

Consolidated Financial Statements of

# **DISTRICT OF HIGHLANDS**

Year ended December 31, 2023

# DISTRICT OF HIGHLANDS

## Consolidated Financial Statements

Year ended December 31, 2023

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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**

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## **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, 2023
- 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, 2023 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.



*District of Highlands*

### ***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.



*District of Highlands*

- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line.

Chartered Professional Accountants

Victoria, Canada  
May 7, 2024

# DISTRICT OF HIGHLANDS

## Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

|  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| <b>Financial assets:</b>                 |                      |                      |
| Cash and cash equivalents                | \$ 9,501,495         | \$ 7,432,546         |
| Term deposits                            | 81,000               | -                    |
| Accounts receivable (note 3)             | 123,751              | 113,995              |
| Taxes receivable                         | 70,809               | 45,500               |
| Restricted cash                          | 35,728               | 32,018               |
|  | <u>9,812,783</u>     | <u>7,624,059</u>     |
| <b>Financial liabilities:</b>            |                      |                      |
| Accounts payable and accrued liabilities | 786,931              | 666,494              |
| Security deposits                        | 61,185               | 79,380               |
| Accrued payroll expenses                 | 11,158               | 10,358               |
| Deferred revenue (note 4)                | 208,901              | 199,280              |
| Long-term debt (note 5)                  | 188,827              | 284,223              |
| Asset retirement obligation (note 6)     | 69,109               | -                    |
|  | <u>1,326,111</u>     | <u>1,239,735</u>     |
| <b>Net financial assets</b>              | <b>8,486,672</b>     | <b>6,384,324</b>     |
| <b>Non-financial assets:</b>             |                      |                      |
| Tangible capital assets (note 7)         | 37,319,312           | 37,202,518           |
| Prepaid expenses                         | 8,346                | 7,805                |
|  | <u>37,327,658</u>    | <u>37,210,323</u>    |
| Commitments and contingencies (note 12)  |                      |                      |
| <b>Accumulated surplus (note 8)</b>      | <b>\$ 45,814,330</b> | <b>\$ 43,594,647</b> |

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, 2023, with comparative information for 2022

|  | Financial plan<br>(note 13) | 2023          | 2022          |
|--|-----------------------------|---------------|---------------|
| <b>Revenue:</b>                        |                             |               |               |
| Taxation, net (note 9)                 | \$ 2,500,700                | \$ 2,487,587  | \$ 2,396,577  |
| Government transfers (note 10)         | 2,317,068                   | 2,336,572     | 727,614       |
| Sale of services                       | 5,500                       | 8,217         | 232,944       |
| Other                                  | 314,792                     | 380,034       | 94,513        |
| Licenses, permits and other            | 97,500                      | 98,519        | 76,096        |
| Investment income                      | 162,000                     | 445,206       | 145,180       |
| Actuarial adjustment on debt           | -                           | 34,511        | 30,992        |
|  | 5,397,560                   | 5,790,646     | 3,703,916     |
| <b>Expenses:</b>                       |                             |               |               |
| General government services            | 1,093,200                   | 979,227       | 938,234       |
| Protective services                    | 679,400                     | 596,290       | 535,553       |
| Transportation services                | 1,258,600                   | 983,281       | 1,065,269     |
| Environmental development services     | 273,700                     | 217,735       | 200,317       |
| Recreation and cultural services       | 791,871                     | 794,430       | 680,180       |
|  | 4,096,771                   | 3,570,963     | 3,419,553     |
| Annual surplus                         | 1,300,789                   | 2,219,683     | 284,363       |
| Accumulated surplus, beginning of year | 43,594,647                  | 43,594,647    | 43,310,284    |
| Accumulated surplus, end of year       | \$ 44,895,436               | \$ 45,814,330 | \$ 43,594,647 |

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, 2023, with comparative information for 2022

|  | Financial plan<br>(note 13) | 2023         | 2022         |
|--|-----------------------------|--------------|--------------|
| Annual surplus                               | \$ 1,300,789                | \$ 2,219,683 | \$ 284,363   |
| Acquisition of tangible capital assets       | (948,092)                   | (906,339)    | (457,965)    |
| Asset retirement obligations                 | -                           | (66,181)     | -            |
| Amortization of tangible capital assets      | 875,800                     | 900,213      | 879,193      |
| Change in West Shore tangible capital assets | -                           | (44,487)     | (71,680)     |
|  | 1,228,497                   | (116,794)    | 349,548      |
| Change in prepaid expenses                   | -                           | (541)        | (859)        |
| Change in net financial assets               | 1,228,497                   | 2,102,348    | 633,052      |
| Net financial assets, beginning of year      | 6,384,324                   | 6,384,324    | 5,751,272    |
| Net financial assets, end of year            | \$ 7,612,821                | \$ 8,486,672 | \$ 6,384,324 |

