



DISTRICT OF HIGHLANDS

2022 ANNUAL REPORT

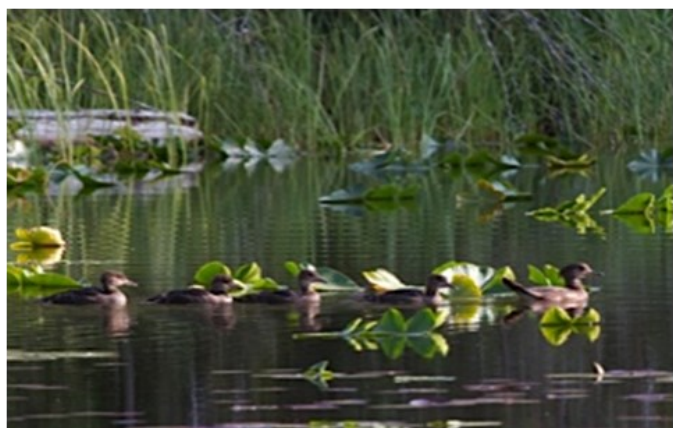
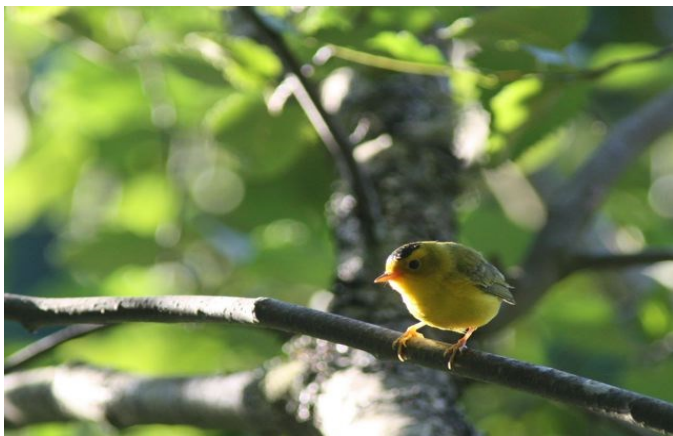
For the Year Ended December 31, 2022



We acknowledge that we are gathered in the traditional territories of the Lək'wəḡən, 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.”
Based on the Community Charter sec.7 Municipal Purposes*



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 2,482*	Average Citizen Age 43.2 years*
Total Land Area 3,745 Ha	Total Park Space 1,525 Ha	Roads 46 km
Heritage Registry 5 Structures 3 Natural Areas 1 Road	Total 2022 Building Permit Revenue \$19,472	Total 2022 Construction Values \$810,350

* Statistics from 2021 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: Fire Non-Emergency: Police Non-Emergency: Parks & Recreation:	250-474-1773 250-920-6970 250-474-2264 250-478-8384
Email	General: Staff Directory:	info@highlands.ca 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

COMMUNITY EVENTS



2022 Highlands District Community Association Highlands Fling (above)



2022 Highlands District Community Association Highlands Fling (above)



2022 Highlands Fire Department Santa Run



2022 Poppy Flag Raising Ceremony

MAYOR'S MESSAGE

Mayor Ken Williams



Mayor Ken Williams is serving his third 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
Integrated Police Unit Regional Governance Committee
First Nations Relations Committee
Municipal Insurance Association Representative

On behalf of Council, I am pleased to present the 2022 Annual Report for the District of Highlands. The report contains valuable information related to the District's operations. This includes the 2022 financial statements, as well as highlights and accomplishments.

I would like to begin by acknowledging that the land on which we live is within the traditional territories of the SENCOTEN speaking W̱SÁNEĆ Nations (W̱JOŁŁP (Tsartlip), BO̱KÉĆEN (Pauquachin), S̱ÁUTW̱ (Tsawout) W̱SIKEM (Tseycum)) The Lək̓ʷəŋən speaking (Songhees) and Xwsepsum (Esquimalt) Nations and the Hul'qumi'num speaking M̱ÁLEXEŁ (Malahat) Nation.

HÍSW̱ḴE

I am honoured once again to serve as your Mayor for the next four years and I congratulate Council members on their success in the 2022 election. I look forward to working with each of them throughout this term. This is an incredibly talented team, and together we will make careful decisions that focus on the community vision. Our residents have granted us a great privilege and I know that we all take this responsibility very seriously.

Highlands is one of the most peaceful, stable and respectful communities in the Capital Region and for that I am most grateful. This Council will now be tasked to continue on that legacy and work to create an even stronger and more resilient rural Highlands.

Highlands is a special place, and I am enormously proud of, and wish to thank, our volunteers that contribute so much to our community. Highlands Firefighters and Emergency Services volunteers, Highlands Select Committee members, Highlands Heritage Park Society and Highlands District Community Association are important to our success. Thank you to all those that help take care of our parks and roads and help their neighbours in time of need, and to those who organize our well established community events. Your involvement is much appreciated.

Kudos to our staff who demonstrate a level of professionalism that is the envy of those around us. They have so often gone beyond the call of duty and generously invested their time in our community.

In 2022, we continued to make progress on the priorities our community cares about by building resilience in a changing climate, ensuring groundwater protection and continuing our emergency planning and asset management. We set in motion progress on a secondary accommodation policy and worked towards a South Highlands Local Area Plan. We will strive to create strategies that are achievable, affordable, and effective.

We will do our work in the most open and transparent way possible. It is easier for residents to get involved with our continued electronic access to public meetings. This is a team that will continue to build good community partnerships throughout the region, especially with our First Nations' neighbours. My goal will be to assure the continuity of fairness, respect and even-handedness that Highlanders have come to appreciate. My door is always open.

Together as a Council, and with the ongoing and meaningful engagement of our residents, I am confident we will continue to make significant gains that benefit everyone in our community.


