

# City of Langford

2013  
STATEMENT OF  
FINANCIAL  
INFORMATION

(Pursuant to the Financial Information Act)

CITY OF LANGFORD  
2013 Statement of Financial Information

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Table of Contents

Statement of Financial Information Approval	1
Schedule of Debts	2
Unaudited Schedules	
Schedule of Guarantee and Indemnity Agreements	3
Schedule of Grants or Contributions	3
Schedule of Employee Remuneration and Expenses	4
Schedule of Council Remuneration and Expenses	5
Schedule of Payments to Suppliers for Provision of Goods and Services	6-9
Audited Financial Statements	
Includes Financial Reporting Responsibility	



**City of Langford**

[www.cityoflangford.ca](http://www.cityoflangford.ca)

## Statement of Financial Information Approval

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, Subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

A handwritten signature in black ink, appearing to read "Steve Ternent".

Steve Ternent  
Director of Finance

Matt Sahlstrom  
Councillor

A handwritten signature in black ink, appearing to read "Matt Sahlstrom".

2013 Annual Debt Position Report Langford

Issue	Term	Bylaw	S/I	Bylaw	Region S/Bylaw	Amount Borrowed	Principal Paid	Interest Paid	Actuarial Recognized	Balance Outstanding	Accrued Interest	Accrued Actuarial	Sinking Fund Credit
75	15	414	582	2900		420,000.00	19,463.76	12,810.00	13,825.88	110,192.84	1,052.88	1,273.18	311,080.34
75	15	413	583	2900		140,000.00	6,487.92	4,270.00	4,608.63	36,730.95	350.96	424.39	103,693.44
73	15	471	496	2818		500,000.00	24,903.63	31,750.00	16,636.01	88,771.31	2,609.59	1,520.98	412,749.67
73	15	455	495	2818		1,250,000.00	62,259.08	79,375.00	41,590.02	221,928.14	6,523.97	3,802.46	1,031,874.32
73	15	214	446	2818		208,000.00	10,359.91	13,208.00	6,920.58	36,928.81	1,085.59	632.73	171,703.92
73	15	160	494	2818		400,000.00	19,922.91	25,400.00	13,308.81	71,016.93	2,087.67	1,216.79	330,199.86
70	15	214	299	2686		625,000.00	31,129.56	19,687.50	23,263.63	56,856.13	1,618.15	15,013.04	583,156.91
70	15	160	320	2686		1,100,000.00	54,788.03	34,650.00	40,943.98	100,066.78	2,847.95	26,422.94	1,026,356.16
69	15	256	298	2634		735,000.00	34,061.58	31,237.50	33,378.04	-	-	-	735,000.00
69	15	143	297	2634		271,000.00	12,558.76	11,517.50	12,306.72	-	-	-	271,000.00
<b>Member Total</b>						<b>5,649,000.00</b>	<b>275,935.14</b>	<b>263,905.50</b>	<b>206,782.30</b>	<b>722,491.89</b>	<b>18,176.76</b>	<b>50,306.51</b>	<b>4,976,814.62</b>

**CITY OF LANGFORD**  
**2013 Statement of Financial Information**

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Schedule of Guarantee and Indemnity Agreements (unaudited)

There are no Financial Guarantee and Indemnity Agreements in place which required government approval prior to being given under the Financial Administration Act.

Schedule of Grants or Contributions

The City of Langford does not consider grant-in-aid applications.

CITY OF LANGFORD  
2013 Statement of Financial Information

Schedule of Employee Remuneration and Expenses (Unaudited)

			<u>Remuneration</u>	<u>Expenses</u>	<u>Total</u>
	Adams, Steve	Fire Co-Ordinator	100,532.14	2,360.50	102,892.64
	Aubrey, Chris	Fire Inspector	98,156.56	1,999.72	100,156.28
Note 1	Baldwin, Matthew	City Planner	142,392.50	1,112.94	143,505.44
	Barclay, Stacie	Records Manager	75,555.90	5,775.08	81,330.98
Note 1	Beckett, Bob	Fire Chief	143,657.03	2,554.49	146,211.52
	Bell, Brian	Fire Maintenance	97,770.40	3,125.00	100,895.40
Note 1	Bowden, Jim	Administrator	192,374.64	5,058.75	197,433.39
	Caven, Lance	Fire Inspector	95,037.88	111.00	95,148.88
	Chen, Victor	Engineering, Construction Manager	103,974.99	3,861.79	107,836.78
Note 1	Davidson, Scott	Assistant Chief, Training	112,409.79	2,314.46	114,724.25
	Fletcher, Lorne	Manager Bylaw	101,563.45	496.82	102,060.27
	Henshall, George	PW and Operations Co-ordinator	100,043.96	2,231.24	102,275.20
	Kaercher, Linda	Deputy Clerk	88,936.87	274.11	89,210.98
	Kryklywyj, Audrey	Deputy Director of Finance	110,682.54	150.00	110,832.54
	Leskiw, Mike	Parks Manager	109,657.17	2,053.68	111,710.85
	Mahovlich, Michelle	Manager of Engineering	130,003.79	3,562.89	133,566.68
	Molnar, Brent	Land Development and Subdivision Co-ordinator	100,280.97	2,173.97	102,454.94
	Palmer, Mike	IT Manager	98,506.97	2,714.49	101,221.46
	Queen, Susan	GIS Manager	76,604.66	3,055.86	79,660.52
	Spriggs, Geoff	Assistant Chief, Communications	115,095.91	2,342.75	117,438.66
	Stohmann, Leah	Senior Planner	85,946.34	2,332.05	88,278.39
	Ternent, Steve	Director of Finance	141,337.17	3,293.87	144,631.04
	Waters, Jane	Parks Planner	77,301.18	606.66	77,907.84
	Webb, Dave	Information Systems Administrator	75,540.20	-	75,540.20
Note 1	Worobec, Jerry	Building Inspector	85,780.48	2,608.00	88,388.48
	Yhde-Riis, Tammy	Dispatch	81,414.15	-	81,414.15
	Zado, Kerry	Deputy Fire Chief	107,383.94	4,279.86	111,663.80
			<b>\$ 2,847,941.58</b>	<b>60,449.98</b>	<b>2,908,391.56</b>

Remuneration under \$75,000

3,927,162.15

Total Remuneration

\$ 6,775,103.73

The Schedule of Employee Remuneration has been prepared on a cash basis. The financial statements have been prepared on an accrual basis, and no reconciliation of this schedule with the financial statements has been prepared.

