

**Consolidated Financial Statements
of
CITY OF LANGLEY**

Year ended December 31, 2022

CITY OF LANGLEY
Consolidated Financial Statements
Year ended December 31, 2022

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CITY OF LANGLEY
Consolidated Financial Statements
Year ended December 31, 2022

MANAGEMENT'S RESPONSIBILITY

The management of the City of Langley (the "City") is responsible for the preparation of the accompanying consolidated financial statements and the preparation and presentation of all information in the Financial Report. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and are considered by management to present fairly the financial position and operating results of the City. The City's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable.

City Council accepts the consolidated financial statements and meets with management to determine that management has fulfilled its obligation in the preparation of the consolidated financial statements.

The City's independent auditor, BDO Canada LLP, has examined the consolidated financial statements and their report outlines the scope of their examination and their opinion on the consolidated financial statements of the City of Langley.



Darrin Leite, CPA, CA
Director of Corporate Services



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Independent Auditor's Report

To the Mayor and Council of the City of Langley

Opinion

We have audited the consolidated financial statements of the City of Langley and its controlled entities (the "Entity"), which comprise the Consolidated Statement of Financial Position as at December 31, 2022 and the Consolidated Statements of Operations, Changes in Net Financial Assets, and the Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies ("financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022 and its results of operations, its changes in net financial assets, and 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 this report. We are independent of the Entity 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 these 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Chartered Professional Accountants

Vancouver, British Columbia
May - , 2023

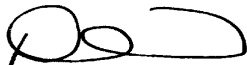
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CITY OF LANGLEY

Consolidated Statement of Financial Position at December 31, 2022 with comparative figures for 2021

	2022	2021
Financial Assets		
Cash & cash equivalents (Note 2)	\$ 41,385,985	\$ 39,214,929
Accounts receivable		
Taxes and utilities receivable	5,732,726	4,958,795
Receivables from other governments	5,991,926	5,411,223
Deferred development cost charges receivable	2,197,402	2,564,087
Other receivables	973,096	548,548
Portfolio investments (Note 2)	79,166,882	59,347,288
	<u>135,448,017</u>	<u>112,044,870</u>
Liabilities		
Prepaid property taxes	5,739,955	5,712,822
Employee future benefits (Note 3)	417,186	400,406
Accounts payable and accrued liabilities		
Payables to other governments	13,204,785	11,917,072
Refundable deposits	10,313,558	7,451,981
Other payables	4,953,898	4,646,345
Deferred revenue	5,013,186	3,822,037
Deferred development cost charges (Note 4)	33,390,529	30,035,691
Debt (Note 5)	7,500,000	-
	<u>80,533,097</u>	<u>63,986,354</u>
Net Financial Assets	<u>54,914,920</u>	<u>48,058,516</u>
Non-Financial Assets		
Prepaid expenses	210,320	227,747
Supplies inventory	303,612	237,430
Tangible capital assets (Schedule 4)	277,071,340	272,261,728
	<u>277,585,272</u>	<u>272,726,905</u>
Accumulated Surplus (Note 6)	<u>\$ 332,500,192</u>	<u>\$ 320,785,421</u>

See accompanying notes to consolidated financial statements.



Darrin Leite, CPA, CA
Director of Corporate Services

CITY OF LANGLEY

Consolidated Statement of Operations

Year ended December 31, 2022 with comparative figures for 2021

	2022 Financial Plan	2022	2021
	(Note 12)		
Revenues (Schedules 2 & 3)			
Property tax revenue (Note 7)	\$ 33,943,035	\$ 33,866,252	\$ 31,989,060
User fees and other revenue	15,553,135	17,092,293	14,797,258
Gaming proceeds	7,000,000	8,070,079	4,103,377
Government transfers (Note 8)	1,910,385	3,584,648	4,543,636
Investment earnings	625,750	2,096,198	907,665
DCC revenue recognized (Note 4)	2,867,285	1,096,037	1,130,277
Loss on disposal of tangible capital assets	-	(94,989)	(455,659)
Contributed tangible capital assets	-	870,342	2,692,587
	61,899,590	66,580,860	59,708,201
Expenses (Schedules 2 & 3)			
General government services	6,596,475	6,325,922	5,838,671
Police service	15,164,710	14,607,261	13,533,401
Fire service	5,929,620	5,795,066	5,405,448
Other protective services	903,830	779,914	798,241
Engineering operations	8,812,915	6,712,111	6,941,732
Water utility	5,358,640	5,119,111	5,570,458
Sewer and drainage utility	4,994,490	4,222,410	4,397,326
Development services	1,504,110	1,578,260	1,278,655
Solid waste	777,090	747,432	715,036
Recreation services	5,570,670	5,661,522	4,961,936
Parks	3,255,695	3,317,080	3,458,928
	58,868,245	54,866,089	52,899,832
Annual Surplus	3,031,345	11,714,771	6,808,369
Accumulated Surplus - beginning of year	320,785,421	320,785,421	313,977,052
Accumulated Surplus - end of year (Note 6)	\$ 323,816,766	\$ 332,500,192	\$ 320,785,421