Mayor Ken Williams

HIGHLANDS COUNCIL 2022 - 2026



Left to Right: Councillor Rose Stanton, Councillor Marcie McLean, Mayor Ken Williams, Councillor Karel Roessingh, Councillor Leslie Anderson, Mayor Gord Baird, Councillor Ann Baird (photo from 2022)

Highlands Council consists of a Mayor and six Councillors who are elected to four year terms. The current municipal Council was elected October 15, 2022 and sworn in at the Inaugural Council Meeting held November 7, 2022. General local elections are held every four years. The next election is scheduled to be held October 17, 2026.

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 third term as Councillor. She was elected to Council in 2014.

Appointments:

Capital Region Emergency Service Telecommunications (Alternate)
Highlands Heritage Select Committee
Highlands Sustainable Land Use Select Committee (Alternate)
Inter-Municipal Advisory Committee on Disability Issues (Alternate)
Te'mexw Treaty Advisory Committee
West Shore Parks and Recreation Society Board

Councillor Ann Baird



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

Appointments:

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

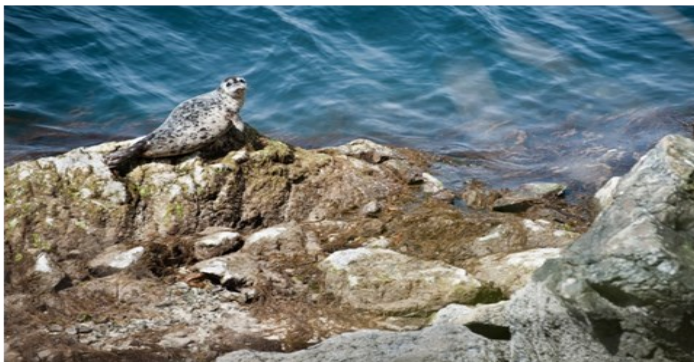
Councillor Gord Baird



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

Appointments:

Capital Regional District Regional Water Supply Commission (Chair)
Capital Regional District Juan de Fuca Water Distribution Commission (Chair)
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 fifth term as Councillor. She was elected to Council in 2008.

Appointments:

Co-existing with Carnivores Alliance
Victoria Family Court and Youth Justice Committee
Municipal Insurance Association (Alternate)

Councillor Karel Roessingh



Councillor Roessingh is serving his eighth term. He was first elected to Council in 1993 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, 2022-2026).

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 second term as Councillor. She was elected to Council in 2018.

Appointments:

Co-existing with Carnivores Alliance (Alternate)
Highlands Emergency Planning Committee, Chair
Highlands Social Sustainability Select Committee
Inter-Municipal Advisory Committee on Disability Issues
Victoria Family Court and Youth Justice Committee (Alternate)
Western Communities Policing Advisory Committee (Alternate)
West Shore Parks and Recreation Society (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 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.

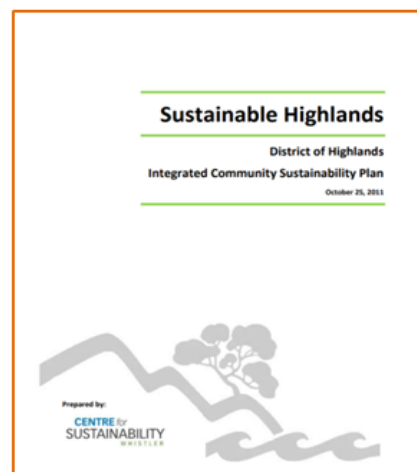
**Strategic Plan
2019—2022**



**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 2018-2022 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 2022, the South Highlands Local Area Plan project made significant headway. Council continued working toward consideration of the Secondary Suites Policy, and adopted a bylaw implementing the BC Step Code.

The table below represents the timeline for Council's identified priorities in 2022 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 (Includes 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

Timeline Revised January, 2022

STRATEGIC PLAN ACCOMPLISHMENTS & ACTIVITIES

Council Priorities Initiated or Completed in 2022

Responding to the Climate Emergency	Emergency Planning	Protecting Water Resources & the Environment	Protecting & Enhancing Rural Values	Protecting Public Health & Safety
<ul style="list-style-type: none"> Step Code Implementation (Bylaw) finalization) 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 	

Planned Council Priorities in 2023

Council identified the following five overarching interconnected goals for the 2023-2026 Strategic Plan that will guide the work of the organization for the upcoming term:

- ♦ Climate Emergency, Adaptation & Mitigation
- ♦ Emergency Preparedness, Resiliency & Recovery
- ♦ Water Resources & Environmental Protection
- ♦ Rural Values, Protection & Enhancement
- ♦ Community Well-Being

Below are the planned Council priorities for 2023:

Climate Emergency, Adaptation & Mitigation	Emergency Preparedness, Resiliency & Recovery	Water Resources & Environmental Protection	Rural Values, Protection & Enhancement	Community Well Being
<ul style="list-style-type: none"> Secondary Suite Policy (Bylaw finalization) 	<ul style="list-style-type: none"> Emergency Program Strategic Plan Implementation 	<ul style="list-style-type: none"> Tree Bylaw Review 	<ul style="list-style-type: none"> South Highlands Local Area Plan (finalization) Community Hall Landscaping: Pergola (finalization) 	<ul style="list-style-type: none"> Organizational Structure and Capacity 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

Sally Gose

Bob McMinn

Allen Dobb

Paul Henry

South Highlands Local Area Plan Task Force

Lexie LeGrande-Biegun

Bob McMinn

Mel Sangha

Regine Klein

Scott Richardson

Kim Vincent

Rick Lester

Terri Wood

Sustainable Land Use Select Committee

Ingo Lambrecht

Bob McMinn

Ellie Rayner

Sophia Cuthbert

Cathy Reader

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 Park and Recreation Society

Highland Heritage Park Society

Highland Stewardship Foundation

OPERATIONAL HIGHLIGHTS



Council Meetings Resumed In-Person



Council following the 2022 General Local Election



2022 Emergency Culvert Work



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

In 2022, Council resumed meeting in-person following Provincial Health Orders being lifted that had required local governments to meet electronically during the Covid-19 pandemic.

