



DISTRICT OF HIGHLANDS

2021 ANNUAL REPORT

For the Year Ended December 31, 2021



We acknowledge that we are gathered in the traditional territories of the Lək̓ʷəŋən, SENĆOTEN and Hul'q'umi'num speaking First Nations with whom we are committed to building stronger working relationships.



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HIGHLANDS VISION AND MISSION

VISION

The following vision is stated in the District of Highlands' Official Community Plan:

The Highlands is a primarily residential community, rural in nature, and blessed with an exceptional abundance of scenic beauty, native plant and animal life, and public parkland. Those of us who live here place high value on the natural environment and our rural lifestyle. Highlanders are actively involved in the community, which fosters a spirit that is both self-reliant and cooperative.

The Highlands will strive to diversify its economy while preserving our natural systems, including the aquifers on which we depend so heavily. Land use decisions will be guided by a community plan, with the ongoing involvement of residents.

As stewards of our unique natural environment, we will protect its integrity. We will retain sufficient lands in their natural state to permit a diversity of plant and animal life to flourish and to ensure that the rural lifestyle we enjoy today can be experienced by future generations. We believe in the value of open and green space, trail systems, and outdoor recreational opportunities, both to enhance life in the Highlands and to contribute to the well-being of Southern Vancouver Island as a whole.

We will provide for an adequate tax base, including light industrial, related commercial and nature-related recreational uses in some areas of the Highlands, in order to support basic, affordable municipal services and facilities. We will encourage alternative transportation choices, housing choices, and a community hall.

New development in the Highlands will be in keeping with the rural character of the community and carefully designed to protect sensitive environmental conditions. The pace of change should be gradual and the type of development should leave a small footprint on the land.

MISSION

The District of Highlands provides good governance, services, stewardship of public assets, and fosters the economic, social and environmental well-being of the community for current and future generations. (Community Charter, Section 7)



COMMUNITY PROFILE

The District of Highlands is located just northwest of Victoria, British Columbia Canada. It is one of 13 member municipalities comprising the Capital Regional District. More than one-third of the Highlands is protected as municipal, regional, and provincial parkland. Highlands is a beautiful rural residential area and residents are actively involved in the community.

Incorporated December 7, 1993	Total Population 2,225*	Average Citizen Age 42.3 years*
Total Land Area 3,745 Ha	Total Park Space 1,478 Ha	Roads 46 km
Heritage Registry 5 Structures 3 Natural Areas 1 Road	Total 2021 Building Permit Revenue \$86,550	Total 2021 Construction Values \$4,088,246

* Statistics from 2016 Canada Census

CONNECT WITH US

In Person	1980 Millstream Rd, Highlands, BC, V9B 6H1 Office Hours: Monday-Friday 8:30 am - 4:00 pm (except statutory holidays)	
Website	www.highlands.ca	
Telephone	General Inquiries:	250-474-1773
	Fire Non-Emergency:	250-920-6970
	Police Non-Emergency:	250-474-2264
	Parks & Recreation:	250-478-8384
Email	General:	info@highlands.ca
	Staff Directory:	www.highlands.ca/201/contact
Newsletter	Highlands Council & Community Newsletter	www.highlands.ca/189/Newsletters
Meetings	Council: Committee of the Whole: Select Committees:	Meeting schedules, agendas & minutes are available online: www.highlands.ca/agendacenter

COVID-19 TIMELINE HIGHLIGHTS

January– February

- Restrictions extended from 2020

May

- May 25: BC 4 Step Restart Plan began with Step 1

June

- June 15: The Province moved to Step 2 of the BC 4 Step Restart Plan

July

- July 1: The Province moved to Step 3 of the BC 4 Step Restart Plan

September

- September 10: Indoor gatherings—no more than 50 persons or 50% of capacity, whichever is greater; seated only
- September 13: Vaccine Passport program implemented

October

- October 25: The province lifted indoor gathering restrictions
- October 30: Federal Vaccine Passport for travel implemented

December

- Due to the Omicron variant, new restrictions on gatherings implemented; all indoor gatherings require proof of vaccination regardless of size. Mingling and dancing prohibited; seated venues capped at 50% capacity regardless of venue size

COMMUNITY EVENTS



Highlands District Community Association modified the annual Highlands Fling activities to provide some community spirit and connection while complying with the public health orders in place.



The Highlands Fire Department Annual Santa Run



The Community Gardens maintained operations with COVID safety protocols in place.

The annual Poppy Flag Raising Ceremony was held in compliance with public health orders.

MAYOR'S MESSAGE

Mayor Ken Williams



Mayor Ken Williams is serving his second term as Mayor, and has previously served three terms as Councillor. He was first elected to Council in 2006.

Appointments:

Capital Regional District Board
Capital Regional District Environmental Services Committee
Capital Regional District Finance Committee
Capital Regional District Planning and Protective Services Committee
Capital Regional District Municipal Finance Authority Representative
Capital Regional Hospital District Board
Capital Region Housing Corporation Board
Highlands Emergency Planning Committee
Municipal Insurance Association
Te'mexw Treaty Advisory Committee
Integrated Police Unit Regional Governance Committee
First Nations Relations Committee
Municipal Insurance Association Representative

In 2021, Highlanders continued to navigate the extraordinary circumstances presented by COVID-19 and climate change anomalies. Our priority was to keep the community moving forward. We were very proud of our community's calm and focused response to the pandemic and extreme climate events. We continue to be grateful to our residents, volunteers, organizations and staff who put the community first and help shape the direction we are going.

In January, Council approved an automatic aid agreement with the District of Saanich which will help enhance fire protection capabilities for both districts. Council also approved using COVID Safe Restart Grant Funds to aid the Westshore Parks and Recreation Society in getting the JDF pool up and running. The four year Strategic Plan was reviewed and on track. There was continued implementation of the South Highlands Local Area Plan process, groundwater protection and infrastructure renewal. We look forward to more initiatives for Emergency Planning and Climate Leadership.

In February, the District of Highlands received a \$25,000 grant from the Union of British Columbia Municipalities' Community Emergency Preparedness Fund to develop advanced evacuation route planning should a local emergency event occur. The purpose of the project was to validate planning assumptions and develop key constraints and vulnerabilities faced by the municipality during a significant emergency situation. The budget and 2021-2026 Five Year Financial Plan process moved forward to completion in May.

Over the summer, four major culverts were replaced on Highlands roads. In addition, some road paving and patchwork were completed. The Highlands Fire Department in partnership with the HDCA held a wildfire forum to help raise awareness of Firesmart protocols and tips that protect our homes. In September, Council and staff welcomed our new Corporate Officer Melisa Miles. All year long, parks located in Highlands experienced a higher level of use by an urban public due to COVID-19 restrictions. In response, staff increased monitoring and bylaw enforcement. We sought to balance the needs of the broad community with the concerns of Highlands residents. In the Fall, as Provincial Emergency Measures lifted, Council amended their Procedure Bylaw to allow meetings to take place in person at the Community Hall, as well as electronically as needed. The Highlands Fling returned at the Caleb Pike Heritage Park featuring Tsarlip dancing and a speech from Tsarlip Elder Tom Sampson, followed by a variety of live music including a performance by songwriter Allen Dobb.

At the end of the year, Council approved the use of COVID-19 Safe Restart Funds In The Administrative Contingency Budget for technology and acoustic upgrades to the Highlands Community Hall. In December, we also saw the return of the Highlands Firefighters Annual Santa Run. It was a joyous event enjoyed by all of our community. Donations raised provided food and help for those in need.

As your Mayor, I can say with confidence that Council is committed to addressing the challenges we face and to keeping Highlands' service premier and ever-improving. We are striving to implement the exciting ideas and vision coming from our community. Thanks to all our staff, firefighters, community organizations and volunteers who give so much back to our community.

A handwritten signature in black ink, appearing to read 'Ken Williams', written over the end of the previous paragraph.

Mayor Ken Williams

HIGHLANDS COUNCIL 2018 - 2022



Left to Right: Councillor Ann Baird, Councillor Leslie Anderson, Councillor Karel Roessingh, Councillor Marcie McLean, Mayor Ken Williams, Councillor Rose Stanton, Councillor Gord Baird (photo from 2019)

Highlands Council consists of a Mayor and six Councillors who are elected to four year terms. The current municipal Council was acclaimed October 20, 2018 and sworn in at the Inaugural Council Meeting held November 5, 2018. General local elections are held every four years. The next election is scheduled to be held October 15, 2022.

Council is responsible for establishing priorities and policies that serve the interests of both current and future Highlands residents. Mayor and Council work to make governance decisions that demonstrate local government leadership on matters within their jurisdiction as provided for by the Provincial Government through the *Community Charter* and the *Local Government Act*.

In addition to their Council duties, Council members may also participate in District and regional committees, boards, and advisory bodies to provide input and direction on local and regional matters.

Council generally meets on the first and third Monday of the month and sits as Committee of the Whole on the second Monday with some exceptions as reflected in the annual meeting schedule. Meetings normally start at 7 p.m. and are held at the Community Hall, 729 Finlayson Arm Road, unless otherwise noted.

CONNECT WITH HIGHLANDS COUNCIL

Council Member	Email	Telephone
Mayor Ken Williams	kwilliams@highlands.ca	250-882-5481
Councillor Leslie Anderson	leslie.corvidconsulting@gmail.com	778-350-8180
Councillor Ann Baird	ann@eco-sense.ca	250-812-5481
Councillor Gord Baird	gord.baird@gmail.com	250-818-7986
Councillor Marcie McLean	marciemclean@shaw.ca	250-474-4725
Councillor Karel Roessingh	karel@roessong.com	250-727-9808
Councillor Rose Stanton	rose26@telus.net	250-474-3403

HIGHLANDS COUNCIL PROFILE

Councillor Leslie Anderson



Councillor Anderson is serving her second term as Councillor. She was elected to Council in 2014.

Appointments:

South Highlands Local Area Plan Task Force
Highlands Heritage Select Committee
South Highlands Local Area Plan Task Force
Intermunicipal Advisory Committee on Disability Issues (Alternate)
West Shore Parks and Recreation Society Board
Western Communities Policing Advisory Committee
Capital Region Emergency Service Telecommunications (Alternate)
Co-existing with Carnivores Alliance (Alternate)
Greater Victoria Family Court Committee (Alternate)
Te'mexw Treaty Advisory Committee (Alternate)

Councillor Ann Baird



Councillor A. Baird is serving her second term as Councillor. She was elected to Council in 2014.

Appointments:

Capital Regional District Climate Action Committee
Capital Regional District Housing Regional Trust Fund Commission
Highlands Social Sustainability Select Committee (Alternate)
Highlands Heritage Select Committee (Alternate)
Municipal Insurance Association (Alternate)

Councillor Gord Baird



Councillor G. Baird is serving his second term as Councillor. He was elected to Council in 2014.

Appointments:

Capital Regional District Regional Water Supply Commission (Vice Chair)
Capital Regional District Juan de Fuca Water Distribution Commission
Capital Regional District Climate Action Committee (Alternate)
Highlands Emergency Planning Committee (Alternate)
Highlands Sustainable Land Use Select Committee



HIGHLANDS COUNCIL PROFILE

Councillor Marcie McLean



Councillor McLean is serving her fourth term as Councillor. She was elected to Council in 2008.