Note 1 Remuneration for these employees includes extraordinary payments such as payout of unused vacation or retroactive pay.

There were two severance agreements under which payment commenced between The City of Langford and its non-unionized employees during the fiscal year 2013. Compensation was determined based on salary.

CITY OF LANGFORD  
 2013 Statement of Financial Information

Schedule of Council Remuneration and Expenses (unaudited)

	<u>Indemnity</u>	<u>Expenses</u>	<u>Total</u>	<u>Budget</u>
Stewart Young	\$ 33,812.55	2,539.75	36,352.30	44,378.00
Denise Blackwell	16,106.05	3,082.75	19,188.80	25,903.00
Matt Sahlstrom	16,106.05	4,672.20	20,778.25	25,903.00
Lanny Seaton	20,289.25	5,453.38	25,742.63	28,328.00
Winnie Sifert	19,201.23	4,373.79	23,575.02	28,328.00
Roger Wade	16,106.05	5,771.17	21,877.22	25,903.00
Lillian Szpak	23,459.98	4,395.29	27,855.27	30,753.00
	<u>\$ 145,081.16</u>	<u>30,288.33</u>	<u>175,369.49</u>	<u>209,496.00</u>

The Schedule of Council Remuneration has been prepared on a cash basis. The financial statements have been prepared on an accrual basis, and no reconciliation of this schedule with the financial statements has been prepared.

CITY OF LANGFORD  
2013 Statement of Financial Information

0817011 BC Ltd	\$	37,845.40
Achinback Industries And Foundry Ltd		34,497.62
Angus Administration		96,257.96
Armtec Ltd		32,775.57
Associated Building Credits		100,045.65
Associated Engineering Ltd		59,682.90
BC Assessment Authority		496,456.33
BC Hydro		514,517.68
BC Transit		2,412,263.87
BCIMC Realty Corp.		65,914.68
Bear Mountain Land Holdings Ltd.		92,972.00
Beattie, Nigel		33,637.50
Bell Mobility Inc.		78,765.98
Black Press Group		57,353.97
BMT Group Services Ltd.		30,108.91
Boulevard Transportation Group		53,848.60
Bricklok Surfacing & Landscape Supply Ltd		191,935.10
C-1 Contractors Ltd.		34,884.53
Canadian Rugby Union		68,338.84
Capital City Paving Ltd.		278,872.63
Capital Region Emerg.Serv.Telecom(CREST)		71,009.28
Capital Regional District		4,108,909.39
Capital Regional District Water -Isld Hwy		567,616.92
Capital Regional District Water-Fisgard		826,153.26
Capital Regional District-Bylaw/Animal Control		66,000.01
Capital Regional Hospital District		2,244,064.65
Carevest Capital Inc.		34,673.00
Carvest Capital Inc.		50,045.00
Centaur Products Inc		372,970.50
Chew Excavating Ltd.,		228,977.79
City Of Langford		762,647.28
Columbia Fuels		27,069.46
Colwood, City Of		424,841.37
Costco Wholesale Canada Ltd.		31,237.08
Dekra-Lite Industries Inc.		47,357.05
Diamond Municipal Solutions		32,808.88
Eager Beaver Tree Service		148,333.75
Enex Fuels Ltd		45,031.02
Esquimalt, Township Of		330,604.19
Esri Canada		43,680.00
Fantastic Cleaning Ltd.		121,911.87
FDM Software Ltd		78,657.60
First Capital Asset Management LP		71,195.37
Focus Corp		451,266.24
Fortis BC Natural Gas		59,121.08



CITY OF LANGFORD  
2013 Statement of Financial Information

FortisBC Energy (Vancouver Island) Inc.	206,850.00
Goldstream Ventures LLP	104,883.08
Granderson Developments Ltd	52,350.00
Greater Victoria Public Library	1,449,312.04
Greater Victoria Security	126,931.56
Harris Computer Systems	37,845.61
Hayes, McNeill & Partners Ltd	32,709.94
Hayworth Communities Inc	66,112.50
Hendry Swinton McKenzie	225,760.00
Highlands, District Of	57,352.37
Hulls Business Park Inc	25,000.00
Insurance Corporation Of BC	37,728.00
Island Asphalt Company	67,523.40
Island Key Computer Ltd.	98,241.07
Island West Coast Developments	72,872.40
Jenner Chevrolet Oldsmobile Ltd	87,866.01
Kerr Wood Leidal Consulting Engineers	83,923.98
KPMG LLP, T4348	50,136.46
Lakewood Estates Ltd	228,839.25
Landmark Sign Ltd.	92,754.63
Langford Volunteer Firefighters Assoc.	149,416.65
Lifestyle Ventures Inc.	216,782.00
Limona Construction Ltd.	80,085.55
Lumca Inc.	27,761.44
Mahoe Holdings Ltd	44,100.00
Mastercard	171,545.20
Matthews Store Fixtures & Shelving	29,074.36
Medical Services Plan Of BC	100,426.50
Metchosin, District Of	97,864.70
Microsoft Licensing, GP	80,418.67
Minister Of Finance--School Tax /GIL	10,796,419.34
Northridge Excavating Ltd	225,327.82
Oakcrest Park Estates	115,207.94
Ocean Tech Constructors Inc	95,481.75
Opus International Consultants (Canada) Ltd	31,037.49
Pacific Centre Family Services	70,709.08
Pacific Coast Land Company Inc	33,530.00
Paradise Homes	25,000.00
Peatt Rd Developments	152,712.00
Performance Plus Hockey	33,177.21
Protex Fence Services	31,407.67
R. Manion Consulting	30,618.00
Race Rock Dev. Ltd.	26,500.00
Ramsay Painting Ltd.	25,427.12
Raylec Power Ltd.,	216,830.34
Raymond James Investments	15,000,000.00
RBC Royal Bank-TFSA Contributions	35,444.50

