TOWN OF VICTORIA

Consolidated Financial Statements

For the Year Ended December 31, 2022

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Victoria and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Association of Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Council of the Municipality met with management and it's external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

Beacon Accounting Professional Corporation, as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. The opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian generally accepted accounting principles.

Mr. Barry Dooley
Mayor

February 13, 2023
Date

Ms Shelly Butt
Town Clerk

February 13, 2023
Date

Motion 2024-035

TOWN OF VICTORIA
Consolidated Financial Statements
For the Year Ended December 31, 2022

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TOWN OF VICTORIA
Consolidated Statement of Financial Position
As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	$ 1,449,634	$ 1,286,900
Amounts receivable (Note 4)	223,383	163,036
Total Financial Assets	$ 1,673,017	$ 1,449,936
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	93,929	62,817
Total Liabilities	$ 93,929	$ 62,817
NET FINANCIAL ASSETS (NET DEBT)	$ 1,579,088	$ 1,387,119
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	$ 9,939,721	$ 10,253,346
ACCUMULATED SURPLUS (DEFICIT)	$ 11,518,809	$ 11,640,465

Approved on behalf of Council:

Mayor Barry Dooley

Town Cerk Manager Shelly Butt

Motion 2024-035

The accompanying notes are an integral part of this financial statement

TOWN OF VICTORIA
Consolidated Statement of Operations
Year Ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
REVENUE			
Taxation	$ 1,250,974	$ 1,283,077	$ 1,277,444
Sales of goods and services	66,500	102,920	92,708
Grants and transfers	259,872	216,747	724,035
Other revenue	14,300	7,072	2,415
Total revenue (Schedule 2, 4 and 5)	$ 1,591,646	$ 1,609,816	$ 2,096,602
EXPENSES			
General government services	$ 666,634	$ 608,493	$ 544,872
Protective services	158,886	145,626	132,106
Transportation services	402,900	360,444	397,155
Environmental health services	542,382	476,122	443,699
Regional planning and development	55,000	-	-
Recreation and cultural services	111,797	63,398	82,493
Fiscal services	82,000	77,389	57,415
Total expenses (Schedule 3, 4 and 5)	$ 2,019,598	$ 1,731,472	$ 1,657,740
ANNUAL SURPLUS (DEFICIT)	$ (427,952)	$ (121,656)	$ 438,862
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	11,640,465	11,640,465	11,201,603
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	$ 11,212,513	$ 11,518,809	$ 11,640,465

The accompanying notes are an integral part of this financial statement

TOWN OF VICTORIA
Consolidated Statement of Change in Net Financial Assets (Net Debt)
Year Ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
ANNUAL SURPLUS (DEFICIT)	$ (427,952)	$ (121,656)	$ 438,862
Acquisition of tangible capital assets	$ (438,652)	$ (190,673)	$ (613,204)
Amortization of tangible capital assets	504,298	504,298	540,302
	$ 65,646	$ 313,625	$ (72,902)
CHANGE IN NET FINANCIAL ASSETS	$ (362,306)	$ 191,969	$ 365,960
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	1,387,119	1,387,119	1,021,159
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	$ 1,024,813	$ 1,579,088	$ 1,387,119

The accompanying notes are an integral part of this financial statement

TOWN OF VICTORIA
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING TRANSACTIONS		
Annual surplus (deficit)	$ (121,656)	$ 438,862
Changes in non-cash items:		
Amounts receivable	(60,347)	(20,113)
Accounts payable and accrued liabilities	31,112	3,290
Amortization	504,298	540,302
Cash provided by operating transactions	$ 353,407	$ 962,341
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(190,673)	(613,204)
Cash applied to capital transactions	$ (190,673)	$ (613,204)
FINANCING TRANSACTIONS		
Proceeds of long-term debt	-	-
Debt repayment	-	-
Cash applied to financing transactions	$ -	$ -
Increase (decrease) in cash & temporary investments	$ 162,734	$ 349,137
Cash and temporary investments, beginning of the year	1,286,900	937,763
Cash and temporary investments, end of the year	$ 1,449,634	$ 1,286,900

The accompanying notes are an integral part of this financial statement

1. Status of the Town of Victoria

The incorporated Town of Victoria is a municipal government that was incorporated in 1971 pursuant to the Province of Newfoundland and Labrador's Municipalities Act, 1999. The Municipality provides or funds municipal services such as fire, public works, parks and recreation, library, tourism and other general government operations.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Public Sector Accounting Standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) Basis of Consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, agencies, local boards, and committees of the Council which are controlled by the Municipality. The consolidated entities include:

Volunteer Fire Department
Recreation Commission

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Temporary Investments

Cash and temporary investments include cash and short-term investments with maturities of twelve months or less from the date of acquisition.

d) Government Transfers

Government transfers 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.

e) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is put into use and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Capital Assets	
Land	Indefinite
Land Improvements	10 - 50 years
Buildings and leasehold improvements	
Buildings	25 years
Recreation facilities	10 - 20 years
Vehicles and Equipment	
Machinery, equipment and furniture	5 -10 years
Infrastructure Assets	
Transportation	
Roads	20 -25 years
Water and Sewer	30 - 50 years

g) Revenue Recognition

Tax revenues are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are reported net of an allowance for anticipated uncollectable amounts.