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

# DISTRICT OF HIGHLANDS

## Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

|   | 2023         | 2022         |
|---|--------------|--------------|
| Cash provided by (used in):                           |              |              |
| <b>Operating activities:</b>                          |              |              |
| Annual surplus  | \$ 2,219,683 | \$ 284,363   |
| Items not involving cash:                             |              |              |
| Amortization of tangible capital assets               | 900,213      | 879,193      |
| Accretion expense                                     | 2,928        | -            |
| Change in West Shore                                  | (44,487)     | (71,680)     |
| Actuarial adjustment on debt                          | (34,511)     | (30,992)     |
| Changes in non-cash operating assets and liabilities: |              |              |
| Accounts receivable                                   | (9,756)      | 62,032       |
| Taxes receivable                                      | (25,309)     | 123,129      |
| Restricted cash                                       | (3,710)      | (4,312)      |
| Accounts payable and accrued liabilities              | 120,437      | 164,911      |
| Accrued payroll expenses                              | 800          | (2,390)      |
| Security deposits                                     | (18,195)     | 13,501       |
| Deferred revenue                                      | 9,621        | 50,392       |
| Prepaid expenses                                      | (541)        | (859)        |
|   | 3,117,173    | 1,467,288    |
| <b>Capital activities:</b>                            |              |              |
| Acquisition of tangible capital assets                | (906,339)    | (457,965)    |
|   | (906,339)    | (457,965)    |
| <b>Investing activities:</b>                          |              |              |
| Purchase of term deposits                             | (81,000)     | -            |
| <b>Financing activities:</b>                          |              |              |
| Debt repaid   | (60,885)     | (60,884)     |
| Increase (decrease) in cash and cash equivalents      | 2,068,949    | 948,439      |
| Cash and cash equivalents, beginning of year          | 7,432,546    | 6,484,107    |
| Cash and cash equivalents, end of year                | \$ 9,501,495 | \$ 7,432,546 |
| <b>Supplemental cash flow information:</b>            |              |              |
| Cash paid for interest                                | \$ 26,744    | \$ 29,854    |
| Cash received from interest                           | 445,206      | 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, 2023

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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, 2023

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## 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, 2023

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## 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 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, 2023

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## 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, 2023

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## 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) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of assumed asbestos and lead paint in several of the buildings owned by the District has been recognized based on estimated future expenses on closure of the site and post-closure care. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The buildings capital assets affected by the assumed asbestos and lead paint liability are being amortized with the building following the depreciation accounting policies in note 1(j(i)).

### (m) Financial instruments:

The District's financial instruments consist of cash, term deposits, accounts and taxes receivable, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the District's is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (m) Financial instruments (continued):

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless the District elects to carry the financial instrument at fair value. The District has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. They are recorded in the Statement of Operations when they are realized. There are no unrealized changes in fair value in the years presented; as a result, the District does not have a Statement of Remeasurement Gains and Losses.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost and amortized using the effective interest rate method.

Long-term debt is recorded net of repayments and actuarial adjustments.

### (n) 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, amounts to settle asset retirement obligations and contingent liabilities. Actual results could differ from these estimates.



# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 2. Change in accounting policies:

### (a) Financial Instruments:

On January 1, 2023, the District adopted Public Sector Accounting Standards PS 3450 - *Financial Instruments* and PS 2601 *Foreign Currency Translation*. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the District's accounting policy choices (see note 1(m)).

The adoption of this new standard did not result in changes to previously reported amounts in the financial statements.

### (b) Asset retirement obligations:

On January 1, 2023, the District adopted Public Sector Accounting Standard PS 3280 *Asset Retirement Obligations*. This new standard establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets. The District has chosen prospective application of this standard.

In accordance with provisions of this new standard, the District recognized an increase in tangible capital assets and an asset retirement obligation liability at January 1, 2023 of \$66,181.