Committee of the Whole and Select Committee meetings were held as needed.

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

	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/ TOPICS THAT MIGHT FALL IN 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
PARTICIPANT'S 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

2022 Engagement Activities Undertaken	
Community Boards	Newsletters
COTW & Council	Financial Plan
COTW	Secondary Suites and South Highlands Local Area Plan (SHLAP)
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

2023 Planned Engagement Activities	
Community Boards	Newsletters and other information as required
COTW & Council	Financial Plan
COTW	Secondary Suites and South Highlands Local Area Plan (SHLAP)
COTW	BC Step Code
COTW	Mount Work Regional Park Planning (CRD)
Council	Annual Report
Council	Bukin Road Closure
SHLAP	Finalization of process and begin OCP Amendment stage
Website	Climate Rebates and Incentives

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. 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 2022 Accomplishments

Advanced the Pavement Management Plan*

Continued integration of Asset Management Plan into operations

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

Highlights of 2023 Planned Initiatives

Continue culvert replacement and focus on culvert maintenance

Continue pavement management and shouldering

Continue ongoing road, facility, parks, and vehicle/equipment maintenance.

Asset Management Comparators* (District-owned assets)	2022	2021	2020	2019	2018
Replacement cost	\$280 M	\$280 M	\$210 M	\$204 M	\$193 M
Average replacement cost/year	\$879,000	\$879,000	\$742,000	\$713,000	\$692,000
% funded currently by District	75%	75%	54%	50%	50%
Tax levy for asset management	1%	1%	1%	1%	1%

* It is anticipated that the replacement costs within the Asset Management Plan will be updated every 2-4 years.



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

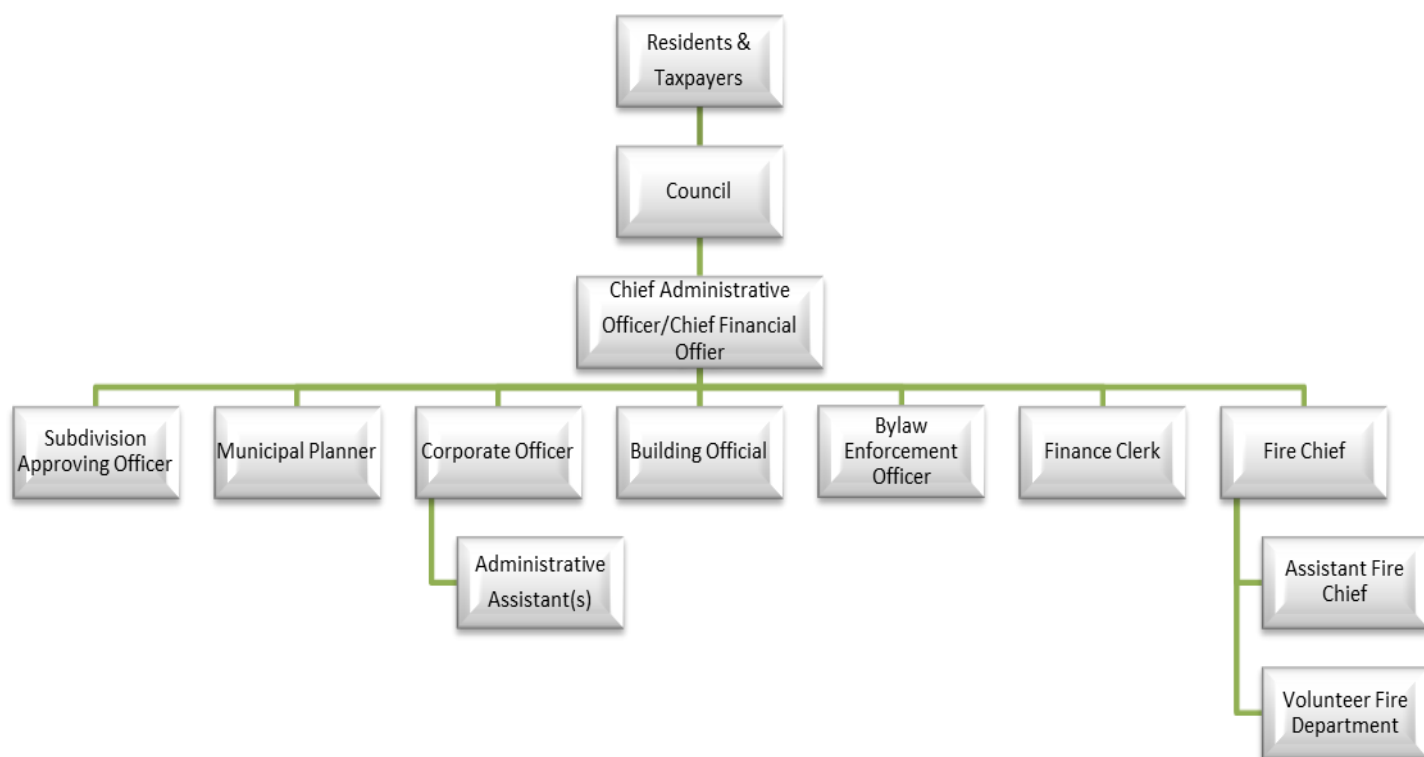
Asset Group	2022 Rating	2021 Rating	2020 Rating	Comments
Land	B	B	B	Good condition. No funding needed. Replacement not anticipated.
Groundwater Aquifer	B	B	B	Reasonable natural condition based on Golder Assessment. No funding needed.
Roads	C	C	C	Reasonable condition. Funding adequate.
Drainage	C	C	-	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.