See accompanying notes to consolidated financial statements.

CITY OF LANGLEY

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2022 with comparative figures for 2021

	2022 Financial Plan	2022	2021
	(Note 12)		
Annual Surplus	\$ 3,031,345	\$ 11,714,771	\$ 6,808,369
Change in Capital Assets			
Acquisition of tangible capital assets	(12,206,830)	(10,420,600)	(11,558,475)
Contributed tangible capital assets	-	(870,342)	(2,692,587)
Amortization	6,000,000	6,377,562	6,425,833
Proceeds from sale of tangible capital assets	-	8,779	21,511
Loss on disposal of tangible capital assets	-	94,989	455,659
	<u>(6,206,830)</u>	<u>(4,809,612)</u>	<u>(7,348,059)</u>
Change in Other Non Financial assets			
Decrease in prepaid expenses	-	17,427	13,552
Increase in supplies inventory	-	(66,182)	(57,697)
	<u>-</u>	<u>(48,755)</u>	<u>(44,145)</u>
Increase (Decrease) in Financial Assets	<u>(3,175,485)</u>	<u>6,856,404</u>	<u>(583,835)</u>
Net Financial Assets - beginning of year	48,058,516	48,058,516	48,642,351
Net Financial Assets - end of year	<u>\$ 44,883,031</u>	<u>\$ 54,914,920</u>	<u>\$ 48,058,516</u>

See accompanying notes to consolidated financial statements.

CITY OF LANGLEY

Consolidated Statement of Cash Flows

Year ended December 31, 2022 with comparative figures for 2021

	2022	2021
Cash Provided By (Used For)		
Operating Transactions		
Annual surplus	\$ 11,714,771	\$ 6,808,369
Items not involving cash:		
DCC revenue recognized	(1,096,037)	(1,130,277)
Amortization	6,377,562	6,425,833
Contributed tangible capital assets	(870,342)	(2,692,587)
Loss on disposal of tangible capital assets	94,989	455,659
Accrued investment interest earnings	(1,166,882)	(347,288)
Changes in non-cash working capital:		
Accounts receivable	(1,412,497)	(5,210,494)
Prepaid property taxes	27,133	1,539,992
Accounts payable and accrued liabilities	4,473,623	(1,905,490)
Deferred revenue	1,191,149	626,918
Prepaid expenses	17,427	13,552
Supplies inventory	(66,182)	(57,697)
	<u>19,284,714</u>	<u>4,526,490</u>
Capital Transactions		
Cash used to acquire tangible capital assets	(10,420,600)	(11,558,475)
Proceeds from sale of tangible capital assets	8,779	21,511
	<u>(10,411,821)</u>	<u>(11,536,964)</u>
Financing Transactions		
Proceeds from issuance of debt	7,500,000	-
Receipt of deferred development cost charges and interest earned	4,450,875	5,364,448
	<u>11,950,875</u>	<u>5,364,448</u>
Investing Transactions		
Purchase of investments	(78,000,000)	(59,000,000)
Redemption of investments	59,347,288	52,606,489
	<u>(18,652,712)</u>	<u>(6,393,511)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>2,171,056</u>	<u>(8,039,537)</u>
Cash and Cash Equivalents - beginning of year	39,214,929	47,254,466
Cash and Cash Equivalents - end of year	<u>\$ 41,385,985</u>	<u>\$ 39,214,929</u>

See accompanying notes to consolidated financial statements.

CITY OF LANGLEY

Notes to the Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021

1. Significant accounting policies:

The City of Langley (the "City") is a municipality in the province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as policing, fire protection, public works, planning, parks, recreation and other general government services.