Appointments:

- Co-existing with Carnivores Alliance
- Greater Victoria Family Court and Youth Justice Committee
- Highlands Sustainable Land Use Select Committee
- Highlands Heritage Select Committee (Alternate)
- South Highlands Local Area Plan Task Force (Alternate)
- Municipal Insurance Association (Alternate)

Councillor Karel Roessingh



Councillor Roessingh is serving his seventh term. He was first elected to Council in 1993 and has previously served two terms as Mayor (1999-2002, 2002-2005) and six terms as Councillor (1993-1996, 2008-2011, 2011-2014, 2014-2018, 2018-2022).

Appointments:

- Capital Regional District Arts Commission
- Capital Region Emergency Services Telecommunications (Vice-Chair)
- Greater Victoria Public Library Board
- Capital Regional District Board & Hospital District Board (Alternate Director)
- Capital Regional District Housing Regional Trust Fund Commission (Alternate)
- Capital Regional District Regional Water Supply Commission (Alternate)
- Capital Regional District Juan de Fuca Water Distribution Commission (Alternate)

Councillor Rose Stanton



Councillor Stanton is serving her first term as Councillor. She was elected to Council in 2018.

Appointments:

- Highlands Emergency Planning Committee
- Highlands Social Sustainability Select Committee
- Intermunicipal Advisory Committee on Disability Issues
- Western Communities Policing Advisory Committee (Alternate)



Notify Me®
Sign up to receive
notifications

You will not miss a meeting or Highlands event by using the “Notify Me” function on the District’s website. You simply sign up for items such as: agendas, minutes, news alerts, and events posted to the community calendar and an alert will be directed to either your cell phone or email informing you of the new item. Sign up by visiting www.highlands.ca.

STRATEGIC PRIORITIES

Council's Strategic Plan 2019 – 2022 is guided by the Official Community Plan (OCP) and the Integrated Community Sustainability Plan (ICSP) that provide a long-term vision and pathway for Council's decision making.

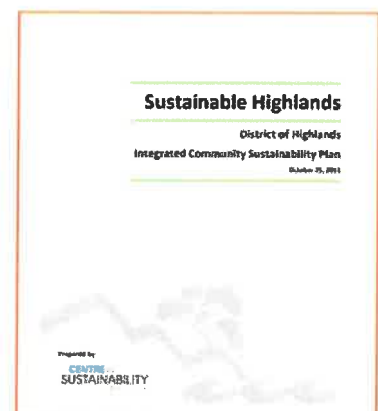
**Strategic Plan
2019—2022**



**Official Community Plan
(OCP)**



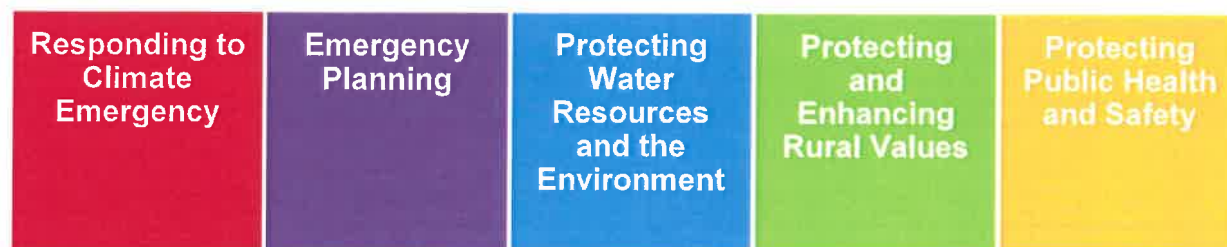
**Integrated Community
Sustainability Plan**



The Strategic Plan outlines the priorities for the Council term. These Council identified initiatives are undertaken by staff in addition to the delivery of core services and regulatory obligations. Timelines for completion of priorities are developed in consideration of departmental work plans and planned initiatives are funded through the annual budget process.

The Plan is reviewed annually to ensure progress is achieved, changing circumstances are responded to, and opportunities are considered. The financial implications of the strategic priorities are reviewed in conjunction with the District's annual and longer-term financial planning process.

Council identified the following five overarching goals or areas of strategic focus for the 2019-2022 term:







STRATEGIC PLAN TIMELINE

Each year Council undertakes a review of the priorities included in the Strategic Plan to discuss adding, removing, proceeding with, or modifying the initiatives included in the Plan in consideration of staff capacity to undertake the projects within the projected timelines, along with newly emerging priorities. These reviews are conducted in open meetings that the public is welcome to observe.

In 2021, the COVID-19 pandemic and need to respond accordingly continued to impact staff's capacity to achieve Council's identified priorities within the previously indicated timelines. While staff did complete or progress some of the initiatives, others were delayed and reconsidered in the 2021 annual review. The South Highlands Local Area Plan project made significant headway. Delayed projects included the implementation of the Step Code, further consideration of the Secondary Suites Policy, and a review of the Tree Bylaw.

The table below represents the timeline for Council's identified priorities in 2021 following the annual review.

Initiative Timeline/Quarter	2019				2020				2021				2022				2023			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
South Highlands Local Area Plan (Include Amenity Policy with Heritage Amenities)																				
Groundwater Protection Implementation and Work Plan																				
Emergency Program Strategic Plan Implementation																				
Asset Management Plan Implementation (Becomes Operational in 2020)																				
Facilities Management Plan and Maintenance Program																				
Well Water Systems Maintenance Plan																				
Climate Leadership Plan (CLP)																				
CLP Implementation: Step Code Implementation/Building Bylaw Review																				
CLP Implementation: Secondary Suites/ Bylaw Enforcement																				
District of Highlands Firearms and Bow Hunting Bylaw No. 145																				
Community Hall Landscaping																				
Tree Bylaw Review																				
Official Community Plan Review																				
Operational Items Priorities Timeline																				
Records Management																				
Revised OCP Regional Context Statement																				
District Office Space Planning - COMPLETE																				
Emergency Program Strategic Plan Implementation																				
West Shore Parks and Recreation Society Board of Directors - COMPLETE																				
Roads Maintenance Contract - COMPLETE																				

	Council Priorities
	Becomes Operational / New Work
	Research
	Potential Ongoing Implementation as Strategic Priorities

STRATEGIC PLAN ACCOMPLISHMENTS & ACTIVITIES

Council Priorities Initiated or Completed in 2021

Responding to the Climate Emergency	Emergency Planning	Protecting Water Resources and the Environment	Protecting and Enhancing Rural Values	Protecting Public Health and Safety
<ul style="list-style-type: none"> Develop Climate Plan Climate-friendly Rebates and Incentives Web Information 	<ul style="list-style-type: none"> Emergency Program Strategic Plan Implementation Evacuation Plan inserted into Emergency Response Plan 	<ul style="list-style-type: none"> Implementation of Groundwater Protection and Work Plan: Groundwater Mapping Well Water Systems Maintenance Plan 	<ul style="list-style-type: none"> South Highlands Local Area Plan Community Hall Landscaping: Pergola 	<ul style="list-style-type: none"> Explore Opportunities to Restrict Bow Hunting of Specific Species in the District / Consider hunting ban

Planned Council Priorities in 2022

Responding to the Climate Emergency	Emergency Planning	Protecting Water Resources and the Environment	Protecting and Enhancing Rural Values	Protecting Public Health and Safety
<ul style="list-style-type: none"> Step Code Implementation Secondary Suite Policy 	<ul style="list-style-type: none"> Emergency Program Strategic Plan Implementation 	<ul style="list-style-type: none"> Groundwater Protection and Work Plan: Monthly Water Budget Project 	<ul style="list-style-type: none"> South Highlands Local Area Plan Community Hall Landscaping: Pergola Tree Bylaw Review 	

SELECT COMMITTEES & ADVISORY BODIES

Select Committees and Advisory Bodies provide assistance to Council within their mandates as described in their respective Terms of Reference or establishing bylaw. Community members generously volunteer their time and diverse expertise to serve and are highly valued and appreciated for their significant contributions to the Highlands. Select Committee and Advisory Body members offer an important community voice that assists in Council's decision making on a variety of District matters.

Volunteer members assist Council with a broad range of matters including heritage, land use and natural areas, energy, building and sites, water and waste, healthy community, economy and work, education and leisure, transportation and mobility, food, and related financial sustainability.

The District is grateful to all of the volunteers for their commitment to strengthen the Highlands community for current and future residents.

Heritage Select Committee

Daphne Allen
Allen Dobb

Sally Gose
Paul Henry

Bob McMinn

South Highlands Local Area Plan Task Force

Lexie LeGrande-Biegun
Regine Klein
Rick Lester

Bob McMinn
Scott Richardson
Terri Wood

Mel Sangha
Kim Vincent

Sustainable Land Use Select Committee

Ingo Lambrecht
Sophia Cuthbert

Bob McMinn
Cathy Reader

Ellie Rayner
Allan Roger

External Volunteer Bodies

Highlands is also fortunate and grateful to receive additional community resources and services from the following volunteer bodies:

Highlands District Community Association
Highland Heritage Park Society

Highland Park and Recreation Society
Highland Stewardship Foundation

OPERATIONAL HIGHLIGHTS



Volunteer Fire Department training continued online.



COVID-19 safety measures continued.



Various Paving Projects throughout the District



Atmospheric River Event

PUBLIC PARTICIPATION & COMMUNITY ENGAGEMENT

Decisions are improved by engaging citizens and other stakeholder groups. The District of Highlands strives to promote transparency and encourage community dialogue to foster a better understanding of Council's role, policies, and statutory responsibilities through a variety of public participation and community engagement approaches.

The District undertakes public consultation in accordance with the International Association for Public Participation's (IAP2) guidelines. This reflects the Public Participation/Community Engagement Policy that is founded on the principles of inclusivity,

Public Participation Opportunities

- Council Meetings – petitions and delegations
- Committee of the Whole Meetings
- Special engagement opportunities such as surveys/open houses/etc.
- Writing to Council at any time
- Volunteer for a Select Committee
- Public Hearings – Advertised
- Development Variance Permits – Notifications to property owners
- Highlands Website and Newsflashes
- Highlands Newsletter (quarterly)
- Community Notice Boards

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
OBJECTIVES OF THE PUBLIC PARTICIPATION	• To provide balanced and objective information to support understanding by the public	• To obtain feedback on analysis, alternatives, issues and/or decisions	• To work with the public to ensure that concerns and aspirations are understood and considered	• To facilitate discussions and agreements between public parties to identify common ground for action and solutions	• To place final decision making in the hands of the public
DISTRICT OF HIGHLANDS COMMITMENT	• To inform the public by way of the District website, Highlands Newsletter or other social media opportunities	• To listen to and consider the public's concerns	• To work with the public to exchange information, ideas and concerns	• To seek advice and innovations from amongst various public parties	• To work with the public to implement agreed upon decisions
EXAMPLES OF ISSUES/TECHNIQUE THAT MIGHT FALL INTO THESE CATEGORIES	• Repair or replace existing park asset • Open House • Notice of construction/repair	• Change of program format • Mapping Update • Capital project planning or designing	• New park asset such as new playground or new trail • Climate Change Adaptation Plan • Roadside Trail Network	• Strategic Plan • Integrated Community Sustainability Plan	• Referendum • Election/ by election • Alternate approval process
STAKEHOLDERS RESPONSIBILITY	• To become informed	• To provide feedback	• To be open to other points of view and work with staff and other members of the public	• To put aside personal agendas and participate in discussions	• To work with staff to implement agreed upon decisions

In 2021, Council continued to meet in an electronic format to ensure that the public could observe proceedings and continue to provide input to Council during the pandemic.