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

Loranne Hilton

Contact: lhilton@highlands.ca

250-474-1773

I am pleased to present the 2022 District of Highlands Annual Report. Each year, this report provides an opportunity to highlight achievements of the District, set out objectives for future initiatives, and provide transparency in relation to the District's finances and long-term financial outlook.

The year 2022 saw a return to our usual processes as COVID-19 restrictions were lifted, and Council, staff and the community settled back into in person Council meetings, while still accommodating on-line participation.



Staff remained committed to providing services to the community, carrying out Council directives, and assisting Council to progress its Strategic Priorities. In particular, progress was made on the South Highlands Local Area Plan and the Secondary Suites/Accessory Dwelling Units policy framework, and the BC Energy Step Code was adopted.

We also remained focused on the District's Asset Management Strategy, updating Council's asset management and reserves & surplus policies and undertaking culvert/roadside ditch maintenance, culvert replacements and road paving. Important maintenance of the District's assets was also carried out.

The year ended with a General Local Election, which saw the Inauguration of the District's 10th Municipal Council.

It is a privilege to serve the Highlands community with dedicated and professional District staff, under the leadership of a committed Council.

Loranne Hilton,
Chief Administrative Officer

A handwritten signature in blue ink that reads "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 2022 Accomplishments

Initiated development of electronic meeting management software
Responded to Provincial Health Orders related to the COVID-19 pandemic
Facilitated 2022 General Local Election
Prepared statutorily required bylaws and reporting

Highlights of Initiatives Planned in 2023

Implementation of electronic meeting management software
Work with partnering municipalities on creation of an Accessibility Advisory Committee
Review Code of Ethics Policy
Develop Privacy Management Program
Prepare statutorily required bylaws and reporting

Administration Comparators	2022	2021	2020	2019	2018
Agendas and Minutes Prepared*	41	41	36	51	48
Bylaws Adopted	4	7	9	7	15
Community Hall Rentals	45	0**	4**	20	23
Complaints Processed***	131	155	178	128	-
Council Resolutions	260	278	339	367	349
FOI Requests Received and Processed	5	3	4	0	2
Policies Amended or Developed	2	1	1	1	3
Public Occupancy Agreements Issued	4	4	6	5	5

* 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.
- Monitoring the winter phone for road safety calls.

Highlights of 2022 Accomplishments

Finalized Building Bylaw amendments to allow for implementation of Step Code

Installed acoustic panels at the Community Hall

Explored secondary suites options

Continued culvert replacement and maintenance and paving management

Installed generator at District Office

Implemented Facilities Management Plan and Maintenance Program

Highlights of Initiatives Planned in 2023

Finalize Installation of pergola at the Community Hall

Continue Facilities Management and Maintenance Program

Potential secondary suites bylaw implementation

Initiate Tree Bylaw Review

Continue Pavement Management Plan, Shoulder/Ditch maintenance, and Bridge maintenance and replacement

Building Comparators	2022	2021	2020	2019	2018
Annual Construction Value	\$810,350	\$4,088,246	\$1,752,650	\$1,008,995	\$1,604,095
Annual Permit Value	\$19,472	\$86,550	\$37,685	\$23,715	\$49,001
Blasting Permits	5	17	10	7	6
Building Permits	18	43	34	19	40
Bylaw Enforcement Complaints	131	155	178	128	186
Soil Deposit/Removal Permits	4	13	6	4	4
Tree Cutting Permits	7	32	15	23	11

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 Municipal Pension Plan, Receiver General, WorkSafe BC, and Employer Health Tax.
- Transferring taxes collected on behalf of other taxing authorities.

Highlights of 2022 Accomplishments

Information Technology Strategy Implementation

Tangible Capital Asset Policy Review

Asset Management related policy updates

Highlights of Initiatives Planned in 2023

Organizational Structure & Capacity Review

Continue IT Strategy Implementation

Bring forward allocation recommendations for provincial grants

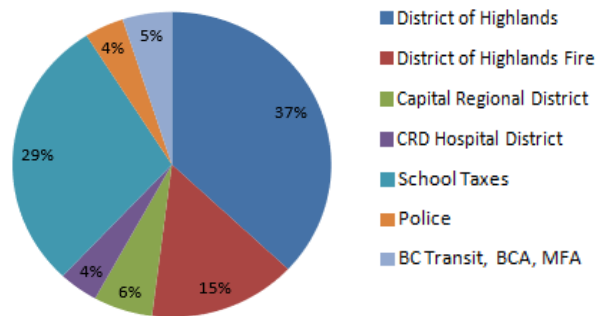
Update Development Application Fees Bylaw

2022 Finance Statistics

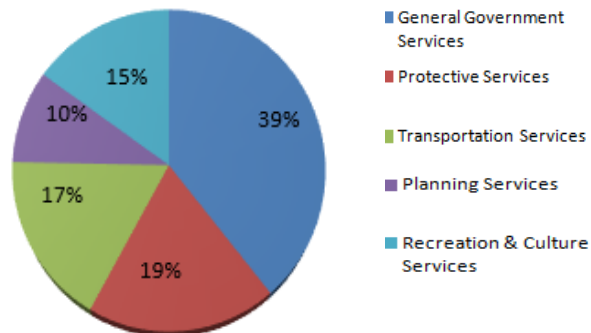
Accounts Payable	214
Bank Reconciliations	12
Municipal Pension Plan Reconciliations/Payments	25
Payroll Accruals/Benefits Reconciliation	25
Payrolls Processed	26
Property Tax Notices Levied	932
Receiver General Reconciliation/Payments	12
WorkSafe BC and Employer Health Tax Reconciliation/Payments	6