(A) Reporting Entity and Basis of Consolidation:

These financial statements have been prepared in accordance with Canadian public sector accounting standards using guidelines developed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. They consolidate the activities of all the funds of the City and the City's inactive wholly-owned subsidiary Langley City Development Corporation.

(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) 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.

(D) Tangible Capital Assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation and installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset, commencing once the asset is put into use. Assets under construction are not amortized. Contributed tangible capital assets are recorded at the estimated fair value at the time of contribution and are also recorded as revenue.

Estimated useful lives of tangible capital assets are as follows:

Land Improvements	5 to 30 years
Buildings	10 to 50 years
Vehicles	7 to 20 years
Furniture & Equipment	3 to 20 years
Transportation Infrastructure	10 to 100 years
Sewer & Drainage Infrastructure	10 to 80 years
Water Infrastructure	12 to 80 years

(E) Revenue Recognition:

Property tax revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual levies for non-optional municipal services and general administrative services are recorded as property tax revenue in the year they are levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. Levies imposed by other taxing authorities are not included as property tax revenue.

Through the British Columbia Assessment's appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are known and can be reasonably estimated.

User fees and other revenue

Charges for licences and permits, solid waste fees, and sewer and water usage are recorded as user fees and other revenue as services are utilized and revenue is earned.

CITY OF LANGLEY

Notes to the Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021

(E) Revenue Recognition (Continued):

Gaming proceeds

Gaming proceeds, a specific type of government transfer, are recognized in the period in which they are earned.

Government transfers

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Collection of taxes on behalf of other taxing authorities

The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of the entities are not reflected in these financial statements.

Investment earnings

Investment income is recorded on the accrual basis and recognized when earned.

Development cost charges

Developers are required to pay funds to offset the cost of required infrastructure development. The amounts are recognized as a liability and accrue interest until spent on the required infrastructure. When qualifying expenditures are incurred, Development cost charges are recognized as revenue.

Contributed tangible capital assets

Developers are required to provide subdivision infrastructure such as streets, lighting, sidewalks, and drainage etc. Upon completion, these assets are turned over to the City and recognized at the estimated fair market value.

(F) Use of Estimates/Measurement Uncertainty:

The preparation of financial statements in accordance 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 revenue and expenditures during the reporting period. Significant areas requiring use of management estimates relate to the determination of employee future benefit liabilities, provisions for litigation and claims, collectibility of accounts receivable and the useful lives of tangible capital assets. Actual results could differ from those estimates.

(G) Basis of Segmentation (Schedule 2 & 3):

Municipal services have been segmented by grouping services that have similar objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

(H) Contaminated Sites:

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities, including sites that are no longer in productive use and sites for which the City accepts responsibility. There are no such sites that had contamination in excess of an environmental standard requiring remediation at this time. Therefore, no liability was recognized as at December 31, 2022 or December 31, 2021.

(I) Comparative Figures:

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. These changes did not have an impact on the annual surplus.

CITY OF LANGLEY

Notes to the Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021

2. Cash, cash equivalents and portfolio investments:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 41,385,985	\$ 39,214,929
Portfolio investments	79,166,882	59,347,288
	<u>\$ 120,552,867</u>	<u>\$ 98,562,217</u>

Amounts are held or restricted for the following purposes:

Deferred development cost charges	\$ 31,193,127	\$ 27,471,604
Statutory reserves	15,785,133	15,143,624
Non-statutory reserves	35,692,402	29,458,114
Operating funds and working capital	37,882,205	26,488,875
	<u>\$ 120,552,867</u>	<u>\$ 98,562,217</u>

Cash and cash equivalents includes funds held in bank accounts at BMO Bank of Montreal earning interest of prime rate less 1.45% (2021 - prime rate less 1.45%).

Portfolio investments, which include term deposits, have effective interest rates between 1.65% and 5.80% (2021 - 1.05% and 1.65%) with varying maturity dates up to 24 months. Portfolio investments are recorded at amortized cost. The market value of the investments as at December 31, 2022 was \$79,166,882 (2021 - \$59,347,288). Investments are written down to net realizable value when there has been a decline other than a temporary one.

3. Employee future benefits:

The City provides employee future benefits in the form of non-vested sick leave to qualifying employees. These benefits are accrued as earned and paid when taken by employees.

Employee sick leave is credited annually at 18 days per full year of service. Unused days are banked to a maximum of 120 days. The City does not pay out the value of the cumulative sick plan bank at retirement or termination of employment; however, the City could experience usage of these banks in periods leading up to retirement, resulting in a non-vested liability.