## 3. Accounts receivable:

|                      | 2023       | 2022       |
|----------------------|------------|------------|
| Amenities receivable | \$ 8,536   | \$ 6,091   |
| Grants receivable    | 25,000     | 30,569     |
| GST receivable       | 60,102     | 46,211     |
| Trade receivables    | 30,113     | 31,124     |
|                      | \$ 123,751 | \$ 113,995 |

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 4. Deferred revenue:

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

|                         | 2023       | 2022       |
|-------------------------|------------|------------|
| Prepaid taxes and other | \$ 135,879 | \$ 124,060 |
| West Shore              | 73,022     | 75,220     |
| Total deferred revenue  | \$ 208,901 | \$ 199,280 |

## 5. 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<br>issue # | Bylaw # | Purpose                     | Maturity<br>date | Original<br>issued<br>amount | Principal<br>payments and<br>actuarial<br>earnings | Interest<br>rate | Balance<br>2023 | Balance<br>2022 |
|----------------|---------|-----------------------------|------------------|------------------------------|--|------------------|-----------------|-----------------|
|                |         | West Shore                  |                  |                              |  |                  |                 |                 |
| 81             | 186     | arena                       | 2024             | \$ 571,021                   | \$ 545,611   | 2.9%             | \$ 25,410       | \$ 68,362       |
| 139            | 382     | Fire hall bay<br>and tender | 2026             | 500,000                      | 336,583  | 2.1%             | 163,417         | 215,861         |
|                |         |                             |                  | \$1,071,021                  | \$ 882,194   |                  | \$ 188,827      | \$ 284,223      |

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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

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

|       |    |         |
|-------|----|---------|
| 2024  | \$ | 94,896  |
| 2025  |    | 55,251  |
| 2026  |    | 38,680  |
| Total |    | 188,827 |

- (c) Interest expense:

Total interest expense on long-term debt during the year was \$26,774 (2022 - \$26,774). West Shore arena interest on debt is reduced by a subsidy from West Shore Parks and Recreation Society.

## 6. Asset retirement obligation:

The District owns and operates several buildings that are assumed to have asbestos and lead paid, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 - *Asset Retirement Obligations*, the District recognized an obligation relating to the removal of hazardous materials in these building as estimated at January 1, 2023. The District has adopted the standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Estimated costs have been discounted to the present value using a discount rate of 4.53% per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings capital assets. The increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets.

|                                   |    |        |
|-----------------------------------|----|--------|
| Asset retirement obligation       |    | 2023   |
| Balance, beginning of year        | \$ | -      |
| Adjustment on adoption of PS 3280 |    | 66,181 |
| Accretion expense                 |    | 2,928  |
| Balance, end of year              | \$ | 69,109 |

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 7. Tangible capital assets:

|   |    | Land      | Park<br>improvements | Buildings | Vehicles and<br>equipment | Engineering<br>structures | Assets under<br>construction | Total<br>2023 | Total<br>2022 |
|---|----|-----------|----------------------|-----------|---------------------------|---------------------------|------------------------------|---------------|---------------|
| <b>Cost:</b>                                  |    |           |                      |           |                           |                           |                              |               |               |
| Balance, beginning of year                    | \$ | 9,795,876 | 470,845              | 5,679,799 | 2,908,007                 | 37,941,835                | 49,580                       | 56,845,942    | 56,320,811    |
| Additions: purchases                          |    | -         | -                    | 119,571   | 126,601                   | 602,542                   | 57,625                       | 906,339       | 457,965       |
| Additions: asset retirement obligations       |    | -         | -                    | 66,181    | -                         | -                         | -                            | 66,181        | -             |
| Disposals, transfers and change in cost share |    | -         | -                    | 69,147    | (20,500)                  | 7,819                     | (14,419)                     | 42,047        | 67,166        |
| Balance, end of year                          |    | 9,795,876 | 470,845              | 5,934,698 | 3,014,108                 | 38,552,196                | 92,786                       | 57,860,509    | 56,845,942    |
| <b>Accumulated amortization:</b>              |    |           |                      |           |                           |                           |                              |               |               |
| Balance, beginning of year                    |    | -         | 130,555              | 1,367,231 | 1,353,694                 | 16,791,944                | -                            | 19,643,424    | 18,768,745    |
| Disposals and change in cost share            |    | -         | -                    | 19,022    | (21,462)                  | -                         | -                            | (2,440)       | (4,514)       |
| Amortization                                  |    | -         | 7,963                | 135,909   | 123,601                   | 632,740                   | -                            | 900,213       | 879,193       |
| Balance, end of year                          |    | -         | 138,518              | 1,522,162 | 1,455,833                 | 17,424,684                | -                            | 20,541,197    | 19,643,424    |
| Net book value, end of year                   | \$ | 9,795,876 | 332,327              | 4,412,536 | 1,558,275                 | 21,127,512                | 92,786                       | 37,319,312    | 37,202,518    |