PROPERTY TAX OVERVIEW

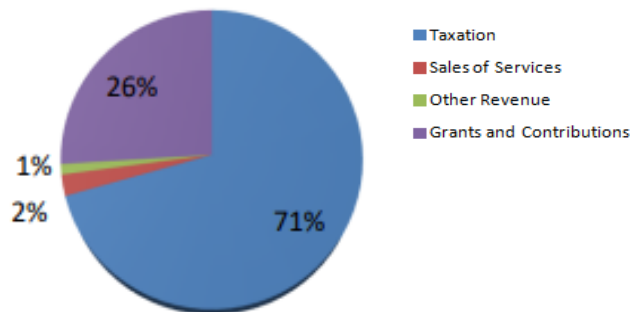
WHERE YOUR TAX DOLLARS GO



PLANNED OPERATING EXPENSES



PLANNED OPERATING REVENUES



The following example illustrates the property taxes collected in 2022 based on the average residential assessment. Taxes collected on behalf of other public agencies are also included.

Average Residential Assessment: \$1,203,373.	
Municipal Taxes	
General	\$1,379
Asset Management	\$143
Specified Area Fire Protection	\$582
Total Highlands Taxes:	\$2,104
Other Taxing Agencies	
School	\$1,390
Capital Regional District	\$279
Regional Hospital	\$166
Regional Transit, BCA, MFA	\$237
Police Services	\$197
Total Taxes Collected for Other Agencies:	\$2,269

FINANCIAL PLAN OVERVIEW

District of Highlands	Consolidated Five Year Financial Plan				
	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Operating Revenues					
Taxation	2,398,800	2,588,200	2,668,100	2,720,200	2,822,000
Sales of Services	77,900	71,600	73,700	73,800	73,900
Other Revenue	38,500	38,500	38,500	38,500	43,500
Grants and Contributions	883,100	671,800	638,500	609,500	596,500
Total Operating Revenues	3,398,300	3,370,100	3,418,800	3,442,000	3,535,900
Operating Expenses					
General Government Services	1,084,000	991,000	1,005,400	995,900	1,033,100
Protective Services	527,100	524,900	500,400	509,200	514,700
Transportation Services	476,000	318,700	318,500	326,900	340,500
Planning Services	261,600	270,600	274,200	253,400	257,300
Recreation and Cultural Services	422,800	432,200	442,300	437,200	448,700
Projects, Initiatives and Service Changes					
Total Operating Expenses	2,771,500	2,537,400	2,540,800	2,522,600	2,594,300
Net from Operations	626,800	832,700	878,000	919,400	941,600
Add					
Reserves Used for Operating Projects	68,000	30,000	30,000	-	-
Equity for Amortization	875,800	875,800	875,800	875,800	875,800
Reserves Used for Capital	894,500	495,000	405,000	410,000	410,500
Proceeds of Debt	-	-	-	-	-
Deduct					
Capital Expenses	894,500	495,000	405,000	410,000	410,500
Amortization Expense	875,800	875,800	875,800	875,800	875,800
Transfer to Reserves	633,900	801,800	847,100	858,500	898,000
Debt Servicing	60,900	60,900	60,900	60,900	43,600
Total Budget for the Year	-	-	-	-	-

The municipal portion of the 2022 property tax levy equated to an increase of approximately \$61 for the average assessed property in the District of Highlands. The municipal portion of the tax notice represented approximately 48% of the total money collected. This 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%. The remaining funds were collected on behalf of other taxing authorities such as the CRD, BC Transit, School Taxes and Hospital Taxes.

The 2022 budget continued to support core services for the community. Funding for key projects and Council priorities are 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 toward the upkeep of our roads and maintenance and replacement of culverts.

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	2022	2021	2020	2019	2018
Grants in Aid	\$14,200	\$14,350	\$13,200	\$13,000	\$12,500
Permissive Tax Exemptions	\$41,745	\$32,416	\$30,038	\$16,224	\$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 31 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 2022 Accomplishments

Hazard Vulnerability Risk Assessment completed
Expanded recruitment for East Fire Hall membership
Filled vacant Emergency Social Services Director position
Three members completed Exterior Firefighting Program
Superior Shuttle Accreditation renewed for 5 years
Extinguished wildfire in Gowland Tod Park

Highlights of Initiatives Planned in 2023

Training Centre Completion
Pease Lake Dry Hydrant
East Hall Generator Installation
Regional Evacuation Exercise
Purchase Additional Forestry Fire Equipment
Integrate Alertable Emergency Alerts to District Website

Fire Services & Emergency Program Comparators	2022	2021	2020	2019	2018
Burn Permits Issued	1556	867	629	247*	N/A
Fire Dispatches	122	116	134	118	111

* 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 works collaboratively with other municipal staff, residents, applicants, stakeholders, and other levels of government within established policies to advise Council on land use and policy matters in the District. 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.
- Providing support for subdivision services.

Highlights of 2022 Accomplishments

Continued work on the South Highlands Local Area Plan (SHLAP)

Continued with Secondary Suites /Accessory Dwelling Units Project, including update to build-out projections

Continued work on Groundwater Protection Implementation and Work Plan, including managing Water Budget Study and Ecoasis' Groundwater License Referral

Council formalized a standard park signage design

Highlights of 2023 Planned Initiatives

Complete South Highlands Local Area Plan

Complete Secondary Suites/Accessory Dwelling Units Project

Bring Forward informal high-level report to Council regarding directions in 2002 Trails Master Plan and 2010 Roadside Trail and Cycle Network Plan

Planning Comparators	2022	2021	2020	2019	2018
Covenant Amendments Approved	0	0	2	0	0
Development Permits Issued	6	25	15	12	24
Development Variance Permits Issued	2	6	3	4	5
OCP Amendments/Rezoning Applications Active	1	1	0	0	0
Subdivision Applications	1	1	1	1	1
Temporary Commercial/Industrial Use Permits Approved	1	0	0	1	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.