CITY OF LANGFORD  
 2013 Statement of Financial Information

Receiver General For Canada	685,760.64
Receiver General Of Canada	1,893,770.37
Receiver General -RCMP contract	1,859,884.67
RecTec Industries Inc	211,024.66
Reynolds, Dan	39,386.07
Richmond Property Group	62,372.45
Scansa Construction	60,090.85
School District No.62	162,000.16
Scho's Line Painting Service	52,599.31
Shaw Business Solutions Inc	27,499.69
Sooke, District Of	240,322.38
SportHost Victoria	25,000.00
Suburban Motors	54,733.48
TerraWorx Landscape Contracting Inc	547,384.91
The Corporation of the District of Saanich	79,113.19
Thurber Engineering	64,261.76
Town of Ladysmith	86,100.00
Tran Sign (1999) Ltd	62,185.92
Tri-7 Investments Inc.	54,122.00
Verity Developments Ltd.	265,735.72
Victoria Contracting & Municipal Maint.	3,821,489.06
Victoria Stonescape Ltd	52,396.53
West Shore Chamber Of Commerce	26,000.00
West Shore Environmental Services	192,324.81
West Shore Parks & Recreation Society.	2,394,399.00
Westhills Land Corp	118,325.53
Windley Contracting Ltd	7,640,043.71
Workers' Compensation Board Of BC	57,303.85
York Excavating Ltd	301,747.21
Young, Anderson Barristers & Solicitors	147,836.77
Zenex Capital Corp	53,740.00
<hr/>	
Total of vendor totals over \$25,000	68,503,410.09
Under \$25,000	2,650,177.08
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<b>Total</b>	<b>71,153,587.17</b>
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The Schedule of Payments to Suppliers for the Provision of Goods and Services has been prepared on a cash basis and the financial statements have been prepared on an accrual basis, therefore no reconciliation of this schedule with the financial statements has been prepared.

Consolidated Financial Statements of

**CITY OF LANGFORD**

Year ended December 31, 2013



## **CITY OF LANGFORD**

### **British Columbia Canada**

#### **Municipal Council**

<b>Mayor</b>	<b>Stewart Young</b>
<b>Councillors</b>	<b>Denise Blackwell Matt Sahlstrom Lanny Seaton Winnie Sifert Lillian Szpak Roger Wade</b>

#### **Municipal Officers**

<b>Administrator</b>	<b>Jim Bowden, MPA</b>
<b>Treasurer</b>	<b>Steve Ternent</b>
<b>City Engineer</b>	<b>Michelle Mahovlich, M.Eng., P.Geo., P. Eng.</b>
<b>City Planner</b>	<b>Matthew Baldwin, MCIP</b>
<b>Fire Chief</b>	<b>Bob Beckett, MA</b>
<b>Auditors</b>	<b>KPMG</b>
<b>Solicitors</b>	<b>Young Anderson</b>
<b>Bankers</b>	<b>Bank of Montreal</b>
<b>Police</b>	<b>RCMP-West Shore</b>

# CITY OF LANGFORD

## Consolidated Financial Statements

Year ended December 31, 2013

### Financial Statements

Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7

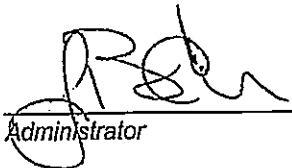
## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS


The accompanying consolidated financial statements of the City of Langford (the "City") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Canadian 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 City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Administration and Finance Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

  
\_\_\_\_\_  
Administrator

  
\_\_\_\_\_  
Treasurer



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

Telephone (250) 480-3500  
Telefax (250) 480-3539  
Internet www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

*To the Mayor and Councillors of The City of Langford*

We have audited the accompanying consolidated financial statements of The City of Langford, which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The City of Langford as at December 31, 2013, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

May 5, 2014

Victoria, Canada

# CITY OF LANGFORD

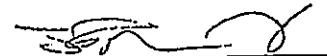
## Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 25,722,974	\$ 16,300,538
Property taxes receivable	1,538,181	3,738,343
Accounts receivable	4,985,281	5,899,417
Other assets	101,247	112,569
	<u>32,347,683</u>	<u>26,050,867</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	6,389,031	4,944,535
Prepaid property taxes and licences	533,841	456,016
Deferred revenue (note 3)	9,642,252	9,409,376
Refundable deposits	5,896,377	6,551,687
Debt (note 4):		
Short-term	25,000,000	16,750,000
Long-term	10,540,098	12,925,730
Capital lease obligations (note 4)	444,246	474,610
	<u>58,445,845</u>	<u>51,511,954</u>
Net debt	(26,098,162)	(25,461,087)
<b>Non-financial assets:</b>		
Tangible capital assets (note 5)	314,342,935	312,663,783
Sewer franchise agreement (note 6)	11,986,821	10,750,417
Land held for resale	5,227,319	5,472,866
Prepaid expenses	587,779	476,493
	<u>332,144,854</u>	<u>329,363,559</u>
Accumulated surplus (note 7)	\$ 306,046,692	\$ 303,902,472

Commitments and contingencies (note 11)