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 7. Tangible capital assets (continued):

### (a) Assets under construction:

As at December 31, 2023 there was \$92,786 of assets under construction yet to be amortized (2022 - \$49,580). 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 (2022 - nil).

### (c) Tangible capital assets disclosed at nominal values:

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

### (d) Works of art and historical treasures:

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

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

During the year the District disposed of \$26,051 of fully amortized equipment (2022 - \$39,724). No write-down of tangible capital assets occurred during the year.

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 8. Accumulated surplus:

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

|  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| <b>Surplus:</b>  |                      |                      |
| Equity in tangible capital assets                                | \$ 37,061,376        | \$ 36,918,295        |
| Operating  | 1,666,229            | 1,665,880            |
|  | <u>38,727,605</u>    | <u>38,584,175</u>    |
| <b>Reserve funds set aside for specific purposes by Council:</b> |                      |                      |
| Fire capital works and equipment                                 | 1,385,780            | 1,069,678            |
| Park acquisition/development                                     | 41,464               | 31,318               |
| Roads reserve  | 1,204,237            | 1,087,753            |
| General reserve for future expenditures                          | 355,713              | 328,447              |
| Land sales   | 118                  | 112                  |
| Capital works  | 296,367              | 234,063              |
| West Shore reserves  | 48,970               | 48,970               |
| Library major asset maintenance                                  | 19,464               | 16,245               |
| Gas Tax Agreement funds  | 501,311              | 320,019              |
| Community hall   | 162,281              | 154,857              |
| Snow reserve   | 132,439              | 125,824              |
| Financial stability reserve                                      | 645,960              | 450,574              |
| Bridge replacement reserve                                       | 67,951               | 50,306               |
| Groundwater and drainage reserve                                 | 306,773              | 248,699              |
| Heritage structure reserve                                       | 55,908               | 77,692               |
| Growing Communities Fund   | 1,121,772            | -                    |
| Park facilities replacement                                      | 124,677              | 103,250              |
| COVID-19 Restart Grant   | 548,249              | 602,962              |
| Climate resiliency reserve                                       | 67,291               | 59,703               |
|  | <u>7,086,725</u>     | <u>5,010,472</u>     |
|  | <u>\$ 45,814,330</u> | <u>\$ 43,594,647</u> |

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 9. Taxation:

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

|  | 2023         | 2022         |
|--|--------------|--------------|
| General tax levy                         | \$ 5,081,489 | \$ 4,762,243 |
| 1% utility taxes                         | 40,577       | 38,884       |
|  | 5,122,066    | 4,801,127    |
| Less taxes levied for other authorities: |              |              |
| School authorities                       | 1,626,090    | 1,499,760    |
| Police tax                               | 245,297      | 196,605      |
| Capital Regional District                | 283,235      | 281,096      |
| Capital Regional Hospital District       | 171,309      | 169,194      |
| BC Assessment Authority                  | 46,433       | 42,695       |
| BC Transit                               | 261,841      | 214,959      |
| Municipal Finance Authority              | 274          | 241          |
|  | 2,634,479    | 2,404,550    |
|  | \$ 2,487,587 | \$ 2,396,577 |

## 10. Government transfers:

The District recognizes government transfers as revenues in the period the transfers are authorized and any eligibility criteria and stipulations have been met. The government transfers reported on the consolidated statement of operations are:

|   | 2023         | 2022       |
|---|--------------|------------|
| Small communities and equalization payments | \$ 387,000   | \$ 493,000 |
| Federal Gas Tax Agreement                   | 162,999      | 155,807    |
| Growing Community Fund                      | 1,661,000    | -          |
| Other                                       | 125,573      | 78,807     |
|   | \$ 2,336,572 | \$ 727,614 |

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 11. 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 \$58,844 (2022 - \$56,488) for employer contributions while employees contributed \$54,420 (2022 - \$52,241) to the plan in fiscal 2023.