Sales of services and other revenues are recognized in the period in which events giving rise to the revenue occur and the consideration can be practicably measured.

i) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Management has made significant estimates regarding the useful lives of tangible capital assets, determination of its allowance for doubtful accounts and the severance pay liability.

3. Cash

Cash and temporary investments are comprised of the following:

	2022	2021
Operating accounts	$ 1,001,095	$ 845,433
Temporary investments	448,539	441,467
	$ 1,449,634	$ 1,286,900

Temporary investments are comprised of guaranteed investment certificates.

4. Amounts Receivable

	2022	2021
Taxes receivable	$ 452,029	$ 375,389
HST rebate receivable	21,801	76,372
Government grants receivable	77,436.00	-
	$ 551,266	$ 451,761
Less: Allowances for doubtful amounts	(327,883)	(288,725)
	$ 223,383	$ 163,036

5. Accounts Payable and Accrued Liabilities

	2022	2021
Accounts payable and accruals	$ 66,505	$ 33,033
Refundable deposits	11,980	11,980
Severance pay liability	15,444	17,804
	$ 93,929	$ 62,817

6. Financial Instruments

The Municipality, as part of its operations, carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk from its residents and businesses. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. The Municipality has a significant number of residents which minimizes concentration of credit risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Municipality is mainly exposed to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to this risk through its longterm debt. The Municipality holds long-term debt with ariable interest rates which involves risk of default on interest and principal and price changes due to, without limitation, such factors as interest rates and general economic conditions.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of receipt of funds from its residents and other related sources, accounts payable, and long term debt.

7. Credit Facility

The Town has a revolving line of credit under a credit facility agreement with CIBC, to be used for day-today cash flow requirements. The maximum credit limit is $50,000 bearing interest at prime plus 0.5% per annum. As at December 31, 2022, the outstanding balance is $nil.

8. Risk Management

As part of the town's overall risk management, its insurance policy includes crime coverage of $50,000 per occurrence covering employee dishonesty and various other fraud-related risks.

The Municipality's insurance coverage and the manner in which the accounts have been kept and the safeguards against fraud are considered to be satisfactory.

9. Budget

In accordance with the *Municipalities Act, 1999* every council must adopt a financial plan for each fiscal period in a form approved of by the minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAB. For comparative purposes, the Town/City has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by Council.

The reconciliation between the Municipality's cash based financial plan and the PSAB accrual based budget figures used in these statements is disclosed in Schedule 6 - Reconciliation of the Financial Plan to the Budget.

TOWN OF VICTORIA **SCHEDULE 1**

Consolidated Schedule of Tangible Capital Assets

Year Ended December 31, 2022

	General Capital Assets						Infrastructure		Totals	
	Land	Buildings	General Equipment	Fire Equipment	Recreation Facilities	Heavy Equipment and Vehicles	Roads and Bridges	Water and Sewer Systems	2022	2021
Cost										
Opening costs	$ 17,886	$ 889,463	$ 139,975	$ 565,632	$ 225,431	$ 969,245	$ 4,425,033	$ 13,145,895	$ 20,378,560	$ 19,765,356
Additions during the year	-	-	-	17,390	-	96,000	43,184	34,099	190,673	613,204
Disposals and write downs	-	-	-	-	-	-	-	-	-	-
Closing costs	$ 17,886	$ 889,463	$ 139,975	$ 583,022	$ 225,431	$ 1,065,245	$ 4,468,217	$ 13,179,994	$ 20,569,233	$ 20,378,560
Accumulated Amortization										
Opening accum'd amortization	$ -	$ 368,328	$ 139,089	$ 476,167	$ 160,945	$ 751,967	$ 2,156,224	$ 6,072,494	$ 10,125,214	$ 9,584,912
Amortization	-	22,849	354	18,579	11,490	67,056	164,587	219,383	504,298	540,302
Disposals and write downs	-	-	-	-	-	-	-	-	-	-
Closing accum'd amortization	$ -	$ 391,177	$ 139,443	$ 494,746	$ 172,435	$ 819,023	$ 2,320,811	$ 6,291,877	$ 10,629,512	$ 10,125,214
Net Book Value of Tangible Capital Assets	$ 17,886	$ 498,286	$ 532	$ 88,276	$ 52,996	$ 246,222	$ 2,147,406	$ 6,888,117	$ 9,939,721	$ 10,253,346