Committee of the Whole and Select Committee meetings were held only as required. Regular business cycles normally held at Committee of the Whole were discussed at Council meetings with public input opportunities provided. Members of the public were encouraged to provide written comments on matters of interest.

2021 Engagement Activities Undertaken	
Community Boards	Newsletters and South Highlands Local Area Plan Information
COTW & Council	Financial Plan
COTW	CRD Solid Waste Management Plan - Hartland Landfill
COTW	Firearms and Bow Hunting Bylaw
Public Hearing	Regional Context Statement Official Community Plan amendment
Council	Annual Report
Council	Permissive Tax Exemption (Greater Victoria Greenbelt Society)
Publication	SHLAP Survey
Website	COVID-19 and municipal updates

2022 Planned Engagement Activities	
Community Boards	Newsletters and other information as required
COTW & Council	Financial Plan
COTW	Secondary Suites
COTW	BC Step Code
COTW	Mount Work Regional Park Planning (CRD)
Council	Annual Report
SHLAP	Preliminary Plan and Full Draft Plan
Website	Climate Rebates and Incentives
Website	COVID-19 and municipal updates

COTW = Committee of the Whole

ASSET MANAGEMENT

Asset Management is an integrated process bringing together planning, finance, engineering, and operations to effectively manage existing and new infrastructure to maximize benefits, reduce risks, and provide satisfactory levels of service to community users in a socially, environmentally, and economically sustainable manner. Assets included in Highlands' Plan are manufactured assets such as buildings and roads and will also include the District's groundwater natural aquifer asset. Additional natural assets will be incorporated as the Asset Management Plan progresses.

The District's Asset Management Plan outlines a long-term approach for capital renewal investment. As a next step, an Asset Management Levy was introduced to the property tax notice in 2019 to provide clarity and transparency. This levy identifies the portion of the property taxes that are dedicated to infrastructure renewal. The accumulated asset management funds will need to increase over the next 10 to 15 year period to reach sustainable funding levels.

Highlights of 2021 Accomplishments

Replaced Fire Engine as per the Asset Management Plan
Advanced the Pavement Management Plan*
Integrated Asset Management Plan into operations
Integrated culvert replacement into Asset Management Plan

Highlights of 2022 Planned Initiatives

Continue culvert replacement and focus on culvert maintenance
Continue pavement management and shouldering

* Available at www.highlands.ca/AgendaCenter/ViewFile/Item/4854?fileID=5025

Asset Management Comparators* (District-owned assets)	2021	2020	2019	2018	2017
Replacement cost	\$280 M	\$210 M	\$204 M	\$193 M	-
Average replacement cost/year	\$879,000	\$742,000	\$713,000	\$692,000	-
% funded currently by District	75%	54%	50%	50%	-
Tax levy for asset management	1%	1%	1%	1%	-

* Information not available prior to the development of the Asset Management Plan



INFRASTRUCTURE REPLACEMENT REPORT CARD

The District maintains basic levels of asset condition information ranging from formal groundwater monitoring, bridge condition engineering assessments, and road surface reviews during maintenance activities, to an informal annual assessment of equipment, playground structures, and buildings by District staff. Fire vehicles and equipment are appropriately maintained by the Fire Department. Scientifically rating every asset for a high-level Infrastructure Condition Report is unrealistic, so a simplified system is used for each asset component grouping. Assets are evaluated on a simplified component-by-component basis.

Although every rating system is subjective, this process serves to improve accuracy because it incorporates the anecdotal asset knowledge of employees and contractors. The District's approach combines Condition and Performance, Capacity Versus Need, and Funding Versus Need.

DISTRICT OF HIGHLANDS INFRASTRUCTURE REPORT CARD

Asset Group	2021 Rating	2020 Rating	2019 Rating	2021 Comments
Land	B	B	B	Good condition. No funding needed. Replacement not anticipated.
Groundwater Aquifer	B	B	B	Reasonable natural condition based on Golder Assessment. No funding needed.
Roads	C	C	C	Reasonable condition. Funding adequate.
Drainage	C	-	-	Reasonable condition in general, some replacement of culverts and deferred maintenance required. Funding increase needed.
Bridges	B	B	B	Good condition based on Herold Engineering Assessment. Funding increase needed.
Facilities	B	B	B	Reasonable condition. Funding needed for municipal and community facilities.
Park Improvements	B	B	B	Reasonable and natural condition. Modest increase in funding will maintain rating.
Vehicles and Equipment	B	B	B	Reasonable condition. Modest increase in funding will maintain rating.
Overall	B	B	B	Good rating. Funding needed.

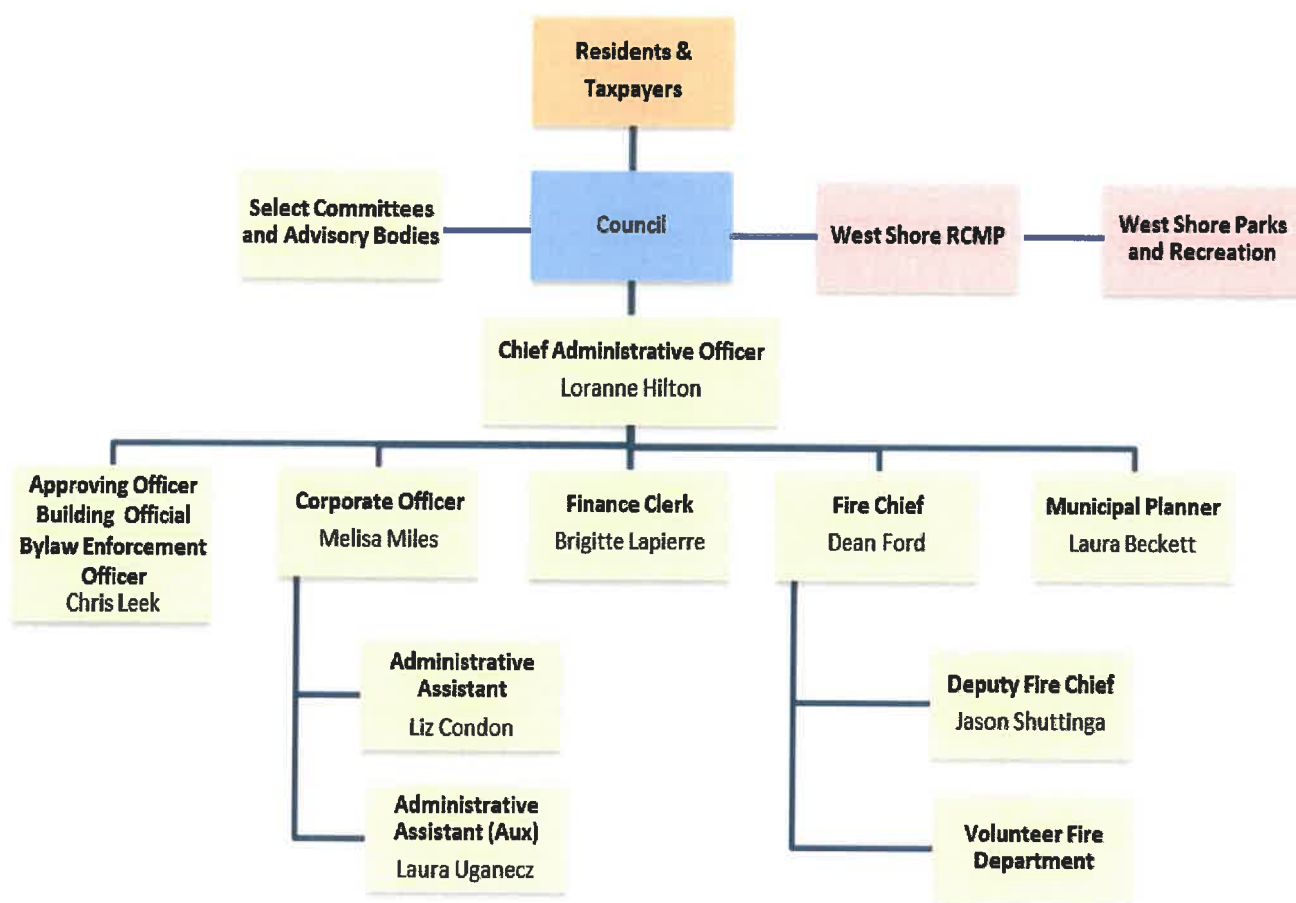


DISTRICT OF HIGHLANDS ORGANIZATIONAL CHART

ORGANIZATIONAL STRUCTURE

Mayor and Council are responsible for setting the direction and establishing the strategic priorities for the District. The Chief Administrative Officer's responsibility is to ensure that direction is followed and to manage the affairs of the organization in accordance with the policies and programs approved by Council, the *Community Charter*, *Local Government Act*, and other relevant statutes and regulations.

The District of Highlands functions within the one-employee model. The Chief Administrative Officer leads a team of professional and committed employees responsible for providing municipal services, including overseeing contracted services, and accomplishing Council's strategic priorities identified in the Strategic Plan.



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

Loranne Hilton

Contact: lhilton@highlands.ca

250-474-1773

It is my pleasure to present the 2021 District of Highlands Annual Report.

The annual report provides an ongoing opportunity to highlight the achievements of the District over the past year, set out objectives for future initiatives, and provide a resource for understanding the District's finances and long term financial outlook.

While the COVID-19 pandemic continued to evolve and require adjustments to how staff carried out its work, staff remained committed to providing services to the community, carrying out Council directives, and assisting Council to progress its Strategic Priorities.

In response to COVID-19, Council updated its procedures to identify the Community Hall as the new Council meeting place, and to allow for electronic Council meetings and combined in person/electronic participation at meetings (with companion acoustic and electronic meeting technology upgrades being implemented). This provides flexibility moving forward to ensure that we can continue to carry out the business of the District under changing circumstances.

Progress was made on Council's Strategic Priorities, particularly in respect to groundwater protection, Implementation of the Emergency Program Strategic Plan, and the South Highlands Local Area Plan project.

The Asset Management Strategy remained at the forefront of the District's capital expense program, with paving works and culvert replacements achieved in the summer of 2021. Culverts were also added as a new asset category in an updated Asset Management Plan, allowing greater focus on funding future replacements identified in a culvert inventory conducted during the year.

I wish to acknowledge the dedication of staff in carrying out the District's work, and Council for its leadership and continued support.



Loranne Hilton



ADMINISTRATION DEPARTMENT

Melisa Miles, Corporate Officer

Contact: mmiles@highlands.ca

250-474-1773



Administration is led by the Chief Administrative Officer who provides guidance and direction to all departments and is Council's principal advisor. Administration also consists of the Corporate Officer, one full-time Administrative Assistant and one part-time Administrative Assistant.