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, 2023

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## 12. 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, 2023 there were contingent demand notes of \$38,858 (2022 - \$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, 2023

## 13. Financial plan data:

The financial plan data presented in these consolidated financial statements is based upon the 2023 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 | \$ 5,106,700          |
| West Shore                             | 290,860               |
|  | 5,397,560             |
| Expenses:                              |                       |
| Financial plan, as approved by Council | 3,785,700             |
| West Shore                             | 311,071               |
|  | 4,096,771             |
| Annual deficit                         | \$ 1,300,789          |

## 14. 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 2023, the District's share of improvements purchased by West Shore on its behalf are \$69,987 (2022 - \$21,925).

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 2023, there was an increase to the District's cost share of \$43,525 (2022 - \$70,122).

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 14. 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 2023, the District's proportion for consolidation purposes was 3.60% (2022 - 3.51%).

### (b) Condensed financial information for West Shore:

|                         | 2023         | 2022         |
|-------------------------|--------------|--------------|
| Financial assets        | \$ 5,775,508 | \$ 5,425,730 |
| Financial liabilities   | 3,555,603    | 3,297,679    |
| Net financial assets    | 2,219,905    | 2,128,051    |
| Non-financial assets    | 1,673,134    | 1,153,172    |
| Accumulated surplus     | \$ 3,893,039 | \$ 3,281,223 |
| Revenues                | \$ 9,659,065 | \$ 7,316,425 |
| Requisition for members | 5,816,429    | 5,879,262    |
|                         | 15,475,494   | 13,195,687   |
| Expenses                | 9,047,249    | 6,521,207    |
| Requisition for members | 5,816,429    | 5,879,262    |
|                         | 14,863,678   | 12,400,469   |
| Annual surplus          | \$ 611,816   | \$ 795,218   |

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 15. Risk management:

The District has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (interest rate risk, and other price risk).

Management oversees the District's systems and practices of internal control and ensures that these controls contribute to the assessment and mitigation of risk. The District has experienced no change in its risk exposure and has not made any changes to its risk management policies and procedures during the year.

### (a) Credit risk:

Credit risk is the risk of a financial loss to the District if a counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss. Such risks arise principally from certain financial assets held by the District consisting of cash and cash equivalents, investments and receivables.

Cash and cash equivalents and investments are held with reputable financial institutions with investment grade external credit ratings. The majority of receivables are owing from government agencies. The District is able to recover delinquent taxes through tax sale of properties with unpaid property taxes.

The District assesses on a continuous basis its receivables and provides for any amounts that are uncollectible in an allowance for doubtful accounts. The maximum exposure to credit risk is the carrying value of financial assets.

### (b) Liquidity risk:

Liquidity risk is the risk that the District will not be able to meet its financial obligations as they become due. The District's objective is to have sufficient liquidity to meet these liabilities when due. The District prepares financial plans, monitors its cash balance and cash flows to meet its liquidity requirements.

### (c) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the District's results of operations or the fair value of its holdings of financial instruments.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The District mitigates interest rate risk by investing in fixed-rate investments and debt. The District is subject to interest rate risk at maturity or refinancing.

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 16. 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, 2023

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## 16. 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, 2023