TOWN OF VICTORIA **SCHEDULE 2**

Consolidated Schedule of Revenues

Year Ended December 31, 2022

	2022 Actual	2021 Actual
Taxation		
Property tax	$ 802,899	$ 795,796
Business and utility tax	109,067	107,319
Water and sewer tax	357,457	357,864
Poll tax	1,800	1,600
Licenses, permits, tax certificates & fees	11,854	14,865
	1,283,077	1,277,444
Sales of goods and services		
Water fees	33,050	33,050
Fire department	31,450	16,135
Other sales of goods and services	38,420	43,523
	102,920	92,708
Grants and transfers		
Municipal operating grant	128,506	128,506
Provincial shared gas tax	26,367	26,367
Capital projects grants	14,900	203,826
Federal gas tax revenue	-	346,333
Other grants and/or subsidies	46,974	19,003
	216,747	724,035
Other revenue		
Interest income	7,072	2,415
	7,072	2,415
Total Revenue	1,609,816	2,096,602

TOWN OF VICTORIA **SCHEDULE 3**

Consolidated Schedule of Expenses

Year Ended December 31, 2022

	2022 Actual	2021 Actual
General government services		
Legislative	$ 29,103	$ 27,909
Salaries and benefits	347,971	317,735
Office and other	55,930	53,097
Property assessment services	28,574	28,288
General administrative expenses	72,448	46,152
Insurance	53,070	50,294
Amortization	21,397	21,397
	608,493	544,872
Protective services		
Fire protection	127,047	113,199
Amortization	18,579	18,907
	145,626	132,106
Transportation services		
Roads and general maintenance	47,793	55,453
Snow clearing	32,943	31,052
Street lighting	48,065	48,519
Amortization	231,643	262,131
	360,444	397,155
Environmental health services		
Water and sewer - general operation and maintenance	92,400	85,966
Garbage and waste disposal	164,340	140,365
Amortization	219,382	217,368
	476,122	443,699
Recreation and cultural services		
Community centre	10,111	7,870
General costs	39,990	54,124
Amortization	13,297	20,499
	63,398	82,493
Fiscal Services		
Provision for uncollectible taxes, fees and charges	74,798	55,051
Bank charges	2,591	2,364
	77,389	57,415
Total Expenses	1,731,472	1,657,740

TOWN OF VICTORIA **SCHEDULE 4**

Consolidated Schedule of Operations by Program

Year Ended December 31, 2022

	General Government*		Protective Services		Transportation Services		Environmental Health Services	
	2022	2021	2022	2021	2022	2021	2022	2021
REVENUE								
Taxation	$ 925,620	$ 919,580	$ -	$ -	$ -	$ -	$ 357,457	$ 357,864
Sales of goods and services	38,420	43,523	31,450	16,135	-	-	33,050	33,050
Grants and transfers	173,623	154,873	9,205	-	-	346,333	14,900	203,826
Other revenue	7,072	2,415	-	-	-	-	-	-
Total revenue	$ 1,144,735	$ 1,120,391	$ 40,655	$ 16,135	$ -	$ 346,333	$ 405,407	$ 594,740
EXPENSES								
Personnel services	$ 377,074	$ 345,644	$ 7,500	$ 7,500	$ -	$ -	$ -	$ -
Contract services	53,070	50,294	-	-	-	-	164,340	140,365
Utilities	5,452	7,447	-	-	48,065	48,519	-	-
Maintenance materials and supplies	55,930	53,097	119,547	105,699	80,736	86,505	92,400	85,966
Amortization	21,397	21,397	18,579	18,907	231,643	262,131	219,382	217,368
Interest on long term debt	-	-	-	-	-	-	-	-
Other	95,570	66,993	-	-	-	-	-	-
Total expenses	$ 608,493	$ 544,872	$ 145,626	$ 132,106	$ 360,444	$ 397,155	$ 476,122	$ 443,699
Surplus (Deficit)	$ 536,242	$ 575,519	$ (104,971)	$ (115,971)	$ (360,444)	$ (50,822)	$ (70,715)	$ 151,041