An actuarial evaluation of these benefits was performed to determine the City's estimated liability and accrued benefit obligation as at December 31, 2019 which was then extrapolated to December 31, 2022. The valuation resulted in an unamortized actuarial loss as of December 31, 2022 of \$63,314 (2021 - \$73,694). Actuarial losses are amortized over the estimated average remaining service life of employees. The next valuation will be as at December 31, 2023.

The employee future benefit liability at December 31, 2022 is comprised as follows:

	<u>2022</u>	<u>2021</u>
Benefit liability - beginning of year	\$ 400,406	\$ 377,026
Current service cost	43,600	42,500
Interest cost	13,300	13,000
Benefits paid	(50,500)	(42,500)
Amortization of actuarial loss	10,380	10,380
Benefit liability - end of year	<u>\$ 417,186</u>	<u>\$ 400,406</u>
Accrued benefit obligation - end of year	\$ 480,500	\$ 474,100
Unamortized actuarial loss	(63,314)	(73,694)
Benefit liability - end of year	<u>\$ 417,186</u>	<u>\$ 400,406</u>

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	2.70%	2.70%
Expected future inflation rate	2.50%	2.50%
Merit and inflationary earnings increases	2.58-4.63%	2.58-4.63%
Estimated average remaining service life	10.1	10.1

CITY OF LANGLEY

Notes to the Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021

4. Deferred development cost charges:

	2021	Contributions Received	Interest Earned	DCC Revenue Recognized	2022
Drainage	\$ 5,302,228	\$ 478,102	\$ 132,855	\$ -	\$ 5,913,185
Public Open Spaces	4,456,914	189,599	108,098	(220,379)	4,534,232
Roads	9,477,779	1,464,837	240,843	(522,728)	10,660,731
Sewer	7,907,098	1,209,604	200,248	(352,930)	8,964,020
Water	2,891,672	353,293	73,396	-	3,318,361
	<u>\$30,035,691</u>	<u>\$ 3,695,435</u>	<u>\$ 755,440</u>	<u>\$ (1,096,037)</u>	<u>\$ 33,390,529</u>

5. Debt:

The City issues debt instruments through the Municipal Finance Authority to finance certain capital acquisitions. Repayments and actuarial adjustments are netted against related long-term debts. Details are as follows:

Bylaw number/Purpose	Maturity Date	Interest Rate	Authorized	Repayments and Actuarial Adjustments	2022	2021
3145 - Property Acquisition	2037	3.36%	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -
			<u>\$ 7,500,000</u>	<u>\$ -</u>	<u>\$ 7,500,000</u>	<u>\$ -</u>

Total interest on the debt for the year ended December 31, 2022 was \$184,154 (2021 - \$0)

As a condition of these borrowings, a portion of the debt proceeds is withheld by the MFA in a debt reserve fund. If at any time the City does not have the sufficient funds to meet payments due on its obligations, the payments shall be made from the debt reserve fund. Amounts withheld for this purpose are as follows:

Bylaw number/Purpose	Debt Reserve Fund
3145 - Property Acquisition	\$ 75,000
	<u>\$ 75,000</u>

These cash deposits are included as part of accounts receivable in the Statement of Financial Position.

6. Accumulated surplus:

Accumulated surplus is distributed as follows:

	2022	2021
Operating surplus		
General	\$ 1,421,924	\$ 1,411,792
Sewer & Drainage	1,164,318	1,156,284
Water	1,365,075	1,353,879
	<u>3,951,317</u>	<u>3,921,955</u>
Equity in tangible capital assets		
General	216,792,154	213,211,894
Sewer & Drainage	35,613,091	34,500,045
Water	24,666,095	24,549,789
	<u>277,071,340</u>	<u>272,261,728</u>
Reserves (Schedule 1)		
Statutory reserves	15,785,133	15,143,624
Non-statutory reserves	35,692,402	29,458,114
	<u>51,477,535</u>	<u>44,601,738</u>
	<u>\$ 332,500,192</u>	<u>\$ 320,785,421</u>

CITY OF LANGLEY

Notes to the Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021

7. Property tax revenue:

In addition to its own tax levies, the City is required to levy taxes on behalf of various other taxing authorities. These include the provincial government for local school taxes, and organizations providing regional services in which the Municipality has become a member. Total tax levies were comprised as follows:

	2022 Financial		
	Plan	2022	2021
City property taxes	\$ 33,364,435	\$ 33,285,224	\$ 31,410,464
Grants in lieu of taxes	578,600	581,028	578,596
	<u>33,943,035</u>	<u>33,866,252</u>	<u>31,989,060</u>
Levies for other organizations			
School taxes		18,462,997	17,439,975
TransLink		4,031,349	3,786,398
British Columbia Assessment Authority		579,284	541,129
Metro Vancouver		807,693	711,738
Downtown Langley Merchants Assoc.		553,621	532,834
Municipal Finance Authority		3,109	2,543
Total collections for others		<u>24,438,053</u>	<u>23,014,617</u>
		<u>\$ 58,304,305</u>	<u>\$ 55,003,677</u>

8. Government transfers:

	2022 Financial		
	Plan	2022	2021
Federal Government			
Community works fund	\$ 133,880	\$ 138,864	\$ 271,456
Infrastructure funding	-	783,971	-
	<u>133,880</u>	<u>922,835</u>	<u>271,456</u>
Provincial Government			
Hotel tax revenue	140,000	294,018	132,637
Carbon tax revenue sharing	22,800	-	27,569
Traffic fine revenue sharing	475,000	453,396	534,333
Infrastructure funding	-	37,827	-
	<u>637,800</u>	<u>785,241</u>	<u>694,539</u>
Municipalities and Regional Authorities			
Police building capital adjustment	40,200	38,128	31,459
Langley Youth & Family Services	386,150	363,909	353,619
Emergency preparedness	40,355	33,414	33,335
Major road network	672,000	684,000	672,000
Infrastructure funding	-	757,121	2,487,228
	<u>1,138,705</u>	<u>1,876,572</u>	<u>3,577,641</u>
	<u>\$ 1,910,385</u>	<u>\$ 3,584,648</u>	<u>\$ 4,543,636</u>

9. Expenditures and expenses by object (Schedules 2 & 3):

	2022			2021		
	Operations	Capital	Total	Operations	Capital	Total
Salaries & benefits	\$ 16,964,532	\$ 198,236	\$ 17,162,768	\$ 15,062,836	\$ 117,349	\$ 15,180,185
Goods and services	31,339,841	10,222,364	41,562,205	31,411,163	11,441,126	42,852,289
Debt servicing	184,154	-	184,154	-	-	-
Contributed tangible capital assets	-	870,342	870,342	-	2,692,587	2,692,587
Total expenditures	<u>48,488,527</u>	<u>11,290,942</u>	<u>59,779,469</u>	<u>46,473,999</u>	<u>14,251,062</u>	<u>60,725,061</u>
Amortization	6,377,562	-	6,377,562	6,425,833	-	6,425,833
Total expenditures & expenses	<u>\$ 54,866,089</u>	<u>\$ 11,290,942</u>	<u>\$ 66,157,031</u>	<u>\$ 52,899,832</u>	<u>\$ 14,251,062</u>	<u>\$ 67,150,894</u>

CITY OF LANGLEY

Notes to the Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021

10. Municipal pension plan:

The employer and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent 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 City of Langley paid \$1,041,688 (2021 - \$1,180,487) for employer contributions while employees contributed \$905,735 (2021 - \$976,741) to the plan in fiscal 2022.

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

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

11. Contingent liabilities:

A number of legal claims have been initiated against the City in varying and unspecified amounts. As none of the claims are likely to be successful and/or can not be reasonably estimated, no provisions have been recorded in the financial statements.

CITY OF LANGLEY

Notes to the Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021

12. Financial plan:

The financial plan reported on the Consolidated Statement of Operations represents the Financial Plan and Capital Improvement Plan bylaw adopted by City Council on March 21, 2022 and does not reflect any amendments approved after the original adoption.

The following reconciles the statutory financial plan and the financial plan surplus reported on the Consolidated Statement of Operations.

	Financial Plan
Surplus as per Financial Plan Bylaw No. 3194	\$ -
Capital asset additions	12,206,830
Amortization expense	(6,000,000)
Debt repayment	425,915
Net use of reserves to balance financial plan	
Transfer to non-statutory reserves	9,549,210
Transfer to statutory reserves	1,787,500
Transfer from non-statutory reserves	(10,089,190)
Transfer from statutory reserves	(4,748,920)
Transfer from surplus	(100,000)
	<u>(3,601,400)</u>
Financial Plan Surplus as per Consolidated Statement of Operations	<u>\$ 3,031,345</u>

13. Contractual rights:

(A) Developer contributions:

The City has entered into a number of public works development agreements which require the developers to contribute various infrastructure assets to the City, including roads and underground utilities. The timing and extent of these future contributions vary depending on development activity and fair value of the assets received at time of contribution, which cannot be determined with certainty at this time.