In 2022, there were 101 sworn officers, 3 reserve constables, 10 commissioners and over 50 civilian personnel who staffed West Shore RCMP. Together they handled 22,776 service calls, an average of 62 calls per day.

West Shore RCMP also supports and works in conjunction with the Vancouver Island Integrated Major Crime Unit (VIIMCU), Forensic Identification Services (FIS), the Regional Domestic Violence Unit (RDVU), the Integrated Mobile Crisis Response Team (IMCRT) and the Mobile Youth Services Team (MYST).

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 seven key priorities identified for 2022 were Organized Crime and Drug Trafficking, Enhancing Road Safety, Reducing property Crimes, Enhancing Police and Community Relationships, Enhancing Relationships with Indigenous Communities, and Employee Wellness.

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

Police Services Metrics Comparators	2022	2021	2020	2019	2018
Incidents reported for District of Highlands	274	340	335	342	409

West Shore RCMP Top Five Service Calls Annual Comparison				
2022	2021	2020	2019	2018
Traffic Incident	Traffic Incident	Traffic Incident	Traffic Incident	Traffic Incident
Check Wellbeing	Property	Breach	Breach	Assist Police/Fire/ Ambulance
Assist Police/Fire/ Ambulance	Assist Police/Fire/ Ambulance	Check Wellbeing	Assist Police/Fire/ Ambulance	Property
Breach	Theft	Assist Police/Fire/ Ambulance	Check Wellbeing	Theft
Property	Motor Vehicle Incident	Property	Property	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

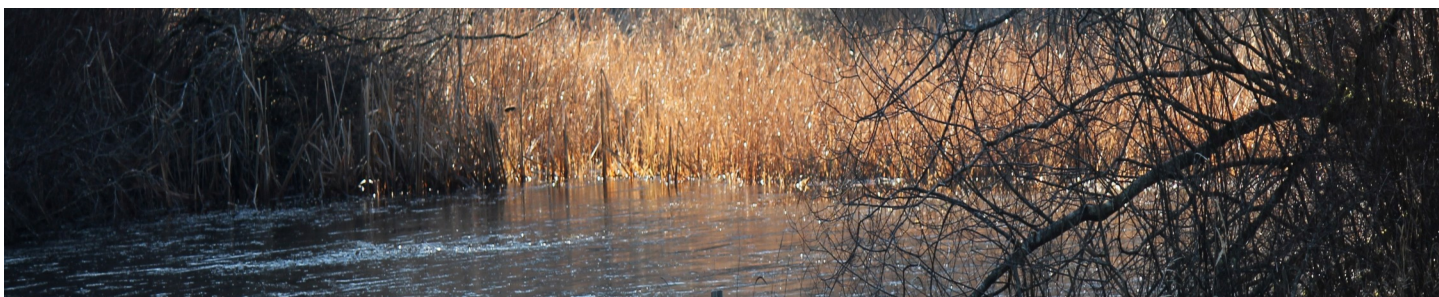
The District of Highlands is a joint owner of the West Shore Parks and Recreation Centre. West Shore Parks and Recreation's mission includes providing diverse and accessible recreational and sport opportunities that offer West Shore residents excellent experiences for healthy lifestyles. They offer a 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, 2022



Consolidated Financial Statements of

DISTRICT OF HIGHLANDS

Year ended December 31, 2022

DISTRICT OF HIGHLANDS

Consolidated Financial Statements

Year ended December 31, 2022

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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 Auditor's 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 AUDITOR'S 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, 2022
- 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, 2022 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 1, 2023

DISTRICT OF HIGHLANDS

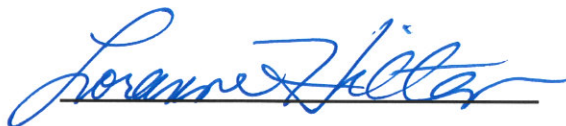
Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 7,432,546	\$ 6,484,107
Accounts receivable (note 2)	113,995	176,027
Taxes receivable	45,500	168,629
Restricted cash	32,018	27,706
	<u>7,624,059</u>	<u>6,856,469</u>
Financial liabilities:		
Accounts payable and accrued liabilities	666,494	501,583
Security deposits	79,380	65,879
Accrued payroll expenses	10,358	12,748
Deferred revenue (note 3)	199,280	148,888
Long-term debt (note 4)	284,223	376,099
	<u>1,239,735</u>	<u>1,105,197</u>
Net financial assets	6,384,324	5,751,272
Non-financial assets:		
Tangible capital assets (note 5)	37,202,518	37,552,066
Prepaid expenses	7,805	6,946
	<u>37,210,323</u>	<u>37,559,012</u>
Commitments and contingencies (note 10)		
Accumulated surplus (note 6)	\$ 43,594,647	\$ 43,310,284

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, 2022, with comparative information for 2021

	Financial plan (note 11)	2022	2021
Revenue:			
Taxation, net (note 7)	\$ 2,394,500	\$ 2,396,577	\$ 2,309,242
Government transfers (note 8)	908,029	727,614	864,275
Sale of services	215,361	232,944	170,736
Other	46,577	94,513	75,310
Licenses, permits and other	77,200	76,096	131,104
Investment income	25,000	145,180	11,727
Donations and amenities	-	-	123,461
Actuarial adjustment on debt	-	30,992	27,559
	3,666,667	3,703,916	3,713,414
Expenses:			
Transportation services	1,210,300	1,065,269	1,031,307
General government services	1,084,000	938,234	824,542
Recreation and cultural services	696,397	680,180	712,191
Protective services	663,400	535,553	645,230
Environmental development services	261,600	200,317	244,926
	3,915,697	3,419,553	3,458,196
Annual surplus (loss)	(249,030)	284,363	255,218
Accumulated surplus, beginning of year	43,310,284	43,310,284	43,055,066
Accumulated surplus, end of year	\$ 43,061,254	\$ 43,594,647	\$ 43,310,284