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

TOWN OF VICTORIA **SCHEDULE 4 Cont...**

Consolidated Schedule of Operations by Program

Year Ended December 31, 2022

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
REVENUE								
Taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,283,077	$ 1,277,444
Sales of goods and services	-	-	-	-	-	-	102,920	92,708
Grants and transfers	-	-	19,019	19,003	-	-	216,747	724,035
Other revenue	-	-	-	-	-	-	7,072	2,415
Total revenue	$ -	$ -	$ 19,019	$ 19,003	$ -	$ -	$ 1,609,816	$ 2,096,602
EXPENSES								
Personnel services	$ -	$ -	$ -	$ -	$ -	$ -	$ 384,574	$ 353,144
Contract services	-	-	-	-	-	-	217,410	190,659
Utilities	-	-	-	-	-	-	53,517	55,966
Maintenance materials and supplies	-	-	50,101	61,994	-	-	398,714	393,261
Amortization	-	-	13,297	20,499	-	-	504,298	540,302
Interest on long term debt	-	-	-	-	-	-	-	-
Other	-	-	-	-	77,389	57,415	172,959	124,408
Total expenses	$ -	$ -	$ 63,398	$ 82,493	$ 77,389	$ 57,415	$ 1,731,472	$ 1,657,740
Surplus (Deficit)	$ -	$ -	$ (44,379)	$ (63,490)	$ (77,389)	$ (57,415)	$ (121,656)	$ 438,862

TOWN OF VICTORIA **SCHEDULE 5**

Consolidated Details and Reconciliation to Core Government Results

Year Ended December 31, 2022

	Core Government		Controlled Entities		Total	
	2022	2021	2022	2021	2022	2021
REVENUE						
Taxation	$ 1,283,077	$ 1,277,444	$ -	$ -	$ 1,283,077	$ 1,277,444
Sales of goods and services	71,470	76,573	31,450	16,135	102,920	92,708
Grants and transfers	207,542	724,035	9,205	-	216,747	724,035
Other revenue	7,072	2,415	-	-	7,072	2,415
Total revenue	$ 1,569,161	$ 2,080,467	$ 40,655	$ 16,135	$ 1,609,816	$ 2,096,602
EXPENSES						
Personnel services	$ 384,574	$ 353,144	$ -	$ -	$ 384,574	$ 353,144
Contract services	217,410	190,659	-	-	217,410	190,659
Utilities	53,517	55,966	-	-	53,517	55,966
Maintenance materials and supplies	364,407	368,084	34,307	25,177	398,714	393,261
Amortization	504,298	540,302	-	-	504,298	540,302
Interest on long term debt	-	-	-	-	-	-
Other	172,959	124,408	-	-	172,959	124,408
Total expenses	$ 1,697,165	$ 1,632,563	$ 34,307	$ 25,177	$ 1,731,472	$ 1,657,740
Surplus (Deficit)	$ (128,004)	$ 447,904	$ 6,348	$ (9,042)	$ (121,656)	$ 438,862

TOWN OF VICTORIA **SCHEDULE 6**

Reconciliation of the Financial Plan to the Budget

Year Ended December 31, 2022

	Financial Plan	Amortization (TCA)	Interest Expense	Capital Expenses	Consolidated Entities	Transfers	PSAB Budget
REVENUE							
Taxation	$ 1,250,974	$ -	$ -	$ -	$ -	$ -	$ 1,250,974
Sales of goods and services	35,050	-	-	-	31,450	-	66,500
Grants and transfers	698,524	-	-	-	-	(438,652)	259,872
Other revenue	14,300	-	-	-	-	-	14,300
Total revenue	$ 1,998,848	$ -	$ -	$ -	$ 31,450	$ (438,652)	$ 1,591,646
EXPENSES							
General government services	$ 645,237	$ 21,397	$ -	$ -	$ -	$ -	$ 666,634
Protective services	106,000	18,579	-	-	34,307	-	158,886
Transportation services	171,257	231,643	-	-	-	-	402,900
Environmental health services	323,000	219,382	-	-	-	-	542,382
Regional planning and development	55,000	-	-	-	-	-	55,000
Recreation and cultural services	98,500	13,297	-	-	-	-	111,797
Fiscal services:						-	-
Capital expenditures	438,652	-	-	(438,652)	-	-	-
Debt charges	79,203	-	(79,203)	-			-
Other fiscal services	82,000	-	-	-	-	-	82,000
Total expenses	$ 1,998,848	$ 504,298	$ (79,203)	$ (438,652)	$ 34,307	$ -	$ 2,019,598
Surplus (Deficit)	$ -	$ (504,298)	$ 79,203	$ 438,652	$ (2,857)	$ (438,652)	$ (427,952)