(B) Gaming proceeds:

The City has a Host Financial Assistance Agreement with the Province of BC where the Province has agreed that 10% of the net gaming income from the Cascades Casino will be paid to the City of Langley, as financial assistance, for any purpose that would be of public benefit to the City. In 2022, the City recognized \$8,070,079 (2021 - \$4,103,377) in revenues from the Province. Due to COVID-19 the casino was temporarily closed from March 16, 2020 until July 1, 2021 when they resumed regular operations.

CITY OF LANGLEY

Schedule 1

Consolidated Schedule of Statutory and Non-statutory Reserves

Year ended December 31, 2022

Statutory Reserves	Balance at Dec. 31, 2021	Developer Contributions	Internal Transfer Additions	Interest	Internal Transfer Expenditures	Operational Expenditures	Capital Asset Additions	Balance at Dec. 31, 2022
Capital Works	\$ 11,766,379	\$ -	\$ 1,904,450	\$ 286,452	\$ -	\$ (345,578)	\$ (1,392,268)	\$ 12,219,435
Equipment Replacement-Fire Dept.	736,437	-	55,000	18,183	-	(15,553)	-	794,067
Lane Development	279,870	-	-	6,707	-	-	-	286,577
Machinery Replacement	1,674,949	-	278,955	39,541	-	-	(309,921)	1,683,524
Off-Street Parking	343,300	-	10,935	8,328	-	-	-	362,563
Office Equipment Replacement	28,052	-	46,500	1,212	-	(10,302)	(44,743)	20,719
Parks and Recreation	274,025	-	177,500	8,193	-	(50,786)	(32,269)	376,663
P&R Future Projects	40,612	-	-	973	-	-	-	41,585
Total	\$ 15,143,624	\$ -	\$ 2,473,340	\$ 369,589	\$ -	\$ (422,219)	\$ (1,779,201)	\$ 15,785,133

Non-statutory Reserves	Balance at Dec. 31, 2021	Developer Contributions	Internal Transfers Additions	Interest	Internal Transfer Expenditures	Operational Expenditures	Capital Asset Additions	Balance at Dec. 31, 2022
Community Works	\$ 140,968	\$ -	\$ 138,864	\$ 3,378	\$ -	\$ -	\$ -	\$ 283,210
Future Policing Costs	3,303,945	-	462,716	79,183	-	-	(90,048)	3,755,796
Gaming Proceeds	12,551,341	-	8,070,079	340,312	-	(1,049,201)	(2,817,230)	17,095,301
Major Road Network Rehab	1,952,019	-	384,298	44,595	-	-	(267,821)	2,113,091
Prosperity Fund	1,566,605	-	-	37,483	-	-	(1,000,000)	604,088
Sewer Future Capital	1,056,567	-	1,275,000	32,069	-	(150,459)	(710,891)	1,502,286
Sewer Insurance Claims	34,419	-	-	825	-	-	-	35,244
Special Bonds	5,524,752	891,415	-	143,958	-	-	(83,707)	6,476,418
Tax Stabilization	1,974,026	-	419,761	47,310	-	-	-	2,441,097
Water Future Capital	1,353,472	-	930,000	36,880	-	(357,497)	(576,984)	1,385,871
Total	\$ 29,458,114	\$ 891,415	\$ 11,680,718	\$ 765,993	\$ -	\$ (1,557,157)	\$ (5,546,681)	\$ 35,692,402