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

  
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Treasurer



# CITY OF LANGFORD

## Consolidated Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	Financial Plan (note 12)	2013	2012
<b>Revenue:</b>			
Taxation, net (note 8)	\$ 22,417,600	\$ 22,371,839	\$ 19,960,080
Development cost charges	5,631,500	1,606,845	2,824,428
Sewer capital recovery fees	-	1,804,665	3,348,245
Utility charges	5,000	5,000	5,000
Other	3,976,593	4,139,932	5,312,247
Licences and permits	1,650,700	1,480,666	1,787,254
Penalties and interest	450,000	533,527	347,789
Government transfers (note 9)	10,462,500	4,162,044	2,371,970
Commercial leasing	3,115,700	2,560,102	3,557,727
Casino	1,200,000	1,247,336	1,232,785
Investment earnings	100,000	223,078	99,295
Developer and property owner contributions	1,725,000	14,989,618	12,004,989
Gain on sale of tangible capital assets	-	-	485,312
<b>Total revenue</b>	<b>50,734,593</b>	<b>55,124,652</b>	<b>53,337,121</b>
<b>Expenses:</b>			
<b>General government services:</b>			
Legislative	460,500	337,577	288,443
Administrative	2,207,700	3,066,454	1,928,159
Other	1,282,500	1,216,027	1,088,406
	3,950,700	4,620,058	3,305,008
<b>Protective services:</b>			
Police and bylaw enforcement	5,994,100	5,375,080	5,225,618
Fire protection and emergency response	2,547,600	2,773,959	2,673,035
Building inspection and other	490,000	472,834	560,002
	9,031,700	8,621,873	8,458,655
<b>Engineering and public works:</b>			
Common services	949,600	850,937	829,158
Subdivision services	487,000	515,925	481,982
Roads, streets and storm drainage (note 9)	5,028,600	25,088,694	7,761,403
	6,465,200	26,455,556	9,072,543
<b>Community services:</b>			
Environmental and development services	845,100	743,770	803,518
Recreation and cultural services	6,111,800	6,636,278	8,190,330
West Shore Parks and Recreation (note 13)	4,505,001	5,174,351	5,546,277
	11,461,901	12,554,399	14,540,125
<b>Utility and enterprise services:</b>			
Sewer infrastructure	-	568,261	560,047
Sewer maintenance	-	261	49
Debt interest	190,900	160,024	307,044
	190,900	728,546	867,140
<b>Total expenses</b>	<b>31,100,401</b>	<b>52,980,432</b>	<b>36,243,471</b>
<b>Annual surplus</b>	<b>19,634,192</b>	<b>2,144,220</b>	<b>17,093,650</b>
<b>Accumulated surplus, beginning of year</b>	<b>303,902,472</b>	<b>303,902,472</b>	<b>286,808,822</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 323,536,664</b>	<b>\$ 306,046,692</b>	<b>\$ 303,902,472</b>

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

# CITY OF LANGFORD

## Consolidated Statement of Change in Net Debt

Year ended December 31, 2013, with comparative information for 2012

	Financial Plan (note 12)	2013	2012
Annual surplus	\$ 19,634,192	\$ 2,144,220	\$ 17,093,650
Acquisition of tangible capital assets	(35,104,889)	(11,457,121)	(8,505,135)
Increase in land held for resale	-	(14,147)	(628,898)
Amortization of tangible capital assets	-	6,117,958	5,814,180
Gain on sale of tangible capital assets	-	-	(485,312)
Loss on sale of tangible capital assets	-	101,180	368,745
Proceeds on sale of tangible capital assets	-	2,341	1,251,836
Gain on sale of land held for sale	-	(118,605)	(234,990)
Proceeds on sale of land held for sale	-	378,299	1,548,082
Sewer capital recovery fees	-	(1,804,665)	(3,348,245)
Developer contributions of tangible capital assets	-	(12,791,744)	(9,539,430)
Change in proportionate share of West Shore	-	(344,173)	289,920
Transfer of assets to other Governments (note 9)	-	17,226,638	-
Transfer of work in progress to operating	-	34,030	-
	(15,470,697)	(525,789)	3,624,403
Acquisition of prepaid expenses	-	(111,286)	(151,354)
Change in net financial assets (debt)	(15,470,697)	(637,075)	3,473,049
Net debt, beginning of year	(25,461,087)	(25,461,087)	(28,934,136)
Net debt, end of year	\$ (40,931,784)	\$ (26,098,162)	\$ (25,461,087)

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

# CITY OF LANGFORD

## Consolidated Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 2,144,220	\$ 17,093,650
Items not involving cash:		
Amortization of tangible capital assets	6,117,958	5,814,180
Gain on sale of tangible capital assets	-	(485,312)
Loss on sale of tangible capital assets	101,180	368,745
Developer contributions of tangible capital assets	(12,791,744)	(9,539,430)
Sewer capital recovery fees	(1,804,665)	(3,348,245)
Gain on sale of land held for resale	(118,605)	(234,990)
Actuarial adjustment on debt	(199,390)	(289,978)
Change in proportionate share of West Shore	(344,173)	289,920
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	2,200,162	(522,532)
Accounts receivable	914,136	1,125,734
Other assets	11,322	49,638
Accounts payable and accrued liabilities	1,444,496	(1,225,627)
Prepaid property taxes and licences	77,825	(29,186)
Deferred revenue	232,876	(764,742)
Refundable deposits	(655,310)	76,420
Prepaid expenses	(111,286)	(151,354)
	(2,780,998)	8,226,891
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(11,457,121)	(8,505,135)
Increase in land held for resale	(14,147)	(628,898)
Transfer of assets to other Governments	17,226,638	-
Transfer of work in progress to operating	34,030	-
Proceeds on sale of land held for resale	378,299	1,548,082
Proceeds on sale of tangible capital assets	2,341	1,251,836
	6,170,040	(6,334,115)
<b>Financing activities:</b>		
Capital lease payments	(30,364)	(43,551)
Debt proceeds	8,250,000	5,000,000
Debt payments (West Shore)	(44,806)	(91,457)
Debt payments	(2,141,436)	(2,247,436)
	6,033,394	2,617,556
Increase in cash and cash equivalents	9,422,436	4,510,332
Cash and cash equivalents, beginning of year	16,300,538	11,790,206
Cash and cash equivalents, end of year	\$ 25,722,974	\$ 16,300,538
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 393,958	\$ 770,282
Cash received from interest	342,738	207,855

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

# CITY OF LANGFORD

## Notes to Consolidated Financial Statements

Year ended December 31, 2013

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The City of Langford (the "City") is incorporated and operates under the provisions of the British Columbia Local Government Act and the Community Charter of British Columbia.