Administration provides legislative and administrative functions to support Council, its Select Committees, and the Corporation as a whole to ensure that statutory requirements are met and that Council policies, objectives, and directives are accomplished.

Some of the functions and activities that Administration leads include:

- Managing the municipal workforce efficiently.
- Organizing all meetings of Council, preparing agendas and minutes, and providing meeting management.
- Administering the Strategic Plan, Budget process and Financial Plan, and Annual Report Cycle.
- Coordinating internal and external corporate communications.
- Making recommendations on a broad range of policy and administrative matters.
- Drafting bylaws and policies and providing regulatory support to Council and staff.
- Executing legal documents on behalf of the District.
- Implementing and auditing the Records Management System.
- Processing requests for access to records and ensuring compliance with Freedom of Information and Protection of Privacy policies and legislation.
- Managing a variety of agreements and contracts for the District.
- Administering the quadrennial general local elections.

Highlights of 2021 Accomplishments	Highlights of Initiatives Planned in 2022
Reviewed Council Procedure Bylaw	Initiate development of electronic meeting management software and document records management system
Responded to emerging Provincial Health Orders related to the COVID-19 pandemic	
Researched mechanism for potential bowhunting restrictions of certain species	Facilitation of General Local Election and preparation of Council Orientation
Developed climate-friendly home improvement and low emission transportation option incentives and rebates information on the District's website	Review Council Remuneration and Expenses Bylaw
	Prepare statutorily required bylaws and reporting

Administration Comparators	2021	2020	2019	2018	2017
Agendas and Minutes Prepared*	41	36	51	48	56
Bylaws Adopted	7	9	7	15	9
Community Hall Rentals	0**	4**	20	23	17
Complaints Processed***	155	178	128	-	-
Council Resolutions	278	339	367	349	333
FOI Requests Received and Processed	3	4	0	2	1
Policies Amended or Developed	1	1	1	3	0
Public Occupancy Agreements Issued	4	6	5	5	4

* Excludes closed meeting agendas

**Rentals reduced due to pandemic

*** Totals not tracked prior to 2019

BUILDING DEPARTMENT

Chris Leek, Building Inspector

Contact: cleek@highlands.ca

250-474-1773



The Building Department includes responsibility for the Approving Officer, Building Official, and Bylaw Enforcement Officer. All of these activities are undertaken by one municipal employee and augmented with contracted or temporary assistance as required.

The Building Department delivers a broad range of high quality services including:

- Performing pre-construction site assessments.
- Issuing building, plumbing, chimney, soil deposit and removal, tree cutting and blasting permits.
- Processing building applications and reviewing plans to ensure compliance with the B.C. Building Code, building regulations, and municipal bylaws and policies.
- Undertaking inspections at various stages of construction from foundation forms to final inspections and issuance of occupancy permits.
- Conducting site inspections to determine that permit conditions are satisfied.
- Coordinating subdivision activities including providing policy advice on proposals, reviewing completed applications, notifying applicants of deficiencies, and issuing approvals as the Approving Officer.
- Reviewing engineering servicing of subdivision and building permit applications.
- Conducting bylaw enforcement activities including investigation of violation complaints, enforcement action, consultation, coordination with other departments, and supervision of contracted services.
- Supervising the management of municipal trees, parks, trails, and facilities.
- Issuing permits for works proposed on municipal roads or property.
- Liaising with the roads contractor for road repairs, pavement management, shouldering work and culvert maintenance and replacements.

Highlights of 2021 Accomplishments
Operationalized implementation of the Asset Management Plan
Created a culvert inventory and assessment project
Continued culvert replacement and maintenance
Continued paving management
Implemented Facilities Management Plan and Maintenance Program

Highlights of Initiatives Planned in 2022
Implement the Step Code and review the Building Bylaw
Install a pergola at the Community Hall
Install Acoustic Panels at the Community Hall
Explore secondary suites options
Develop three-year culvert replacement and maintenance contract
Implement Pavement Management Plan, Shoulder/Ditch maintenance, and Bridge maintenance and replacement
Initiate Tree Bylaw Review
Install generator at District Office

Building Comparators	2021	2020	2019	2018	2017
Annual Construction Value	\$4,088,246	\$1,752,650	\$1,008,995	\$1,604,095	\$2,552,625
Annual Permit Value	\$86,550	\$37,685	\$23,715	\$49,001	\$51,320
Blasting Permits	17	10	7	6	13
Building Permits	43	34	19	40	54
Bylaw Enforcement Complaints	155	178	128	186	181
Soil Deposit/Removal Permits	13	6	4	4	11
Tree Cutting Permits	32	15	23	11	20

FINANCE DEPARTMENT

Loranne Hilton, Chief Administrative Officer, Chief Financial Officer

Contact: lhilton@highlands.ca

250-474-1773



The Finance Department is responsible for providing financial management of the municipality, collecting revenues from property taxes, administering payroll and benefits, coordinating procurement, and overseeing information technology. Finance staff include the Chief Administrative Officer/Treasurer and a Finance Clerk.

Finance provides a wide range of financial services including:

- Preparing the annual budget and five-year Financial Plan.
- Coordinating audit services annually.
- Processing payments for property taxes, permits, rental fees, and other fees and charges.
- Implementing BCA ownership updates for property tax records.
- Managing the provision of fiscal services including debt-servicing costs, transfers to reserves, and contingency.
- Developing the long-term financial plan, asset management, and applicable policy development.
- Administering accounts payable and receivable.
- Providing management and support of information technology.
- Undertaking procurement of goods and services.
- Administering payroll and benefits.
- Conducting reconciliations and preparing payments to external agencies including the Receiver General, WCB, and Employer Health Tax.
- Transferring taxes collected on behalf of other taxing authorities

Highlights of 2021 Accomplishments

Transition to Provincial Home Owner Grant program centralization process

Conducted Salary and Benefits Review

Information Technology Review

Highlights of Initiatives Planned in 2022

Information Technology Strategy Implementation

Tangible Capital Asset Policy Review

Reserves and Surplus & Asset Management Policy Review

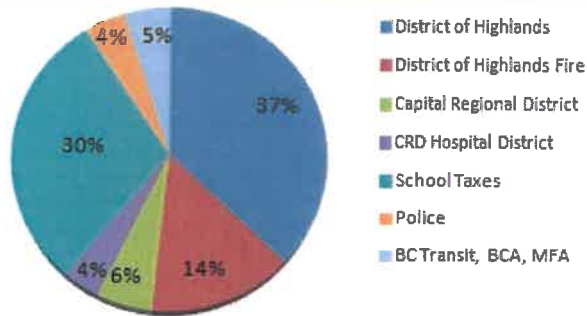
Finance Comparators*	2021	2020	2019	2018	2017
Accounts Payable	145				
Bank Reconciliations	12				
Municipal Pension Plan Reconciliations/ Payments	26				
Payroll Accruals/Benefits Reconciliation	26				
Payrolls Processed	26				
Property Tax Notices Levied	911				
Receiver General Reconciliation/Payments	12				
WCB and Employer Health Tax Reconciliation/Payments	8				

This section intentionally left blank. Comparators to be tracked starting in 2021.

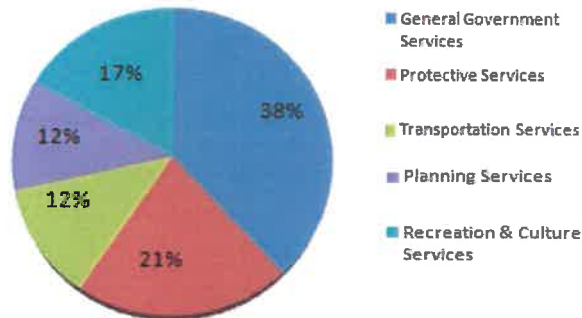
* Previously Finance and Administration were reported on together. To improve transparency these departments will be separated going forward.

PROPERTY TAX OVERVIEW

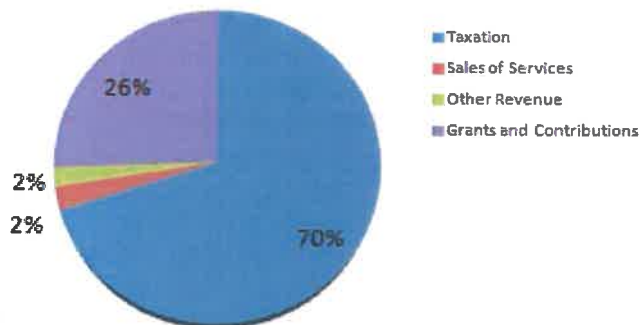
WHERE YOUR TAX DOLLARS GO



OPERATING EXPENSES



OPERATING REVENUES



The following example illustrates the property taxes collected in 2021 based on the average residential assessment. Taxes collected on behalf of other public agencies are also included.

Average Residential Assessment: \$891,174

Municipal Taxes

General	\$1,355
Asset Management	\$120
Specified Area Fire Protection	\$571
Total Highlands Taxes:	\$2,046

Other Taxing Agencies

School	\$1,255
Capital Regional District	\$241
Regional Hospital	\$162
Regional Transit, BCA, MFA	\$196
Police Services	\$183
Total Taxes Collected for Other Agencies:	\$2,037

FINANCIAL PLAN OVERVIEW

District of Highlands	Consolidated Five Year Financial Plan				
	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Operating Revenues					
Taxation	2,238,800	2,315,900	2,520,100	2,596,700	2,658,300
Sales of Services	76,700	70,400	73,500	73,600	73,700
Other Revenue	61,700	51,700	51,700	51,700	51,700
Grants and Contributions	820,700	745,000	711,500	640,000	641,700
Total Operating Revenues	3,197,900	3,183,000	3,356,800	3,362,000	3,425,400
Operating Expenses					
General Government Services	972,400	978,500	989,400	958,200	981,600
Protective Services	537,500	524,800	499,300	510,300	515,700
Transportation Services	307,000	314,800	321,800	330,100	343,600
Planning Services	300,600	270,600	274,200	253,400	257,300
Recreation and Cultural Services	429,300	403,300	412,800	423,300	417,800
Projects, Initiatives and Service Changes					
Total Operating Expenses	2,546,800	2,492,000	2,497,500	2,475,300	2,516,000
Net from Operations	651,100	691,000	859,300	886,700	909,400
Add					
Reserves Used for Operating Projects	70,000	65,000	30,000	30,000	30,000
Equity for Amortization	875,800	875,800	875,800	875,800	875,800
Reserves Used for Capital	934,000	380,000	380,000	355,000	355,000
Proceeds of Debt	-	-	-	-	-
Deduct					
Capital Expenses	934,000	380,000	380,000	355,000	355,000
Amortization Expense	875,800	875,800	875,800	875,800	875,800
Transfer to Reserves	660,200	695,100	828,400	855,800	895,800
Debt Servicing	60,900	60,900	60,900	60,900	43,600
Total Budget for the Year	-	-	-	-	-

The 2021 budget continued to support core services for the community. Funding for key projects and Council priorities were incorporated including implementation of ground water protection, emergency program strategic plan, climate plan projects, electronic records management, asset management, and more. In respect to capital projects, the main focus of the funding was directed towards the upkeep of our roads, and culvert maintenance and replacement.

The municipal portion of the 2021 property tax levy equated to an increase of approximately \$60 for the average assessed property in the District of Highlands.