CITY OF LANGLEY

Schedule 2

Consolidated Report of Segmented Revenues and Expenses

Year ended December 31, 2022

	General government	Police service	Fire service	Other protective services	Engineering operations	Water utility	Sewer & drainage utility	Development services	Solid waste	Recreation services	Parks	2022	2022 Financial Plan
													(Note 12)
Revenue													
Property tax revenue	\$ 33,866,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,866,252	\$ 33,943,035
User fees and other revenue	1,872,987	1,325	5,425	49,755	589,042	6,121,507	5,120,416	2,021,568	772,112	42,938	495,218	17,092,293	15,553,135
Gaming proceeds	8,070,079	-	-	-	-	-	-	-	-	-	-	8,070,079	7,000,000
Government transfers	138,864	491,524	-	397,323	1,406,121	-	33,971	294,018	-	37,827	785,000	3,584,648	1,910,385
Investment earnings	2,026,424	-	-	-	-	36,880	32,894	-	-	-	-	2,096,198	625,750
DCC revenue recognized	-	-	-	-	522,728	-	352,930	-	-	-	220,379	1,096,037	2,867,285
Gain (loss) on disposal of capital assets	-	-	6,179	-	-	(51,332)	(49,836)	-	-	-	-	(94,989)	-
Contributed tangible capital assets	-	-	-	-	680,242	20,000	170,100	-	-	-	-	870,342	-
Total Revenue	45,974,606	492,849	11,604	447,078	3,198,133	6,127,055	5,660,475	2,315,586	772,112	80,765	1,500,597	66,580,860	61,899,590
Expenses													
Operating													
Salaries & benefits	3,722,572	9,390	4,698,525	141,892	2,186,401	578,675	502,088	1,152,843	21,645	2,582,946	1,367,555	16,964,532	17,502,510
Goods and services	1,975,952	14,465,664	762,980	638,022	1,796,163	4,103,793	3,109,296	397,437	725,787	2,216,263	1,148,484	31,339,841	35,187,235
Debt servicing	184,154	-	-	-	-	-	-	-	-	-	-	184,154	178,500
	5,882,678	14,475,054	5,461,505	779,914	3,982,564	4,682,468	3,611,384	1,550,280	747,432	4,799,209	2,516,039	48,488,527	52,868,245
Amortization	443,244	132,207	333,561	-	2,729,547	436,643	611,026	27,980	-	862,313	801,041	6,377,562	6,000,000
Total Expenses	6,325,922	14,607,261	5,795,066	779,914	6,712,111	5,119,111	4,222,410	1,578,260	747,432	5,661,522	3,317,080	54,866,089	58,868,245
Annual Surplus (Deficit)	\$ 39,648,684	\$(14,114,412)	\$(5,783,462)	\$(332,836)	\$(3,513,978)	\$ 1,007,944	\$ 1,438,065	\$ 737,326	\$ 24,680	\$(5,580,757)	\$(1,816,483)	\$ 11,714,771	\$ 3,031,345

CITY OF LANGLEY

Schedule 3

Consolidated Report of Segmented Revenues and Expenses

Year ended December 31, 2021

	General government	Police service	Fire service	Other protective services	Engineering operations	Water utility	Sewer & drainage utility	Development services	Solid waste	Recreation services	Parks	2021	2021 Financial Plan
Revenue													
Property tax revenue	\$31,989,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$31,989,060	\$32,016,650
User fees and other revenue	913,440	675	8,800	66,338	196,649	5,569,961	4,624,415	2,231,762	714,927	18,672	451,619	14,797,258	13,988,290
Gaming proceeds	4,103,377	-	-	-	-	-	-	-	-	-	-	4,103,377	-
Government transfers	966,699	565,792	-	386,955	2,259,442	50,000	154,542	160,206	-	-	-	4,543,636	5,667,700
Investment earnings	907,665	-	-	-	-	-	-	-	-	-	-	907,665	574,000
DCC revenue recognized	-	-	-	-	392,792	-	678,085	-	-	-	59,400	1,130,277	884,670
Loss on disposal of capital assets	-	-	-	-	(284,910)	(30,599)	(140,150)	-	-	-	-	(455,659)	-
Contributed tangible capital assets	-	-	-	-	1,368,453	366,784	957,350	-	-	-	-	2,692,587	-
Total Revenue	38,880,241	566,467	8,800	453,293	3,932,426	5,956,146	6,274,242	2,391,968	714,927	18,672	511,019	59,708,201	53,131,310
Expenses													
Operating													
Salaries & benefits	3,219,681	9,818	4,391,882	132,771	1,894,911	675,201	451,302	1,002,486	20,856	1,858,018	1,405,910	15,062,836	16,568,580
Goods and services	2,167,506	13,425,116	687,956	665,470	2,267,512	4,455,213	3,315,348	248,189	694,180	2,231,455	1,253,218	31,411,163	30,347,365
Debt servicing	-	-	-	-	-	-	-	-	-	-	-	-	135,000
	5,387,187	13,434,934	5,079,838	798,241	4,162,423	5,130,414	3,766,650	1,250,675	715,036	4,089,473	2,659,128	46,473,999	46,915,945
Amortization	451,484	98,467	325,610	-	2,779,309	440,044	630,676	27,980	-	872,463	799,800	6,425,833	6,000,000
Total Expenses	5,838,671	13,533,401	5,405,448	798,241	6,941,732	5,570,458	4,397,326	1,278,655	715,036	4,961,936	3,458,928	52,899,832	53,050,945
Annual Surplus (Deficit)	\$33,041,570	\$(12,966,934)	\$(5,396,648)	\$(344,948)	\$(3,009,306)	\$385,688	\$1,876,916	\$1,113,313	\$(109)	\$(4,943,264)	\$(2,947,909)	\$6,808,369	\$80,365