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, 2022, with comparative information for 2021

	Financial plan (note 11)	2022	2021
Annual surplus (loss)	\$ (249,030)	\$ 284,363	\$ 255,218
Acquisition of tangible capital assets	(906,547)	(457,965)	(1,095,750)
Amortization of tangible capital assets	875,800	879,193	936,851
Loss on disposal of tangible capital assets	-	-	2,930
Proceeds on disposal of tangible capital assets	-	-	25,000
Change in West Shore tangible capital assets	-	(71,680)	71,721
	(30,747)	349,548	(59,248)
Change in prepaid expenses	-	(859)	1,954
Change in net financial assets	(279,777)	633,052	197,924
Net financial assets, beginning of year	5,751,272	5,751,272	5,553,348
Net financial assets, end of year	\$ 5,471,495	\$ 6,384,324	\$ 5,751,272

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

DISTRICT OF HIGHLANDS

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 284,363	\$ 255,218
Items not involving cash:		
Amortization of tangible capital assets	879,193	936,851
Contributions of tangible capital assets	-	(110,000)
Loss on disposal of tangible capital assets	-	2,930
Change in West Shore	(71,680)	71,721
Actuarial adjustment on debt	(30,992)	(27,559)
Changes in non-cash operating assets and liabilities:		
Accounts receivable	62,032	(68,262)
Taxes receivable	123,129	(116,745)
Restricted cash	(4,312)	2,582
Accounts payable and accrued liabilities	164,911	(673,538)
Accrued payroll expenses	(2,390)	1,177
Security deposits	13,501	18,717
Deferred revenue	50,392	(35,321)
Prepaid expenses	(859)	1,954
	1,467,288	259,725
Capital activities:		
Acquisition of tangible capital assets	(457,965)	(985,750)
Proceeds on disposal of tangible capital assets	-	25,000
	(457,965)	(960,750)
Financing activities:		
Debt repaid	(60,884)	(60,884)
Increase (decrease) in cash and cash equivalents	948,439	(761,909)
Cash and cash equivalents, beginning of year	6,484,107	7,246,016
Cash and cash equivalents, end of year	\$ 7,432,546	\$ 6,484,107
Supplemental cash flow information:		
Cash paid for interest	\$ 29,596	\$ 29,854
Cash received from interest	145,180	11,727

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

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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:

	2022	2021
Amenities receivable	\$ 6,091	\$ 2,999
Grants receivable	30,569	21,583
GST receivable	46,211	41,435
Trade receivables	31,124	110,010
	<u>\$ 113,995</u>	<u>\$ 176,027</u>

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

3. Deferred revenue:

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

		2022	2021
Prepaid taxes and other	\$	124,060	\$ 91,029
West Shore		75,220	57,859
Total deferred revenue	\$	199,280	\$ 148,888

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 2022	Balance 2021
		West Shore						
81	186	arena	2024	\$ 571,021	\$ 502,659	2.9%	\$ 68,362	\$ 109,314
139	382	Fire hall bay and tender	2026	500,000	284,139	2.1%	215,861	266,785
				\$1,071,021	\$ 786,798		\$ 284,223	\$ 376,099

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Long-term debt (continued):

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

	Total
2023	\$ 93,639
2024	97,280
2025	55,250
2026	38,054
Total	284,223

- (c) Interest expense:

Total interest expense on long-term debt during the year was \$26,774 (2021 - \$26,774). 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, 2022

5. Tangible capital assets:

		Land	Park improvements	Buildings	Vehicles and equipment	Engineering structures	Assets under construction	Total 2022	Total 2021
Cost:									
Balance, beginning of year	\$	9,795,876	470,845	5,559,528	2,883,133	37,576,268	35,161	56,320,811	55,569,151
Additions		-	-	21,926	56,053	365,567	14,419	457,965	1,095,750
Disposals, transfers and change in cost share		-	-	98,345	(31,179)	-	-	67,166	(344,090)
Balance, end of year		9,795,876	470,845	5,679,799	2,908,007	37,941,835	49,580	56,845,942	56,320,811
Accumulated amortization:									
Balance, beginning of year		-	120,438	1,227,693	1,265,956	16,154,658	-	18,768,745	18,076,333
Disposals and change in cost share		-	-	28,224	(32,738)	-	-	(4,514)	(244,439)
Amortization		-	10,117	111,314	120,476	637,286	-	879,193	936,851
Balance, end of year		-	130,555	1,367,231	1,353,694	16,791,944	-	19,643,424	18,768,745
Net book value, end of year	\$	9,795,876	340,290	4,312,568	1,554,313	21,149,891	49,580	37,202,518	37,552,066

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Tangible capital assets (continued):

(a) Assets under construction:

As at December 31, 2022 there was \$49,580 of assets under construction yet to be amortized (2021 - \$35,161). Amortization of assets commences when the assets are available for service.

(b) Contributed tangible capital assets:

There were no contributed assets recognized during the year (2021 - \$110,000).

(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) Disposals and write-down of tangible capital assets:

During the year the District disposed of \$39,724 of fully amortized equipment (2021 - disposed of equipment with a net book value of \$27,930). No write-down of tangible capital assets occurred during the year.