The municipal portion of the tax notice represented approximately 51% of the total money collected. The remaining funds were collected on behalf of other taxing authorities such as the CRD, BC Transit, School Taxes and Hospital Taxes. The increase aligned with Council's tax policy that limits annual increases to a maximum of 1% for infrastructure and 2% for operations, for a total of 3%.

Council considers requests for funding for the provision of programs and services to the community through the District's annual Grant in Aid process. Applications are awarded based on the set priority for grant funding and in accordance with the Grant in Aid Policy. Additionally, Council has the authority to exempt property taxes on properties that are held by charitable, philanthropic, or other not-for-profit corporations.

In 2019, Council established a Tax Exemption Policy where Council may consider Permissive Tax Exemptions that support environmental preservation in the community. This triggers an exemption from municipal taxes as well as other taxing authorities.

Grants in Aid and Property Tax Exemption Comparators	2021	2020	2019	2018	2017
Grants in Aid	\$14,350	\$13,200	\$13,000	\$12,500	\$11,350
Permissive Tax Exemptions	\$32,416	\$30,038	\$16,224	\$0	\$0

FIRE SERVICES & EMERGENCY PROGRAM

Dean Ford, Fire Chief

Contact: firechief@highlands.ca

250-920-6970



Fire Services is led by the District's Fire Chief and includes the Highlands Volunteer Fire Department and the Emergency Program. There are 35 volunteers operating out of two fire halls. The main priority is to enhance fire protection and public safety services and prevent the loss of life and property.

Members of the Highlands Volunteer Fire Department are required to respond to a wide range of incident types including:

- Assist BC Ambulance Service
- Brush fires
- Burn complaints
- Chimney fires
- High angle rescue
- Hydro fire
- Hydro line emergencies
- Landfill fire
- Medical emergencies
- Motor vehicle incidents
- Mutual aid calls
- Rope/Animal rescue
- Structure fires
- Vehicle fires
- Other calls for assistance

The Emergency Program assists the District by preparing and planning to mitigate, prevent, prepare for, respond to, and recover from significant emergency events and natural disasters within the community.

The District's Emergency Response Plan can be accessed online from www.highlands.ca/DocumentCenter/View/6897/Highlands-Emergency-Response-Plan---2018 and the Highlands Emergency Response Program Strategic Plan is available at www.highlands.ca/DocumentCenter/View/7183/Highlands-Emergency-Strategic-Plan---Feb 2019.

Highlights of 2021 Accomplishments

- Hazard Vulnerability Risk Assessment began
- Emergency operations Centre closed July 14 2021 after 16 continuous months of being open due to Covid-19
- 4 fire department recruit members completed their Interior level operations training
- Westshore Emergency Alert platform transitioned to ALERTABLE on July 12th

Highlights of Initiatives Planned in 2022

- Hazard Vulnerability Risk Assessment completed
- Fire Training building completion expected
- Expand recruitment initiative for East Fire Hall membership
- Fill vacant Emergency Social Services Director position
- Additional dry hydrant in North Highlands

Fire Services & Emergency Program Comparators	2021	2020	2019	2018	2017
Burn Permits Issued	867	629	247*	N/A	N/A
Fire Dispatches	116	134	118	111	128

* Burn Permits moved to an online process in October 2019 so this number only represents partial total for the year

PLANNING DEPARTMENT

Laura Beckett

Contact: lbeckett@highlands.ca

250-474-1773



The Planning Department manages change and guides growth in the District by working collaboratively with residents, developers, stakeholders, Council, and other municipal staff. The Planning Department consists of one municipal planner and one contract planner as needed.

Planning is responsible for long-range land use planning that protects water resources and the environment, and enhances rural values. In addition, staff completes special projects and processes land use applications in accordance with District policies.

Planning undertakes the following functions:

- Processing and managing Official Community Plan (OCP) amendments, rezoning applications, development permits, development variance permits, the heritage registry, and ensuring bylaw and other regulatory compliance.
- Reviewing and developing policies consistent with the OCP, Zoning Bylaw, and Subdivision Bylaw.
- Responding to questions regarding environmentally sensitive development permit areas, future development potential, and zoning of land and land use matters.
- Providing technical and professional support to the Heritage Select Committee, Sustainable Land Use Select Committee, and the South Highlands Local Area Plan Task Force.
- Participating in external bodies representing regional matters of concern.
- Managing special projects such as the South Highlands Local Area Plan and the Groundwater Protection Work Plan.

Highlights of 2021 Accomplishments	Highlights of 2022 Planned Initiatives				
Continued South Highlands Local Area Plan (SHLAP) and provision of support to the SHLAP	Continue work on the South Highlands Local Area Plan				
Managed monthly water budget project as part of the Groundwater Protection Work Plan	Continue to manage monthly water budget project as part of the Groundwater Protection Work Plan				
Participated in regional work towards Highlands Housing Needs Report	Complete Official Community Plan Regional Context Statement Process				
Managed community aquifer mapping project	Continue with Secondary Suites/Accessory Dwelling				
Participated in Community Child Care Planning project	Support Heritage Select Committee with heritage interpretation potential for the Lime Kiln				
Planning Comparators	2021	2020	2019	2018	2017
Covenant Amendments	0	2	0	0	1
Development Permits Issued	25	15	12	24	22
Development Variance Permits Issued	6	3	4	5	4
OCP Amendments/Rezoning Applications	1	0	0	0	1
Subdivision Applications	1	1	1	1	3
Temporary Commercial/Industrial Use Permits	0	0	1	0	0

POLICE SERVICES

West Shore RCMP

Non-Emergency Number: 250-474-2264 www.rcmp-grc.gc.ca/detach/en/d/159

The West Shore RCMP provides policing services to five municipalities including the District of Highlands, City of Langford, Town of View Royal, City of Colwood, and District of Metchosin. The detachment located at 698 Atkins Avenue provides diverse policing services to the West Shore communities as well as the Esquimalt and Songhees Nations and portions of the Malahat.

The West Shore RCMP detachment includes 96 sworn officers, 54 civilian personnel, 12 commissionaires, 2 officers dedicated to Police Dog Service, and 1 reserve constable. The detachment provided two officers to support the Vancouver Island Major Crime Unit (VIMCU), one officer to the Regional Domestic Violence Unit (RDVU), and one officer to the Forensic Identification Services (FIS).

Local policing priorities are established annually in consultation with elected officials and staff at the five municipalities and representatives from the First Nations Reserves.

The six key priorities identified for 2021 were Organized Crime and Drug Trafficking, Enhancing Road Safety, Enhancing Relationships with Indigenous Communities, Reducing Property Crimes and Communicating Effectively with their partners.

For more information, please visit <https://www.rcmp-grc.gc.ca/detach/en/d/159>.

Police Services Metrics Comparators	2021	2020	2019	2018	2017
Incidents reported for District of Highlands	340	335	342	409	346

West Shore RCMP Top Five Service Calls Annual Comparison				
2021	2020	2019	2018	2017
Traffic Incident	Traffic Incident	Traffic Incident	Traffic Incident	Traffic Incident
Property	Breach	Breach	Assist Police/Fire/ Ambulance	Assist Police/Fire/ Ambulance
Assist Police/Fire/ Ambulance	Check Wellbeing	Assist Police/Fire/ Ambulance	Property	Property
Theft	Assist Police/Fire/ Ambulance	Check Wellbeing	Theft	Theft
Motor Vehicle Incident	Property	Property	Alarms	Alarms

RECREATIONAL SERVICES AND MUNICIPAL PARKS

MUNICIPAL PARKS

The District of Highlands places a high value on green space, trail systems, and outdoor recreational opportunities. Highlands is committed to preserving large areas of green space, protecting elements of the region's ecosystems, and providing outdoor recreational opportunities for Capital Regional District residents and visitors.

Twinflower Park has a playground, non-regulation size ball field, a bicycle jump park, and horse riding ring.

Eagles Lake Park features a small swimming beach and picnic area that is supplied with fresh sand each summer. There is a cob washroom with a composting toilet and living roof that was built by volunteers.

In addition, Gowlland Tod Provincial Park, Mount Work Regional Park, Thetis Lake Regional Park, and Lone Tree Hill Regional Park are located within the municipality. These parks are managed by BC Parks Services and the Capital Regional District.

RECREATION SERVICES

WEST SHORE PARKS AND RECREATION | 250-478-4384 | WWW.WESTSHORERECREATION.CA

The District of Highlands is a joint owner of the West Shore Parks and Recreation Centre. West Shore Parks and Recreation's mission includes providing diverse and accessible recreational and sport opportunities that offer West Shore residents excellent experiences for healthy lifestyles. They offer a wide variety of services and programs for all ages and abilities. Amenities include exercise facilities, a swimming pool, indoor and outdoor playing fields, ice rinks, numerous sport courts, a golf course, and more. West Shore Parks and Recreation is governed by the West Shore Parks and Recreation Society's Board of Directors comprised of representatives from the joint owner municipalities. Each municipality provides financial support toward the operation of the parks and recreation facilities through an annual tax requisition.

