                                                             | 71.43         |
| Councillor<br>Williams, Ken      | 6,000.00         | 1,809.99        | UBCM's Newly Elected Official Seminar<br>UBCM's Annual Convention<br>UBCM's Policing Costs in Sml Municipal<br>Pac. Bus/Municipal Law Conference                     | 71.42         |
| <b>TOTALS</b>                    | <b>46,000.00</b> | <b>6,760.72</b> |                                                                                                                                                                      | <b>500.00</b> |

\* Mayor's Indemnity includes 1/3 Expense Allowance equaling \$3,333.33

\*\* Councillor's Indemnity includes 1/3 Expense Allowance equaling \$2,000.00

**7. DECLARATION AND IDENTIFICATION OF DISQUALIFIED COUNCIL MEMBERS**

Nil

**8. STATEMENT OF PERMISSIVE PROPERTY TAX EXEMPTIONS FOR 2006**

Nil

**9. FEDERAL GAS TAX TRANSFER REPORT**

The District received \$40,000 again in 2006 from the New Deal Gas Tax Transfer Agreement with the Federal Government. Funds from this transfer are eligible to be used on certain expenditures. To date the District has set aside both the 2005 and 2006 transfers totaling \$80,000 in a reserve for future expenditure. The Groundwater Monitoring Program has been identified as the project for which the funds will go toward. This is dependant on other funding applications that are still pending. If other grant sources result, Council will determine other appropriate eligible uses for this funding.