### 1. Significant accounting policies:

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

#### (a) Reporting entity:

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The consolidated financial statements also include the City's proportionate interest in the West Shore Parks and Recreation Society ("West Shore"), an organization jointly controlled by the City. The City does not administer any trust activities on behalf of external parties.

#### (b) Basis of accounting:

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### (c) Revenue recognition:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability. Transfers received for which expenses are not yet incurred are included in deferred revenue.

Property tax revenue is recognized on an accrual basis using approved tax rates and the anticipated assessment for the current year. Parcel tax revenues are recognized in the year that they are levied.

#### (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.

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.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 1. Significant accounting policies (continued):

### (e) Refundable deposits:

Receipts restricted by third parties are deferred and reported as refundable deposits under certain circumstances. Refundable deposits are returned when the third party meets their obligations or the deposits are recognized as revenue when qualifying expenditures are incurred.

### (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 equivalents:

Cash equivalents include short-term highly liquid investments that are cashable on demand or have a term to maturity of 90 days or less at acquisition.

### (h) Long-term debt:

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

### (i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Land improvements	10 - 50
Buildings	25 - 70
Vehicles, machinery, equipment	5 - 25
Sewer and storm infrastructure	75 - 100
Roads infrastructure	10 - 75

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 1. Significant accounting policies (continued):

### (i) Non-financial assets (continued):

#### (i) Tangible capital assets (continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City'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.

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. Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

#### (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) 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.

#### (iv) 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.

#### (v) Inventory of supplies

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost.

### (j) Employee benefits:

The City and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred. The costs of a multi-employer defined contribution pension plan, such as the Municipal Pension Plan, are the employer's contributions due to the plan in the period.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 1. Significant accounting policies (continued):

### (k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, estimating fair value of contributed tangible capital assets and in estimating provisions for accrued liabilities. Actual results could differ from these estimates.

### (l) Comparative figures:

Certain comparative information has been reclassified to conform with the financial statement presentation for the current year.

### (m) Change in accounting policy:

- (i) The City adopted Public Sector Accounting Standard *PS 3510, Tax Revenue* effective January 1, 2013. This standard was adopted on a prospective basis. Under PS 3510, municipalities recognize property tax revenue using the approved tax rate and the anticipated assessment. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the statement of operations. There were no adjustments as a result of the adoption of this standard.
- (ii) The City adopted Public Sector Accounting Standard *PS 3410, Government Transfers* effective January 1, 2013. This standard was adopted on a prospective basis. Under PS 3410, government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. There were no adjustments as a result of the adoption of this standard.

## 2. Cash and cash equivalents:

	2013	2012
West Shore Parks and Recreation Society	\$ 1,421,286	\$ 957,002
Cash	6,630,916	5,343,536
Term deposits	17,670,772	10,000,000
<b>Total</b>	<b>\$ 25,722,974</b>	<b>\$ 16,300,538</b>

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

### 3. Deferred revenue:

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

	2013	2012
Federal Gas Tax funds	\$ 609,188	\$ 498,107
Development cost charges	8,274,026	8,425,289
Hotel room tax	372,039	269,060
Other	386,999	216,920
<b>Total deferred revenue</b>	<b>\$ 9,642,252</b>	<b>\$ 9,409,376</b>

Gas tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

	2013	2012
Opening balance of unspent funds	\$ 498,107	\$ 633,832
Add:		
Amounts received during the year	653,293	653,574
Interest earned	6,455	8,040
	1,157,855	1,295,446
Less amount spent on projects and recorded as revenue	(548,667)	(797,339)
	\$ 609,188	\$ 498,107

#### Development cost charges:

	2013	2012
Opening balance of unspent funds	\$ 8,425,289	\$ 9,122,046
Add:		
Development cost charges received during year	1,364,273	2,037,507
Interest earned	91,309	90,164
	9,880,871	11,249,717
Less amount spent on projects and recorded as revenue	(1,606,845)	(2,824,428)
	\$ 8,274,026	\$ 8,425,289



# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 4. Debt and capital lease obligations:

### (a) Short-term debt:

Short-term debt is comprised of an interim financing facility through the TD Bank due on demand which bears interest at the Bankers Acceptance Rate plus stamping fee of 65 basis points.

### (b) Long-term debt:

Long-term debt consists of the following:

	2013	2012
Municipal Finance Authority ("MFA")	\$ 672,186	\$ 1,147,511
West Shore five year fixed rate loan	83,238	128,044
TD Bank	9,784,674	11,650,175
<b>Total</b>	<b>\$ 10,540,098</b>	<b>\$ 12,925,730</b>

Long-term debt through the MFA is presented net of repayments and actuarial adjustments, where the MFA invests the City's repayments so that the repayments, plus investment income, will equal the original outstanding debt amount at the end of the repayment period. Actuarial adjustments on debt represent the allocation by the MFA of surplus investment income generated by the principal repayments. The gross value of debenture debt at December 31, 2013 is \$5,649,000. The accumulation of principal repayments and actuarial adjustments allocated to the City as of December 31, 2013 is \$4,976,814 (2012 - \$7,066,489).

Long-term debt from the TD Bank consists of five year floating rate term loans maturing in 2017, with a current interest rate of 1.38%.