LIBRARY SERVICES

**GREATER VICTORIA PUBLIC LIBRARY JUAN DE FUCA BRANCH
250-940-4875 | WWW.GVPL.CA/BRANCHES-HOURS/JUAN-DE-FUCA-BRANCH/**

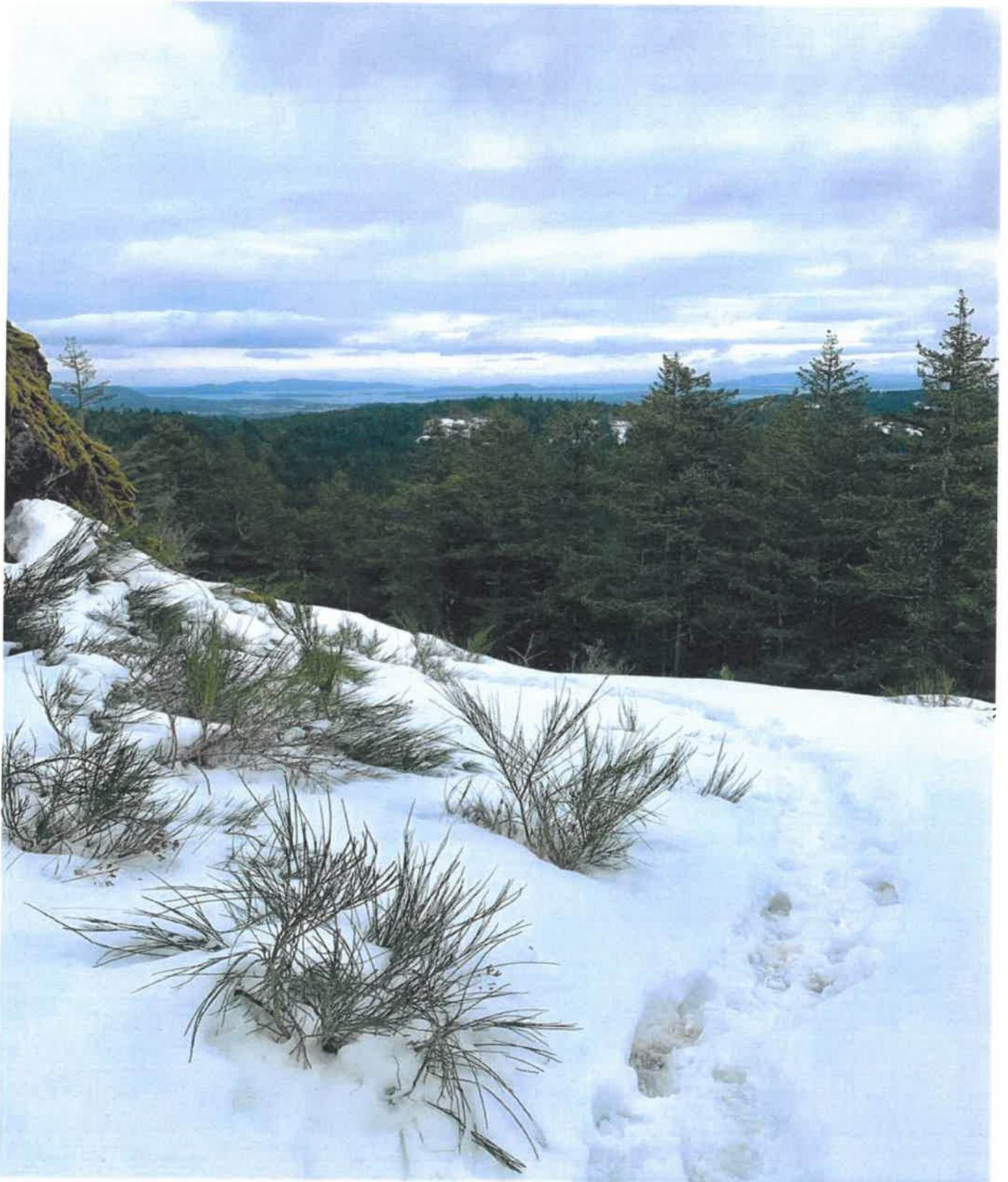
The District of Highlands is also a member of the Greater Victoria Public Library (GVPL) system. Library services are primarily provided to Highlands residents by the Juan De Fuca Branch located at 1759 Island Highway. The District is a co-owner of the Juan de Fuca Branch building in collaboration with the Cities of Colwood and Langford and the District of Metchosin.

The Juan de Fuca Branch is the largest of the three West Shore GVPL branches and offers a variety of general interest programs for all ages.



FINANCIAL STATEMENTS

For the year ended December 31, 2021



Consolidated Financial Statements of

DISTRICT OF HIGHLANDS

Year ended December 31, 2021

DISTRICT OF HIGHLANDS

Consolidated Financial Statements

Year ended December 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the District of Highlands (the "District") are the responsibility of management and have been prepared in compliance with applicable legislation, and in accordance with public sector accounting standards for local governments established by the Chartered Professional Accountants of Canada. 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 District'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 District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.


Chief Administrative Officer - Treasurer



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

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the District of Highlands

Opinion

We have audited the consolidated financial statements of the District of Highlands (the "District"), which comprise:

- the consolidated statement of financial position as at end of December 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2021 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.



District of Highlands

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 2, 2022

DISTRICT OF HIGHLANDS

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 6,484,107	\$ 7,246,016
Accounts receivable (note 2)	176,027	107,765
Taxes receivable	168,629	51,884
Restricted cash	27,706	30,288
	<u>6,856,469</u>	<u>7,435,953</u>
Financial liabilities:		
Accounts payable and accrued liabilities	501,583	1,175,121
Security deposits	65,879	47,162
Accrued payroll expenses	12,748	11,571
Deferred revenue (note 3)	148,888	184,209
Long-term debt (note 4)	376,099	464,542
	<u>1,105,197</u>	<u>1,882,605</u>
Net financial assets	5,751,272	5,553,348
Non-financial assets:		
Tangible capital assets (note 5)	37,552,066	37,492,818
Prepaid expenses	6,946	8,900
	<u>37,559,012</u>	<u>37,501,718</u>
Commitments and contingencies (note 10)		
Accumulated surplus (note 6)	\$ 43,310,284	\$ 43,055,066

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

On behalf of the District:



Chief Administrative Officer - Treasurer

DISTRICT OF HIGHLANDS

Consolidated Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Financial plan (note 11)	2021	2020
Revenue:			
Taxation, net (note 7)	\$ 2,234,700	\$ 2,309,242	\$ 2,151,153
Government transfers (note 8)	967,191	864,275	1,516,302
Sale of services	111,522	170,736	124,937
Other	77,828	75,310	55,057
Licenses, permits and other	38,200	131,104	105,915
Investment income	10,000	11,727	44,429
Donations and amenities	33,800	123,461	22,421
Actuarial adjustment on debt	-	27,559	24,299
	<u>3,473,241</u>	<u>3,713,414</u>	<u>4,044,513</u>
Expenses:			
Transportation services	1,041,300	1,031,307	973,410
General government services	979,078	824,542	829,238
Recreation and cultural services	762,925	712,191	599,270
Protective services	612,034	645,230	528,073
Environmental development services	300,783	244,926	273,056
	<u>3,696,120</u>	<u>3,458,196</u>	<u>3,203,047</u>
Annual surplus (deficit)	(222,879)	255,218	841,466
Accumulated surplus, beginning of year	43,055,066	43,055,066	42,213,600
Accumulated surplus, end of year	<u>\$ 42,832,187</u>	<u>\$ 43,310,284</u>	<u>\$ 43,055,066</u>

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

DISTRICT OF HIGHLANDS

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Financial plan (note 11)	2021	2020
Annual surplus (deficit)	\$ (222,879)	\$ 255,218	\$ 841,466
Acquisition of tangible capital assets	(934,000)	(1,095,750)	(836,144)
Amortization of tangible capital assets	875,800	936,851	913,437
Loss on disposal of tangible capital assets	-	2,930	18,987
Proceeds on disposal of tangible capital assets	-	25,000	17,500
Change in West Shore tangible capital assets	-	71,721	55,868
	(58,200)	(59,248)	169,648
Change in prepaid expenses	-	1,954	819
Change in net financial assets	(281,079)	197,924	1,011,933
Net financial assets, beginning of year	5,553,348	5,553,348	4,541,415
Net financial assets, end of year	\$ 5,272,269	\$ 5,751,272	\$ 5,553,348

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

DISTRICT OF HIGHLANDS

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 255,218	\$ 841,466
Items not involving cash:		
Amortization of tangible capital assets	936,851	913,437
Contributions of tangible capital assets	(110,000)	-
Loss on disposal of tangible capital assets	2,930	18,987
Change in West Shore	71,721	55,868
Actuarial adjustment on debt	(27,559)	(24,299)
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(68,262)	76,071
Taxes receivable	(116,745)	19,922
Restricted cash	2,582	(3,315)
Accounts payable and accrued liabilities	(673,538)	688,785
Accrued payroll expenses	1,177	(2,567)
Security deposits	18,717	(6,771)
Deferred revenue	(35,321)	75,187
Prepaid expenses	1,954	819
	259,725	2,653,590
Capital activities:		
Acquisition of tangible capital assets	(985,750)	(836,144)
Proceeds on disposal of tangible capital assets	25,000	17,500
	(960,750)	(818,644)
Financing activities:		
Debt repaid	(60,884)	(60,885)
	(60,884)	(60,885)
Increase (decrease) in cash and cash equivalents	(761,909)	1,774,061
Cash and cash equivalents, beginning of year	7,246,016	5,471,955
Cash and cash equivalents, end of year	\$ 6,484,107	\$ 7,246,016
Supplemental cash flow information:		
Cash paid for interest	\$ 29,854	\$ 29,655
Cash received from interest	11,727	44,429

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

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements

Year ended December 31, 2021

District of Highlands (the "District") 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 District provides municipal services such as police, fire, public works, engineering, planning, parks, recreation, community development, and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the District are prepared by management in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the combination of all the assets, liabilities, revenues, expenses, and changes in fund balances and in financial position of the District. The consolidated financial statements of the District also include the District's proportionate interest in West Shore Parks and Recreation Society ("West Shore"), a government partnership jointly controlled by the District.

(b) Basis of accounting:

The District 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 without stipulations restricting their use are recognized in the financial statements as revenue in the period in which the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Government transfers with stipulations restricting their use are recognized in the financial statements as revenues in the period in which the eligible expenditures are incurred, providing they are authorized and eligibility criteria are met.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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, thereby extinguishing the related liability.

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) Property tax revenue:

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

(f) 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.

(g) Cash and cash equivalents:

Cash and cash equivalents include investments in the Municipal Finance Authority of British Columbia ("MFA") Money Market Fund which is recorded at cost plus earnings reinvested in the funds.

(h) Long-term debt:

Long-term debt is recorded net of related payments and actuarial earnings.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(i) Employee future benefits:

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

Sick leave and other retirement benefits are also available to the District'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.

(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 costs, 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
Park improvements	15 - 40
Buildings	25 - 40
Vehicles	5 - 25
Engineering structures	20 - 60

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(i) Tangible capital assets (continued):

The District is fortunate to have many natural assets that reduce the need for built infrastructure that would otherwise be required. This includes the Wark-Colquitz aquifer (water storage and filtration), creeks, ditches and forestlands (rain water management) and the foreshore area (natural seawall). Canadian public-sector accounting standards do not allow for the valuation and recording of such assets into the financial statements of the District. As such, these natural assets are not reported in these financial statements. Nevertheless, the District acknowledges the importance of these assets and the need to manage them in conjunction with built infrastructure.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(v) Interest capitalization:

The District 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.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(k) Contaminated sites:

The District records a liability in its financial statements when contamination on non-active property exceeds an accepted environmental standard and the District is directly responsible, or accepts responsibility for, the damage. The liability is measured at the District's best estimate of the costs directly attributable to remediation of the contamination. No contaminated sites liabilities have been recorded in these financial statements.

(l) 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. Estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets and estimating provisions for accrued liabilities including employee future benefits, contaminated sites and contingent liabilities. Actual results could differ from these estimates.