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Accumulated surplus:

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

	2022	2021
Surplus:		
Equity in tangible capital assets	\$ 36,918,295	\$ 37,175,967
Operating	1,665,880	1,600,812
	38,584,175	38,776,779
Reserve funds set aside for specific purposes by Council:		
Fire capital works and equipment	1,069,678	756,441
Park acquisition/development	31,318	22,313
Roads reserve	1,087,753	1,219,408
General reserve for future expenditures	328,447	311,396
Land sales	112	110
Capital works	234,063	210,105
West Shore reserves	48,970	48,970
Library major asset maintenance	16,245	12,277
Gas Tax Agreement funds	320,019	303,301
Community hall	154,857	153,311
Snow reserve	125,824	123,038
Financial stability reserve	450,574	391,704
Bridge replacement reserve	50,306	44,303
Groundwater and drainage reserve	248,699	101,403
Heritage structure reserve	77,692	58,370
West Shore Recreation	-	16,160
Park facilities replacement	103,250	92,652
COVID-19 Restart Grant	602,962	668,243
Climate resiliency reserve	59,703	-
	5,010,472	4,533,505
	\$ 43,594,647	\$ 43,310,284

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Taxation:

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

	2022	2021
General tax levy	\$ 4,762,243	\$ 4,434,855
1% utility taxes	38,884	38,038
	4,801,127	4,472,893
Less taxes levied for other authorities:		
School authorities	1,499,760	1,349,894
Police tax	196,605	185,486
Capital Regional District	281,096	244,871
Capital Regional Hospital District	169,194	163,919
BC Assessment Authority	42,695	37,418
BC Transit	214,959	181,882
Municipal Finance Authority	241	181
	2,404,550	2,163,651
	\$ 2,396,577	\$ 2,309,242

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:

	2022	2021
Small communities and equalization payments	\$ 493,000	\$ 388,000
Federal Gas Tax Agreement	155,807	304,631
Other	78,807	171,644
	\$ 727,614	\$ 864,275

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2021, the plan has about 227,000 active members and approximately 118,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$56,488 (2021 - \$57,160) for employer contributions while employees contributed \$52,241 (2021 - \$50,490) to the plan in fiscal 2022.

The next valuation will be as at December 31, 2024, with results available in 2025.

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

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2022 there were contingent demand notes of \$38,858 (2021 - \$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, 2022

11. Financial plan data:

The financial plan data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved by Council on May 9, 2022, 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	\$ 3,398,300
West Shore	268,367
	3,666,667
Expenses:	
Financial plan, as approved by Council	3,647,300
West Shore	268,397
	3,915,697
Annual deficit	\$ (249,030)

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 2022, the District's share of improvements purchased by West Shore on its behalf are \$21,925 (2021 - \$184,604).

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 2022, there was an increase to the District's cost share of \$70,122 (2021 - \$70,113).

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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 2022, the District's proportion for consolidation purposes was 3.51% (2021 - 3.36%).

(b) Condensed financial information for West Shore:

	2022	2021
Financial assets	\$ 5,425,730	\$ 4,128,433
Financial liabilities	3,297,679	2,755,185
Net financial assets	2,128,051	1,373,248
Non-financial assets	1,153,172	1,112,757
Accumulated surplus	\$ 3,281,223	\$ 2,486,005
Revenues	\$ 7,316,425	\$ 11,161,071
Requisition for members	5,879,262	5,268,638
	13,195,687	16,429,709
Expenses	6,521,207	10,274,055
Requisition for members	5,879,262	5,268,638
	12,400,469	15,542,693
Annual surplus	\$ 795,218	\$ 887,016

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2022

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, 2022

13. Segmented information (continued):

	General Government Services	Protective Services	Transportation Services	Environmental and Development services	Recreation and cultural services	Total
2022						
Revenue:						
Taxation	\$ 610,723	\$ 651,961	\$ 697,741	\$ 131,086	\$ 305,066	\$ 2,396,577
Government transfers	172,580	8,721	412,059	37,043	97,211	727,614
Sale of services	5,904	-	-	-	227,040	232,944
Licenses permits and other	34,167	27,118	35	14,776	-	76,096
Investment income	48,509	32,410	47,990	7,535	8,736	145,180
Other	20,691	30,992	-	-	73,822	125,505
Total revenue	892,574	751,202	1,157,825	190,440	711,875	3,703,916
Expenses:						
Contracted and general services	217,382	97,825	277,743	44,441	546,710	1,184,101
Wages and employee benefits	537,659	198,540	7,277	155,693	-	899,169
Materials, supplies and utilities	52,104	98,137	142,963	-	11,841	305,045
Council expenses	100,004	-	-	-	-	100,004
Grants	22,445	-	-	-	-	22,445
Interest	2,822	-	-	-	26,774	29,596
Amortization	5,818	141,051	637,286	183	94,855	879,193
Total expenses	938,234	535,553	1,065,269	200,317	680,180	3,419,553
Annual surplus (deficit)	\$ (45,660)	\$ 215,649	\$ 92,556	\$ (9,877)	\$ 31,695	\$ 284,363

DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information (continued):

	General Government Services	Protective Services	Transportation Services	Environmental and Development services	Recreation and cultural services	Total
2021						
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

COVID-19 Safe Restart Grant Schedule

Year ended December 31, 2022
(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.

	2022	2021
COVID-19 Safe Restart Grant, beginning of year	\$ 668,243	\$ 778,904
COVID-19 Safe Restart Grant received	-	-
Eligible costs incurred:		
Revenue shortfalls	-	(28,080)
COVID-19 related costs and emergency preparedness	(60,288)	(83,796)
Capital costs	(20,346)	-
Interest allocation	15,353	1,215
COVID-19 Safe Restart Grant, end of year	\$ 602,962	\$ 668,243



The 2022 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.