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

	General	Sewer	Total
2014	\$ 1,038,000	\$ 605,200	\$ 1,643,200
2015	1,033,100	293,100	1,324,400
2016	2,291,100	-	2,291,100
2017	2,299,200	-	2,299,200
2018	2,306,900	-	2,306,900

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 4. Debt (continued):

### (d) Capital lease obligations:

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Final payment due June 28, 2014	\$	448,591
Less amount representing interest (at rates ranging from 1.3% to 1.6%)		(4,345)
<hr/>		
Present value of net minimum capital lease payments	\$	444,246
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# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 5. Tangible capital assets:

	Land improvements	Land	Buildings	Vehicles, machinery, equipment	Sewer and storm infrastructure	Roads infrastructure	Assets under construction	West Shore	Total 2013	Total 2012
<b>Cost:</b>										
Opening	\$114,152,313	12,876,815	31,859,422	10,673,729	40,036,476	93,316,517	26,090,635	30,510,627	\$359,516,534	\$343,108,911
Additions	7,861,273	2,107,017	143,582	498,400	3,985,873	14,564,891	8,367,141	220,546	37,748,723	18,705,614
Disposals	(222)	-	-	(42,771)	-	(148,115)	(30,760,525)	(37,312)	(30,988,945)	(1,930,592)
Change in share	-	-	-	-	-	-	-	437,826	437,826	(367,399)
Balance, end of year	122,013,364	14,983,832	32,003,004	11,129,358	44,022,349	107,733,293	3,697,251	31,131,687	366,714,138	359,516,534
<b>Accumulated amortization:</b>										
Opening	-	2,955,969	3,922,077	4,082,692	6,505,609	22,859,986	-	6,526,418	46,852,751	41,810,371
Disposals	-	-	-	(42,771)	-	(43,520)	-	(37,312)	(123,603)	(134,274)
Amortization	-	558,871	654,039	749,396	712,520	2,290,871	-	582,705	5,548,402	5,254,133
Change in share	-	-	-	-	-	-	-	-93,653	93,653	(77,479)
Balance, end of year	-	3,514,840	4,576,116	4,789,317	7,218,129	25,107,337	-	7,165,464	52,371,203	46,852,751
<b>Net book value, end of year</b>	<b>\$122,013,364</b>	<b>11,468,992</b>	<b>27,426,888</b>	<b>6,340,041</b>	<b>36,804,220</b>	<b>82,625,956</b>	<b>3,697,251</b>	<b>23,966,223</b>	<b>\$314,342,935</b>	<b>\$312,663,783</b>

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 5. Tangible capital assets (continued):

### (a) Assets under construction:

Assets under construction having a value of \$3,697,251 (2012 - \$26,090,636) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is \$12,791,744 (2012 - \$9,539,430) comprised of land \$6,092,816 (2012 - \$5,881,570), land improvements \$1,109,327 (2012 - \$94,500), buildings \$10,998 (2012 - \$ - ), sewer and storm infrastructure \$2,174,539 (2012 - \$1,430,639) and roads infrastructure \$3,404,064 (2012 - \$2,132,720).

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

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

### (d) Write-down of tangible capital assets:

No tangible capital assets were written down in 2013 or 2012.

### (e) West Shore:

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

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 6. Sewer franchise agreement:

During 2004, the City entered into a franchise and partnering agreement with West Shore Environmental Services Inc. ("WSES") and Terasen Utility Services Inc. The term of the agreement is 21 years, with a single 21 year renewal. Under the agreement, the City grants an exclusive franchise to WSES to design, construct, finance, own, operate and maintain sanitary sewers in the City. The City also grants an exemption from municipal property tax for sewer infrastructure and WSES has been granted an Order in Council to extend that exemption to property taxes for all other jurisdictions. Upon termination of the agreement, the sewer infrastructure constructed by WSES will be acquired by the City for a nominal payment.

WSES will recover its capital costs by imposition of a sewer capital recovery fee ("SCRF") on owners of property who wish to connect to the sewer. WSES will also bill and collect all user fees. Fees were frozen for five years, ending in 2009. WSES will pay the City franchise fees that are estimated to total \$11 million over the 21 year term of the agreement.

The City records the costs of sewer infrastructure constructed by WSES \$618,949 (2012 - \$531,039) and a corresponding remaining cost to be recovered. The remaining cost to be recovered is reduced as SCRF's are collected by WSES.

The cost of WSES sewer infrastructure, less residual value, is amortized on a straight line basis over their estimated useful lives, 60 to 70 years.

	Opening	Increase	Decrease	Closing
WSES sewer infrastructure				
Cost	\$ 33,117,637	\$ 618,949	\$ (191,294)	\$ 33,856,600
Accumulated amortization	(3,681,430)	(568,261)	-	(4,249,691)
	29,436,207	50,688	(191,294)	29,606,909
Remaining cost to be recovered	(18,685,790)	(618,949)	1,995,959	(17,620,088)
	\$ 10,750,417	\$ (568,261)	\$ 1,804,665	\$ 11,986,821

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 7. Accumulated surplus:

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

	2013	2012
<b>Surplus:</b>		
Invested in tangible capital assets	\$290,345,412	\$ 293,263,860
Invested in land held for resale	5,227,319	5,472,866
Other	2,107,954	(2,594,711)
<b>Total surplus</b>	<b>297,680,685</b>	<b>296,142,015</b>
<b>Reserves set aside by Council:</b>		
Future operational contingencies	259,378	344,294
West Shore	791,784	589,941
<b>Total reserves</b>	<b>1,051,162</b>	<b>934,235</b>
<b>Reserve funds set aside for specific purposes by Council:</b>		
Capital works	(390,479)	(595,779)
Affordable housing	737,364	668,726
Parks and open space	2,646,143	2,411,627
Parkland improvement	298,905	410,116
General amenity	2,107,622	2,498,398
Equipment replacement	802,006	366,325
Sidewalk capital	-	52,856
Bear Mountain firehall	910,391	845,721
Special police capital	166,959	137,685
Downtown parking	35,934	30,547
<b>Total reserve funds</b>	<b>7,314,845</b>	<b>6,826,222</b>
	<b>\$ 306,046,692</b>	<b>\$ 303,902,472</b>