2. Accounts receivable:

	2021	2020
Amenities receivable	\$ 2,999	\$ 3,042
Grants receivable	21,583	11,375
GST receivable	41,435	46,106
Trade receivables	110,010	47,242
	<u>\$ 176,027</u>	<u>\$ 107,765</u>

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

3. Deferred revenue:

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

	2021	2020
Prepaid taxes and other	\$ 91,029	\$ 69,219
West Shore	57,859	114,990
Total deferred revenue	\$ 148,888	\$ 184,209

4. Long-term debt:

- (a) The District issues debt instruments through the MFA, pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. The debt is issued on a sinking fund basis, whereby MFA invests the District's principal payments so that the payments, plus investment income, will equal the original outstanding debt amount at the end of the repayment period. Actuarial earnings on debt represent forgiveness of debt by the MFA using surplus investment income generated by the principal payments. Gross amount of debt and the amount of the principal payments and actuarial earnings are as follows:

MFA issue #	Bylaw #	Purpose	Maturity date	Original issued amount	Principal payments and actuarial earnings	Interest rate	Balance 2021	Balance 2020
West Shore								
81	186	arena	2024	\$ 571,021	\$ 461,707	2.9%	\$ 109,314	\$ 148,317
139	382	Fire hall bay and tender	2026	500,000	233,215	2.1%	266,785	316,225
				\$1,071,021	\$ 694,922		\$ 376,099	\$ 464,542

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Long-term debt (continued):

- (b) Principal payments and estimated actuarial earnings on long-term debt for the next five years are as follows:

	Total
2022	\$ 90,143
2023	93,639
2024	97,280
2025	55,250
2026	39,787

- (c) Interest expense:

Total interest expense on long-term debt during the year was \$26,774 (2020 - \$29,774). West Shore arena interest on debt is reduced by a subsidy from West Shore Parks and Recreation Society.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

5. Tangible capital assets:

	Land	Park improvements	Buildings	Vehicles and equipment	Engineering structures	Assets under construction	Total 2021	Total 2020
Cost:								
Balance, beginning of year	\$ 9,685,876	470,845	5,461,740	2,439,777	37,235,129	275,784	55,569,151	54,892,507
Additions	110,000	(255,344)	197,193	688,041	341,139	14,721	1,095,750	836,144
Disposals, transfers and change in cost share	-	255,344	(99,405)	(244,685)	-	(255,344)	(344,090)	(159,500)
Balance, end of year	9,795,876	470,845	5,559,528	2,883,133	37,576,268	35,161	56,320,811	55,569,151
Accumulated amortization:								
Balance, beginning of year	-	110,834	1,154,728	1,376,162	15,434,609	-	18,076,333	17,230,041
Disposals and change in cost share	-	-	(29,292)	(215,147)	-	-	(244,439)	(67,145)
Amortization	-	9,604	102,257	104,941	720,049	-	936,851	913,437
Balance, end of year	-	120,438	1,227,693	1,265,956	16,154,658	-	18,768,745	18,076,333
Net book value, end of year	\$ 9,795,876	350,407	4,331,835	1,617,177	21,421,610	35,161	37,552,066	37,492,818

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

5. Tangible capital assets (continued):

(a) Assets under construction:

As at December 31, 2021 there was \$35,161 of assets under construction yet to be amortized (2020 - \$275,784). Amortization of assets commences when the assets are available for service.

(b) Contributed tangible capital assets:

There was \$110,000 in contributed assets recognized during the year (2020 - \$nil).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset has been recognized at a nominal value.

(d) Works of art and historical treasures:

The District manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at District sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

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

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

6. Accumulated surplus:

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

	2021	2020
Surplus:		
Equity in tangible capital assets	\$ 37,175,967	\$ 37,028,276
Operating	1,600,812	1,466,666
	<u>38,776,779</u>	<u>38,494,942</u>
Reserve funds set aside for specific purposes by Council:		
Fire capital works and equipment	756,441	863,057
Park acquisition/development	22,313	19,284
Roads reserve	1,219,408	1,140,502
General reserve for future expenditures	311,396	296,188
Land sales	110	110
Capital works	210,105	185,083
West Shore reserves	48,970	48,970
Library major asset maintenance	12,277	15,118
Gas Tax Agreement funds	303,301	322,339
Community hall	153,311	146,089
Snow reserve	123,038	122,850
Financial stability reserve	391,704	383,118
Bridge replacement reserve	44,303	39,243
Groundwater and drainage reserve	101,403	85,272
Heritage structure reserve	58,370	25,331
West Shore Recreation	16,160	16,135
Park facilities replacement	92,652	72,541
COVID-19 Restart Grant	668,243	778,894
	<u>4,533,505</u>	<u>4,560,124</u>
	<u>\$ 43,310,284</u>	<u>\$ 43,055,066</u>

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Taxation:

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

	2021	2020
General tax levy	\$ 4,434,855	\$ 4,101,011
1% utility taxes	38,038	36,715
	4,472,893	4,137,726
Less taxes levied for other authorities:		
School authorities	1,349,894	1,207,114
Police tax	185,486	176,399
Capital Regional District	244,871	232,607
Capital Regional Hospital District	163,919	163,696
BC Assessment Authority	37,418	35,737
BC Transit	181,882	170,852
Municipal Finance Authority	181	168
	2,163,651	1,986,573
	\$ 2,309,242	\$ 2,151,153

8. Government transfers:

The District recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The government transfers reported on the consolidated statement of operations are:

	2021	2020
Small communities and equalization payments	\$ 388,000	\$ 397,528
Federal Gas Tax Agreement	304,631	148,824
COVID-19 Restart Grant	-	897,000
Other	177,164	72,950
	\$ 869,795	\$ 1,516,302

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

9. Pension plan:

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$57,160 (2020 - \$52,144) for employer contributions while employees contributed \$50,490 (2020 - \$45,844) to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

10. Commitments and contingencies:

- (a) The Capital Regional District ("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 District.
- (b) The District is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated which 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.
- (c) Under borrowing arrangements with the 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 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 District's financial assets as other assets 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 District. At December 31, 2021 there were contingent demand notes of \$38,858 (2020 - \$38,858) which are not included in the financial statements of the District.
- (d) The District is self-insured through membership in the Municipal Insurance Association of British Columbia. Under this program, member municipalities are to share jointly for general liability claims against any member in excess of \$5,000. Should the Association pay out claims in excess of premiums received, it is possible that the District, along with the other participants, would be required to contribute towards the deficit.
- (e) The District entered into a contract with Victoria Contracting and Municipal Maintenance Corporation in relation to the Highway Maintenance contract. The agreement is from October 1, 2019 to March 31, 2024 for a total commitment of \$157,000 per annum.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

11. Financial plan data:

The financial plan data presented in these consolidated financial statements is based upon the 2021 operating and capital budgets approved by Council on May 10, 2021, adjusted to reflect the West Shore proportionately consolidated budgeted revenues and expenses. The chart below reconciles the approved financial plan to the financial plan figures reported in these consolidated financial statements.

	Financial plan amount
Revenues:	
Financial plan, as approved by Council	\$ 3,197,900
West Shore	275,341
	<u>3,473,241</u>
Expenses:	
Financial plan, as approved by Council	3,422,600
West Shore	273,520
	<u>3,696,120</u>
Annual deficit	\$ (222,879)

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 partners (the "Municipalities") in 2002: City of Langford, City of Colwood, District of Highlands, District of Metchosin, Town of View Royal and the CRD (on behalf of a portion of the Juan de Fuca Electoral Area). Effective January 1, 2018, the Juan de Fuca Electoral Area withdrew as a member of the Society.

The lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the Co-Owners' Agreement. Future improvements are allocated among the partners as per the cost sharing formula in effect each year for each service or facility, as outlined in a Members' Agreement. For 2021, the District's share of improvements purchased by West Shore on its behalf are \$184,604 (2020 - \$53,521).

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 2021, there was a decrease to the District's cost share of \$70,113 (2020 - \$54,536).

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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

(a) Capital asset transfer (continued):

The participating Municipalities have each become members in West Shore, which was incorporated to provide parks, recreation and community services to the Municipalities under contract. Under terms of an Operating, Maintenance and Management Agreement, West Shore is responsible to equip, maintain, manage and operate the facilities located at the recreation centre.

Financial results and financial plan for West Shore are consolidated into the District's financial statements proportionately, based on the cost sharing formula outlined in the Members' Agreement. In 2021, the District's proportion for consolidation purposes was 3.36% (2020 - 3.52%).

(b) Condensed financial information for West Shore:

	2021	2020
Financial assets	\$ 4,128,433	\$ 4,767,787
Financial liabilities	2,755,185	4,211,496
Net financial assets	1,373,248	556,291
Non-financial assets	1,112,757	1,042,698
Accumulated surplus	\$ 2,486,005	\$ 1,598,989
Revenues	\$ 11,161,071	\$ 4,439,706
Requisition for members	5,268,638	5,071,039
	16,429,709	9,510,745
Expenses	10,274,055	5,266,407
Requisition for members	5,268,638	5,071,039
	15,542,693	10,337,446
Annual surplus (deficit)	\$ 887,016	\$ (826,701)

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

13. Segmented information:

The District is a diversified municipal organization that provides a wide range of services to its citizens. District services are provided by departments and their activities reported separately. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General government:

The General Government function is comprised of Legislative Services (Council and Committees) and General Administration, which includes Financial Management, Common Services and other administrative activities related to the management of the District. This segment also includes any other functions categorized as non-departmental.

(b) Protective services:

The Protective Services are comprised of three core services: Emergency Program, Fire Protection, Building and Bylaw Enforcement.

Emergency Program captures the District's emergency preparedness programs that ensure the District is prepared and capable to respond to the devastating effects of a disaster or major catastrophic event.

Fire Protection Services are carried out by the District's Fire Department, whose mandate is to provide critical lifesaving services in preventing or minimizing the loss of life and property from fire and natural and man-made emergencies.

Building and Bylaw Enforcement promotes, facilitates and enforces general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community.

(c) Transportation services:

Transportation services is responsible for transportation functions including roads and streets.

As well, services are provided around infrastructure, transportation planning, pedestrian and cycling issues and on-street parking regulations, including street signs and painting.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

13. Segmented Information (continued):

(d) Environmental and development services:

Environmental development services works to achieve the District's community planning goals through the official community plan and other policy initiatives. Planning provides a full range of planning services related to zoning, development permits, variance permits and current regulatory issues.

(e) Recreation and cultural services:

Recreation and cultural services is responsible for the maintenance and development of all park facilities. Recreation services facilitate the provision of recreation and wellness programs and services through West Shore.

The accounting policies used in these segments is consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. The following table provides additional financial information for the foregoing segments.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

13. Segmented information (continued):

2021	Environmental and Recreation and cultural services					Total
	General Government Services	Protective Services	Transportation Services	Development services	Recreation and cultural services	
Revenue:						
Taxation	\$ 540,780	\$ 633,070	\$ 681,911	\$ 161,827	\$ 291,654	\$ 2,309,242
Government transfers	125,180	-	473,437	37,460	228,198	864,275
Sale of services	5,573	-	-	-	165,163	170,736
Licenses permits and other	10,168	107,263	35	13,638	-	131,104
Investment income	5,289	1,779	3,934	238	487	11,727
Donations and amenities	-	-	13,461	-	110,000	123,461
Other	39,269	27,559	-	-	36,041	102,869
Total revenue	726,259	769,671	1,172,778	213,163	831,543	3,713,414
Expenses:						
Contracted and general services	171,576	222,525	245,467	96,665	590,617	1,326,850
Wages and employee benefits	499,539	191,738	6,448	148,078	-	845,803
Materials, supplies and utilities	38,626	104,957	59,342	-	10,871	213,796
Council expenses	83,882	-	-	-	-	83,882
Grants	21,160	-	-	-	-	21,160
Interest	3,080	-	-	-	26,774	29,854
Amortization	6,679	126,010	720,050	183	83,929	936,851
Total expenses	824,542	645,230	1,031,307	244,926	712,191	3,458,196
Annual surplus (deficit)	\$ (98,283)	\$ 124,441	\$ 141,471	\$ (31,763)	\$ 119,352	\$ 255,218