## 16. Segmented information (continued):

|                                   | General<br>Government<br>Services | Protective<br>Services | Transportation<br>Services | Environmental<br>and<br>Development<br>services | Recreation<br>and cultural<br>services | Total               |
|-----------------------------------|-----------------------------------|------------------------|----------------------------|---|--|---------------------|
| <b>2023</b>                       |                                   |                        |                            |   |  |                     |
| <b>Revenue:</b>                   |                                   |                        |                            |   |  |                     |
| Taxation                          | \$ 809,885                        | \$ 661,446             | \$ 593,167                 | \$ 131,239                                      | \$ 291,850                             | \$ 2,487,587        |
| Government transfers              | 750,318                           | 25,000                 | 979,510                    | 167,582   | 414,162                                | 2,336,572           |
| Sale of services                  | 8,217                             | -                      | -                          | -   | -                                      | 8,217               |
| Licenses permits and other        | 49,324                            | 33,885                 | -                          | 15,310  | -                                      | 98,519              |
| Investment income                 | 203,839                           | 96,583                 | 127,015                    | 3,902   | 13,867                                 | 445,206             |
| Other                             | 22,471                            | 34,511                 | -                          | -   | 357,563                                | 414,545             |
| <b>Total revenue</b>              | <b>1,844,054</b>                  | <b>851,425</b>         | <b>1,699,692</b>           | <b>318,033</b>                                  | <b>1,077,442</b>                       | <b>5,790,646</b>    |
| <b>Expenses:</b>                  |                                   |                        |                            |   |  |                     |
| Contracted and general services   | 218,377                           | 99,834                 | 260,413                    | 53,351  | 635,921                                | 1,267,896           |
| Wages and employee benefits       | 589,212                           | 252,279                | 5,244                      | 164,201   | -                                      | 1,010,936           |
| Materials, supplies and utilities | 30,075                            | 97,775                 | 84,884                     | -   | 13,098                                 | 225,832             |
| Council expenses                  | 108,592                           | -                      | -                          | -   | -                                      | 108,592             |
| Grants                            | 24,008                            | -                      | -                          | -   | -                                      | 24,008              |
| Interest                          | 3,784                             | 2,928                  | -                          | -   | 26,774                                 | 33,486              |
| Amortization                      | 5,179                             | 143,474                | 632,740                    | 183   | 118,637                                | 900,213             |
| <b>Total expenses</b>             | <b>979,227</b>                    | <b>596,290</b>         | <b>983,281</b>             | <b>217,735</b>                                  | <b>794,430</b>                         | <b>3,570,963</b>    |
| <b>Annual surplus</b>             | <b>\$ 864,827</b>                 | <b>\$ 255,135</b>      | <b>\$ 716,411</b>          | <b>\$ 100,298</b>                               | <b>\$ 283,012</b>                      | <b>\$ 2,219,683</b> |

# DISTRICT OF HIGHLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 16. Segmented information (continued):

|                                   | General<br>Government<br>Services | Protective<br>Services | Transportation<br>Services | Environmental<br>and<br>Development<br>services | Recreation<br>and cultural<br>services | Total             |
|-----------------------------------|-----------------------------------|------------------------|----------------------------|---|--|-------------------|
| 2022                              |                                   |                        |                            |   |  |                   |
| <b>Revenue:</b>                   |                                   |                        |                            |   |  |                   |
| 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           |
| <b>Total revenue</b>              | <b>892,574</b>                    | <b>751,202</b>         | <b>1,157,825</b>           | <b>190,440</b>                                  | <b>711,875</b>                         | <b>3,703,916</b>  |
| <b>Expenses:</b>                  |                                   |                        |                            |   |  |                   |
| 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           |
| <b>Total expenses</b>             | <b>938,234</b>                    | <b>535,553</b>         | <b>1,065,269</b>           | <b>200,317</b>                                  | <b>680,180</b>                         | <b>3,419,553</b>  |
| <b>Annual surplus (deficit)</b>   | <b>\$ (45,660)</b>                | <b>\$ 215,649</b>      | <b>\$ 92,556</b>           | <b>\$ (9,877)</b>                               | <b>\$ 31,695</b>                       | <b>\$ 284,363</b> |



# DISTRICT OF HIGHLANDS

## Schedules - COVID-19 Restart Grant and Growing Communities Fund Grant

Year ended December 31, 2023  
(Unaudited)

### Schedule - COVID-19 Restart Grant

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.

|   | 2023       | 2022       |
|---|------------|------------|
| COVID-19 Safe Restart Grant, beginning of year    | \$ 602,962 | \$ 668,243 |
| COVID-19 Safe Restart Grant received              | -          | -          |
| Eligible costs incurred:                          |            |            |
| COVID-19 related costs and emergency preparedness | (29,266)   | (60,288)   |
| Capital costs                                     | (57,761)   | (20,346)   |
| Interest allocation                               | 32,314     | 15,353     |
| COVID-19 Safe Restart Grant, end of year          | \$ 548,249 | \$ 602,962 |

### Schedule - Growing Communities Fund Grant

In March, the District received a Growing Communities Fund Grant from the Province of British Columbia to support the delivery of projects that are incremental to currently planned infrastructure. The grant was recognized as revenue which received and transferred to an operating reserve to fund future eligible expenditures.

|   | 2023         |
|---|--------------|
| Growing Communities Fund, beginning of year | \$ -         |
| Growing Communities Fund Grant received     | 1,661,000    |
| Eligible costs incurred:                    |              |
| Capital infrastructure costs                | (602,542)    |
| Interest allocation                         | 63,314       |
|   | \$ 1,121,772 |