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 8. Taxation:

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

	2013	2012
General	\$ 21,906,572	\$ 19,520,146
Revenue in lieu of taxes	87,422	87,116
Collections for other governments	25,653,944	23,676,780
1% utility taxes	377,845	352,818
	<u>48,025,783</u>	<u>43,636,860</u>
Less taxes levied for other authorities:		
Capital Regional District - General Operating	3,738,648	2,768,581
Revenue in lieu of taxes	81,873	78,689
Capital Regional Hospital District	2,400,127	2,154,462
School Authorities	16,486,137	16,034,134
BC Assessment Authority	496,273	485,497
Municipal Finance Authority	1,517	1,484
BC Transit	2,449,369	2,153,933
	<u>25,653,944</u>	<u>23,676,780</u>
	<u>\$ 22,371,839</u>	<u>\$ 19,960,080</u>

## 9. Government transfers:

The City recognizes the transfer of government funding as revenue or expense in the period that the events giving rise to the transfer occurred. The Government transfers reported on the consolidated statement of operations are:

	2013	2012
Operating transfers:		
Federal	\$ 21,006	\$ 16,362
Provincial	389,741	669,210
Other	568,909	621,463
	<u>979,656</u>	<u>1,307,035</u>
Capital transfers:		
Provincial	3,182,388	1,054,181
Federal	-	10,754
Total revenue	<u>\$ 4,162,044</u>	<u>\$ 2,371,970</u>

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 9. Government transfers (continued):

During the year, the City transferred \$17,226,638 of assets under construction to other governments, representing project costs incurred to design, engineer, construct and commission roads infrastructure crossing into other government jurisdictions, based on terms of the agreement between the City and Ministry of Transportation of the Province of BC. The transfer is recorded as an expense in the consolidated statement of operations.

## 10. Municipal pension plan:

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 95 contributors from the City of Langford.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City of Langford paid \$562,432 (2012 - \$561,227) for employer contributions to the Plan in fiscal 2013.

## 11. Commitments and contingencies:

### (a) Contingent liabilities:

The CRD debt, under provisions of the Local Government Act, is a direct, joint and several liability of the CRD and each member municipality within the CRD, including the City of Langford.

The City is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated who provides centralized emergency communications, and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.



# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 11. Commitments and contingencies (continued):

### (b) Municipal Finance Authority contingent demand notes:

Under borrowing arrangements with the MFA, the City is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are included in the City's financial assets as 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 City. At December 31, 2013 there were contingent demand notes of \$200,488 which are not included in the financial statements of the City.

### (c) Litigation liability:

There are several lawsuits pending in which the City is involved. It is considered that the potential claims against the City resulting from such litigation will be covered by insurance and not materially affect the consolidated financial statements of the City.

### (d) Commitments:

The City entered into a long-term contract with the Royal Canadian Mounted Police (RCMP) for the provision of police services effective October 1, 1994. Under the terms of this contract, the City is responsible for 90% of policing costs. The 2014 estimated cost of this contract is \$4,504,600. RCMP members and the federal government are currently in legal proceedings regarding pay raises for 2009 and 2010 that were retracted for RCMP members. As the final outcome of the legal action and the potential financial impact to the City is not determinable, the City has not recorded any provision for this matter in the financial statements as at December 31, 2013.

### (e) Commitments:

On February 7, 2013, the City entered into a purchase of service agreement with the YMCA/YWCA of Greater Victoria to provide access for Langford residents to an aquatic facility to be built in Langford. The facility is expected to open in 2016 at which time the City agrees to pay \$750,000 per year to be indexed by population every two years from the opening date to a maximum of \$950,000 per year for a period of 25 years.

## 12. Financial plan:

The audited financial plan data presented in these consolidated financial statements is based upon the 2013 operating and capital financial plans approved by Council on May 6, 2013. Amortization expense was not contemplated on development of the financial plan and, as such, has not been included. The chart below reconciles the approved financial plan to figures reported in these consolidated financial statements.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 12. Financial plan (continued):

	Financial plan amount
Revenues:	
Operating	\$ 32,655,800
Capital	34,970,000
West Shore	2,591,693
Less:	
Transfers from own funds	5,532,900
Proceeds on debt issue	14,250,000
Total revenue	50,734,593
Expenses:	
Operating	32,655,800
Capital	34,970,000
West Shore	2,415,101
Less:	
Capital expenditures	34,970,000
Transfer to own funds	1,815,000
Debt principal payments	2,155,500
Total expenses	31,100,401
Annual surplus	\$ 19,634,192

## 13. West Shore Parks and Recreation Society:

### (a) Capital asset transfer:

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

In 2002 the lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the Co-Owners' Agreement. The lands and facilities were reallocated amongst the members on January 1, 2007 when the Town of View Royal became a member. Future improvements are allocated among the members as per the cost sharing formula in effect each year for each service or facility, as outlined in a Members' Agreement. For 2013, the City's share of improvements purchased by the Society on its behalf is \$220,546.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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## 13. West Shore Parks and Recreation Society (continued):

### (a) Capital asset transfer (continued):

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 2013, the City recorded a gain of \$344,173.

The repayment of the long-term debt associated with the transferred assets will continue to be a regional function, in accordance with the terms of an Agreement to Transfer between the CRD, the Municipalities and the Society. The debt payments are charged to the Municipalities as part of the CRD's annual requisition. The maturity dates of the various borrowings range from 2013 through 2014. The proportionate share of the debt funded by the City through the requisition process as at December 31, 2013 was \$309,894.

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

### (b) Consolidation:

Financial results and budget for the Society are consolidated into the City's financial statements proportionately, based on the cost sharing formula outlined in the Members' Agreement. In 2013, the City's proportion for consolidation purposes was 49.41% (2012 – 48.71%).