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

13. Segmented information (continued):

2020	Environmental and Recreation and cultural services					Total
	General Government Services	Protective Services	Transportation Services	Development services	Recreation and cultural services	
Revenue:						
Taxation	\$ 515,831	\$ 595,755	\$ 636,670	\$ 178,476	\$ 224,421	\$ 2,151,153
Government transfers	429,316	19,125	706,962	148,542	212,357	1,516,302
Sale of services	5,526	-	-	-	119,411	124,937
Licenses, permits and other	10,799	78,373	3,321	13,422	-	105,915
Investment income	14,990	10,004	17,937	111	1,387	44,429
Donations and amenities	-	-	22,421	-	-	22,421
Other	14,045	24,299	-	-	41,012	79,356
Total revenue	990,507	727,556	1,387,311	340,551	598,588	4,044,513
Expenses:						
Contracted and general services	198,228	151,436	203,293	128,185	473,762	1,154,904
Wages and employee benefits	459,761	188,771	4,270	144,688	-	797,490
Materials, supplies and utilities	50,004	68,741	64,313	-	12,911	195,969
Council expenses	91,112	-	-	-	-	91,112
Grants	20,480	-	-	-	-	20,480
Interest	2,881	-	-	-	26,774	29,655
Amortization	6,772	119,125	701,534	183	85,823	913,437
Total expenses	829,238	528,073	973,410	273,056	599,270	3,203,047
Annual surplus (deficit)	\$ 161,269	\$ 199,483	\$ 413,901	\$ 67,495	\$ (682)	\$ 841,466

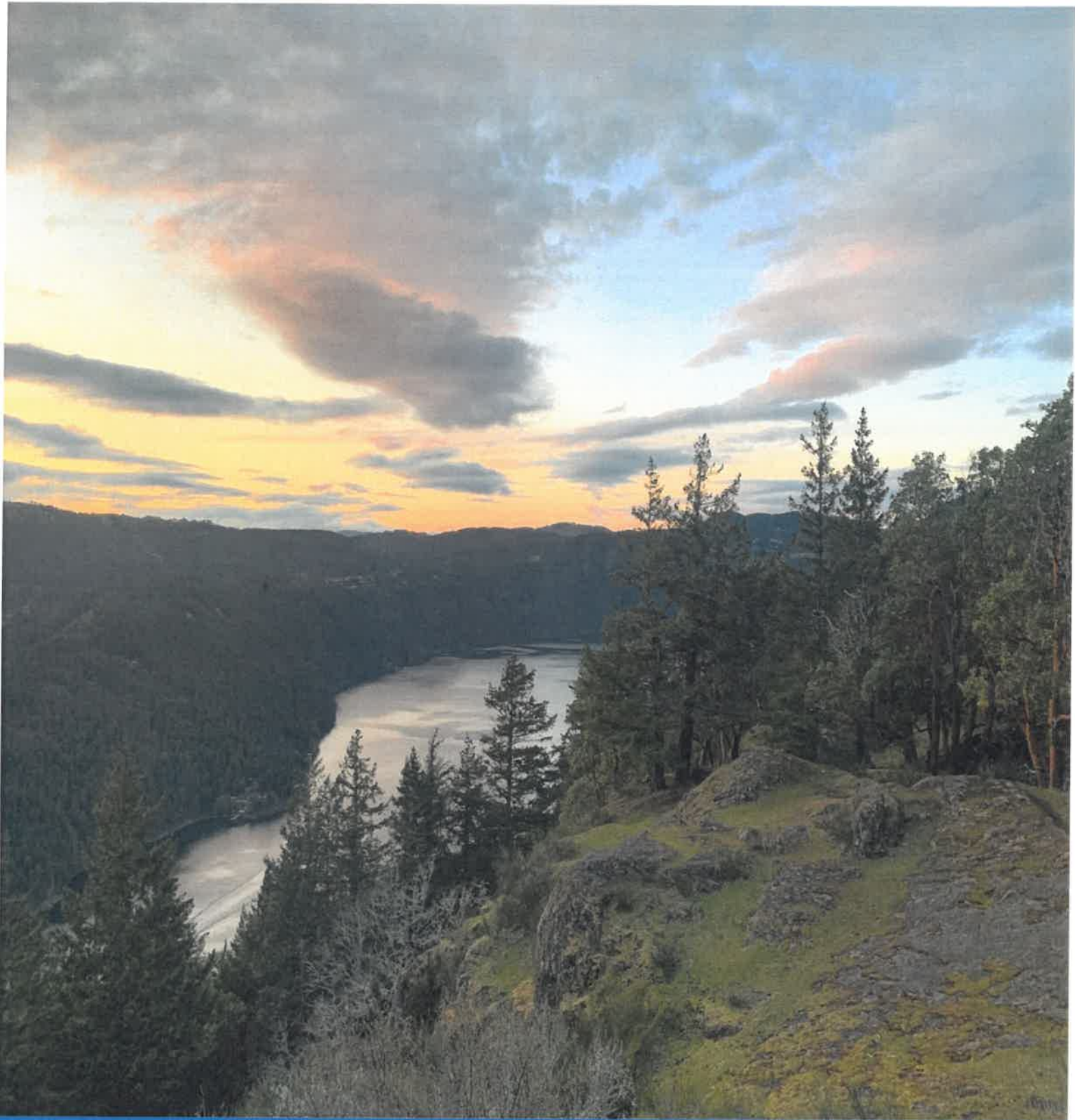
DISTRICT OF HIGHLANDS

COVID-19 Safe Restart Grant Schedule

Year ended December 31, 2021
(Unaudited)

On November 19, 2020, the District received a COVID-19 Safe Restart Grant from the Province of British Columbia to help address the fiscal impacts of COVID-19. The grant was recognized as revenue when received and transferred to an operating reserve to fund future eligible expenditures.

	2021	2020
COVID-19 Safe Restart Grant, beginning of year	\$ 778,904	\$ -
COVID-19 Safe Restart Grant received	-	897,000
Eligible costs incurred:		
Revenue shortfalls	(28,080)	(28,540)
COVID-19 related costs	(83,796)	(89,556)
Interest allocation	1,215	-
COVID-19 Safe Restart Grant, end of year	\$ 668,243	\$ 778,904



The 2021 Annual Report is available at www.highlands.ca.
Printed copies are available by request.
Questions and comments may be submitted by telephone at 250-474-1773
or by email to info@highlands.ca.





**District of Highlands
Statement of Financial Information
For the Year Ended December 31, 2021
(Unaudited)**

DISTRICT OF HIGHLANDS

Statement of Financial Information Approval
Year ended December 31, 2021

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.

Loranne Hilton
Treasurer
June 21, 2022

Ken Williams
Mayor on behalf of Council
June 21, 2022

Prepared pursuant to the Financial Information Regulations, Schedule 1, section 9

DISTRICT OF HIGHLANDS

Management Report

Year ended December 31, 2021

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

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

The District's auditors, KPMG LLP, 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 statements required by the Act. Their examination includes a review and evaluation of the District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The auditors have full and free access to the Council and meet on an annual basis.

On behalf of the District of Highlands,

Loranne Hilton
Treasurer
June 21, 2022

DISTRICT OF HIGHLANDS

Statement of Remuneration and Expenses (Unaudited) Year ended December 31, 2021

Elected Officials		Remuneration	Expenses**
Williams, Ken	Mayor	\$ 16,163	\$ 1,399
Anderson, Leslie	Councillor	9,697	-
Baird, Ann	Councillor	9,697	-
Baird, Gord	Councillor	9,697	257
McLean, Marcie	Councillor	9,697	574
Roessingh, Karel	Councillor	9,697	118
Stanton, Rose	Councillor	9,697	99
		\$ 74,345	\$ 2,447

Employees		Remuneration	Expenses**
Beckett, Laura	Planner	\$ 98,435	\$ 648
Hilton, Lorraine	Chief Administrative Officer	142,430	1,647
Leek, Chris	Building Official	116,913	1,079
Position filled by x3	Corporate Officer	105,859	6,026
	Other Employees (under \$75,000)	197,608	-
		\$ 661,245	\$ 9,400

Reconciliation of Remuneration			
1. Elected Officials		\$	74,345
2. Employees			661,245
3. Receiver General for Canada (Employer portion CPP & EI)			34,006
4. Reconciling Items*		\$	160,089
Total per Note 13 to the Audited Financial Statements		\$	929,685

*** Reconciling Items:**

Benefits paid on behalf of employees that are neither taxable to the employee nor paid directly to the employee are excluded from remuneration and expenses. Examples would be the employer's portion of contributions to registered pension and superannuation plans, extended health and dental plans. These payment types would be included in the Schedule of Payments to Suppliers of Good and Services.

****Expenses reduced significantly for both Elected Officials & Employees due to COVID-19 Travel Restrictions.**

Prepared under the Financial Information Regulation, Schedule 1, section 6(2), (3), (4), (5) and (6)

DISTRICT OF HIGHLANDS

Schedule of Payments to Suppliers for Goods and Services (Unaudited)

Year Ended December 31, 2021

Supplier Name	Aggregate amount paid to supplier
BAREFOOT PLANNING LTD	50,047
BC ASSESSMENT	37,945
BC TRANSIT	186,805
BRYDGES, BRIAN ROAD CONSULTING	28,385
C.R.E.S.T.	46,300
CAPITAL CITY PAVING LTD	204,747
CAPITAL REGIONAL DISTRICT	352,518
CAPITAL REGIONAL HOSPITAL DISTRICT	167,607
DON MANN EXCAVATING LTD	135,604
FORT GARRY FIRE TRUCKS LTD	426,982
GREATER VICTORIA PUBLIC LIBRARY	126,422
MINISTRY OF FINANCE & CORPORATE RELATIONS	1,669,249
MUNICIPAL PENSION PLAN	111,490
OK INDUSTRIES LTD	151,186
PACIFIC BLUE CROSS	38,386
RECEIVER GENERAL FOR CANADA	212,168
ROCKY MOUNTAIN PHOENIX	41,753
VICTORIA CONTRACTING & MUNICIPAL MAINTENANCE CORP	252,499
WESTSHORE PARKS & RECREATION SOCIETY	224,764
WESTLAND INSURANCE	35,372
YOUNG ANDERSON	196,896
Total of aggregate payments exceeding \$25,000	4,697,125
Consolidated total of payments of \$25,000 or less	597,405
Total grants of \$25,000 or less	-
Total Disbursements	5,294,530
Per Note 13 of the Financial Statements - Expenditure by Object	3,458,196
Variance*	\$ 1,836,334

*** The variance occurs for the following reasons:**

- the financial statements are prepared on an accrual basis and this report is on a cash basis
- GST is included in payments to suppliers but is not included in the financial statement total
- payments are included in this report for transfers to other governments which are not included as expenditures in the financial statements

Prepared under the Financial Information Regulation, Schedule 1, section 7 and the Financial Information Act, section 2

DISTRICT OF HIGHLANDS

Schedule of Guarantee and Indemnity Agreements

Year ended December 31, 2021

The District of Highlands has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Loranne Hilton
Treasurer
June 21, 2022

Prepared under the Financial Information Regulation, Schedule 1, section 5

DISTRICT OF HIGHLANDS

Statement of Severance Agreements
Year ended December 31, 2021

There were no severance agreements made between District of Highlands and its non-unionized employees during fiscal year 2021

Loranne Hilton
Treasurer
June 21, 2022

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(8)