CITY OF LANGLEY

Schedule 4

Schedule of Tangible Capital Assets

Year ended December 31, 2022 with comparative figures for 2021

2022	Land	Land Improvements	Buildings	Vehicles	Furniture & Equipment	Transportation Infrastructure	Sewer & Drainage Infrastructure	Water Infrastructure	Total
Historical cost¹									
Opening cost	\$ 71,911,405	\$ 16,227,374	\$ 43,489,013	\$ 8,984,801	\$ 9,548,262	\$ 150,056,933	\$ 53,795,212	\$ 35,955,733	\$ 389,968,733
Additions	1,352,885	2,272,881	271,017	309,921	556,401	4,157,846	1,772,841	597,150	11,290,942
Disposals	-	-	-	(26,714)	-	(8,482)	(161,320)	(104,466)	(300,982)
	73,264,290	18,500,255	43,760,030	9,268,008	10,104,663	154,206,297	55,406,733	36,448,417	400,958,693
Accumulated amortization									
Opening balance	-	6,039,621	21,110,466	5,109,502	6,406,832	48,339,473	19,295,167	11,405,944	117,707,005
Amortization expense	-	623,024	1,448,794	491,220	379,209	2,395,844	609,959	429,512	6,377,562
Disposals	-	-	-	(24,114)	-	(8,482)	(111,484)	(53,134)	(197,214)
	-	6,662,645	22,559,260	5,576,608	6,786,041	50,726,835	19,793,642	11,782,322	123,887,353
Net book value	\$ 73,264,290	\$ 11,837,610	\$ 21,200,770	\$ 3,691,400	\$ 3,318,622	\$ 103,479,462	\$ 35,613,091	\$ 24,666,095	\$ 277,071,340
2021									
	Land	Land Improvements	Buildings	Vehicles	Furniture & Equipment	Transportation Infrastructure	Sewer & Drainage Infrastructure	Water Infrastructure	Total
Historical cost¹									
Opening cost	\$ 67,711,248	\$ 15,799,747	\$ 42,731,587	\$ 8,864,315	\$ 9,197,776	\$ 146,481,674	\$ 51,686,459	\$ 34,744,505	\$ 377,217,311
Additions	4,200,157	427,627	757,426	182,953	523,874	4,437,293	2,432,162	1,289,570	14,251,062
Disposals	-	-	-	(62,467)	(173,388)	(862,034)	(323,409)	(78,342)	(1,499,640)
	71,911,405	16,227,374	43,489,013	8,984,801	9,548,262	150,056,933	53,795,212	35,955,733	389,968,733
Accumulated amortization									
Opening balance	-	5,407,883	19,691,507	4,662,205	6,206,706	46,464,935	18,849,191	11,021,215	112,303,642
Amortization expense	-	631,738	1,418,959	508,511	373,514	2,431,404	629,235	432,472	6,425,833
Disposals	-	-	-	(61,214)	(173,388)	(556,866)	(183,259)	(47,743)	(1,022,470)
	-	6,039,621	21,110,466	5,109,502	6,406,832	48,339,473	19,295,167	11,405,944	117,707,005
Net book value	\$ 71,911,405	\$ 10,187,753	\$ 22,378,547	\$ 3,875,299	\$ 3,141,430	\$ 101,717,460	\$ 34,500,045	\$ 24,549,789	\$ 272,261,728

¹Included in historical cost are assets under construction with a total cost of \$42,867,610 (2021 - \$33,747,994). No amortization has been recorded on these assets as they are in progress and not complete at year-end.