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 13. West Shore Parks and Recreation Society (continued):

(b) Consolidation (continued):

Condensed financial information for the Society is as follows:

	2013	2012
Financial assets	\$ 2,993,912	\$ 2,219,968
Financial liabilities	2,112,249	1,658,182
Net financial assets	881,663	561,786
Non-financial assets	879,243	752,357
Accumulated surplus	\$ 1,760,906	\$ 1,314,143
Invested in tangible capital assets	\$ 875,645	\$ 738,913
Reserve funds	1,776,928	1,524,044
Other	(891,667)	(948,814)
	\$ 1,760,906	\$ 1,314,143
Revenues	\$ 5,694,277	\$ 5,424,178
Requisition from members	4,845,294	4,698,024
	10,539,571	10,122,202
Expenses	5,247,514	5,122,847
Requisition from members	4,845,294	4,698,024
	10,092,808	9,820,871
Annual surplus	\$ 446,763	\$ 301,331

## 14. Segmented information:

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protective Services, Engineering and Public Works Services, Community Services and Utility and Enterprise Services. Service Areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 14. Segmented information (continued):

City services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide are as follows:

### General Government Services

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing City assets; ensuring effective financial management; monitoring performance and ensuring that high quality City services standards are met.

### Protective Services

The Departments within Protective Services are Police and Bylaw Enforcement; Fire Protection and Emergency Response; and Building Inspection. The mandates of these departments are to enforce laws, prevent crime, maintain peace, order and security by protecting life, property and the environment.

### Engineering and Public Works

The Engineering Department is responsible for the transportation services within the City. This includes roads, storm drains, sidewalks, streetlighting and trolley.

### Community Services

The Departments within Community Services include Environmental and Development Services and Recreation and Cultural Services. The Environmental and Development Services Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the City and for reviewing and approving new development. The Recreation and Cultural Services Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities and cultural services.

### Utility and Enterprise Services

This Department is responsible for administering the Sewer Franchise Agreement (note 6) for the City.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. The following table provides additional financial information for the foregoing segments. Taxation and grants in lieu of taxes are apportioned to the functions based on their share of the net budgeted expenditures in the Financial Plan.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 14. Segmented information (continued):

2013	General Government Services	Protective Services	Engineering and Public Works	Community Services	Utility and Enterprise Services	Total
Revenue:						
Taxation	\$ 5,069,093	\$ 7,725,994	\$ 2,853,507	\$ 5,520,745	\$ 1,202,500	\$22,371,839
Utility charges	-	-	-	-	5,000	5,000
Government transfers	296,710	442,038	785	3,422,511	-	4,162,044
Commercial leasing	38,364	204,890	-	2,316,848	-	2,560,102
Other	3,550,564	37,620	171,763	2,941,255	-	6,701,202
Licences and permits	131,605	739,616	328,134	281,311	-	1,480,666
Developer and property owner contributions	-	60,000	10,592,256	2,162,823	2,174,539	14,989,618
Development cost charges	-	-	164,870	1,441,975	-	1,606,845
Casino	451,047	-	796,289	-	-	1,247,336
Total revenue	9,537,383	9,210,158	14,907,604	18,087,468	3,382,039	55,124,652
Expenses:						
Salaries, wages and employee benefits	1,712,611	2,900,688	1,231,701	2,272,297	261	8,117,558
Contracted and general services	721,138	4,624,370	21,554,205	6,877,787	-	33,777,500
Materials, goods, supplies and utilities	449,763	467,304	517,936	695,392	-	2,130,395
Other	1,466,341	254,274	215,924	740,458	160,024	2,837,021
Amortization	270,205	375,237	2,935,790	1,968,465	568,261	6,117,958
Total expenses	4,620,058	8,621,873	26,455,556	12,554,399	728,546	52,980,432
Annual surplus (deficit)	\$ 4,917,325	\$ 588,285	\$ (11,547,952)	\$ 5,533,069	\$ 2,653,493	\$ 2,144,220

# CITY OF LANGFORD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 14. Segmented information (continued):

2012	General Government Services		Engineering and Public Works		Community Services		Utility and Enterprise Services		Total
Revenue:									
Taxation	\$ 4,041,241	\$ 6,156,856	\$ 3,181,976	\$ 5,244,992	\$ 1,335,015	\$ 19,960,080			
Utility charges	-	-	-	-	5,000	5,000			
Government transfers	431,414	437,489	1,092	1,501,975	-	2,371,970			
Commercial leasing	36,189	158,798	-	3,362,740	-	3,557,727			
Other	6,275,709	66,200	309,854	2,941,125	-	9,592,888			
Licences and permits	103,810	776,094	418,567	488,783	-	1,787,254			
Developer and property owner contributions	-	50,720	8,566,865	1,956,765	1,430,639	12,004,989			
Development cost charges	-	-	2,343,069	481,359	-	2,824,428			
Casino	268,428	-	964,357	-	-	1,232,785			
Total revenue	11,156,791	7,646,157	15,785,780	15,977,739	2,770,654	53,337,121			
Expenses:									
Salaries, wages and employee benefits	2,005,016	2,955,930	1,561,303	2,525,958	49	9,048,456			
Contracted and general services	439,298	4,465,314	3,960,828	9,009,953	-	17,875,393			
Materials, goods, supplies and utilities	479,830	446,690	564,376	819,876	-	2,310,772			
Other	96,851	229,623	284,610	276,540	307,044	1,194,668			
Amortization	284,013	361,098	2,701,226	1,907,798	560,047	5,814,182			
Total expenses	3,305,008	8,458,655	9,072,543	14,540,125	867,140	36,243,471			
Annual surplus (deficit)	\$ 7,851,783	\$ (812,498)	\$ 6,716,237	\$ 1,437,614	\$ 1,903,514	\$ 17,093,650			