TOWN OF VICTORIA

Consolidated Financial Statements
For the Year Ended December 31, 2019

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 Canadian public sector accounting standards.

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 its 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.

Clarified Professional Corporation Inc., as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' 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 public sector accounting standards.

Mr. Barry Dooley
Mayor

Date: Sept 15/20

Ms. Shelly Butt
Town Clerk Manager

Date: Sept 15/'20

TOWN OF VICTORIA

Consolidated Financial Statements
For the Year Ended December 31, 2019

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TOWN OF VICTORIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	$ 1,151,595	$ 1,113,664
Amounts receivable (Note 4)	332,735	189,337
	$ 1,484,330	$ 1,303,001
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	193,647	92,284
Long-term debt (Note 6)	231,440	391,616
	425,087	483,900
NET FINANCIAL ASSETS (DEBT)	$ 1,059,243	$ 819,101
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	$ 9,736,453	$ 9,672,546
ACCUMULATED SURPLUS	$ 10,795,696	$ 10,491,647

Approved on behalf of Council:

Mayor

Town Clerk Manager

See accompanying notes to financial statements
Clarified Professional Corporation Inc.

TOWN OF VICTORIA
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
REVENUE			
Taxation	$ 1,270,959	**$ 1,284,781**	$ 1,351,236
Sales of goods and services	114,026	**148,696**	148,935
Grants and transfers	205,856	**580,274**	548,923
Investment income	-	**1,265**	12,157
Total revenue (Schedules 2, 4, and 5)	1,613,341	**2,015,016**	2,061,251
EXPENSES			
General government services	664,934	**533,397**	508,143
Protective services	160,034	**151,437**	146,957
Transportation services	405,040	**366,509**	373,823
Environmental health services	468,147	**433,116**	418,887
Regional planning and development	56,335	**6,610**	18,265
Recreation and cultural services	141,440	**155,753**	154,298
Fiscal services	92,050	**64,145**	97,771
Total expenses (Schedules 3, 4, and 5)	1,987,979	**1,710,967**	1,718,144
ANNUAL SURPLUS (DEFICIT)	(374,638)	**304,049**	343,107
ACCUMULATED SURPLUS, BEGINNING OF YEAR	10,491,647	**10,491,647**	10,148,540
ACCUMULATED SURPLUS, END OF YEAR	$ 10,117,009	**$ 10,795,696**	$ 10,491,647

See accompanying notes to financial statements.

TOWN OF VICTORIA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
Year Ended December 31, 2019

	2019 Actual	2018 Actual
ANNUAL SURPLUS (DEFICIT)	**$ 304,049**	$ 343,107
Acquisition of tangible capital assets	**(556,521)**	(341,459)
Amortization of tangible capital assets	**492,614**	473,222
	(63,907)	131,763
CHANGE IN NET FINANCIAL ASSETS (DEBT)	**240,142**	474,870
NET DEBT, BEGINNING OF YEAR	**819,101**	344,231
NET FINANCIAL ASSETS (DEBT), END OF YEAR	**$ 1,059,243**	$ 819,101

See accompanying notes to financial statements
Clarified Professional Corporation Inc.

TOWN OF VICTORIA
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

	2019	2018
OPERATING TRANSACTIONS		
Annual surplus	**$ 304,049**	$ 343,107
Changes in non-cash items:		
Amounts receivable	**(143,398)**	(78,209)
Accounts payable and accrued liabilities	**101,363**	(44,276)
Amortization	**492,614**	473,222
Cash provided by operating transactions	**754,628**	693,844
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	**(556,521)**	(341,459)
FINANCING TRANSACTIONS		
Proceeds of long-term debt	**146,745**	23,000
Debt repayment	**(306,921)**	(309,002)
Cash applied to financing transactions	**(160,176)**	(286,002)
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	**37,931**	66,383
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	**1,113,664**	1,047,281
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	**$ 1,151,595**	$ 1,113,664

See accompanying notes to financial statements

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. 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 are:

Volunteer Fire Department; Recreation Commission

b) Basis of Accounting

The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

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 to 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 system	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.

h) 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 and Temporary Investments

Cash and temporary investments are comprised of the following:

	2019	2018
Operating accounts	$ 715,123	$ 678,068
Temporary investments	436,472	435,596
	$ 1,151,595	$ 1,113,664

Temporary investments are comprised of guaranteed investment certificates.

4. Amounts Receivable

	2019	2018
Taxes receivable	$ 290,213	$ 321,575
HST receivable	73,268	53,604
Due from Province	194,244	86,158
	557,725	461,337
Less: allowances for doubtful amounts	(224,990)	(272,000)
	$ 332,735	$ 189,337

5. Accounts Payable and Accrued Liabilities

	2019	2018
Accounts payable and accruals	$ 164,987	$ 48,919
Source deductions payable	-	15,829
Refundable deposits	11,980	11,980
Severance pay liability	16,680	15,556
	$ 193,647	$ 92,284

6. Long Term Debt

	2019	2018
Newfoundland and Labrador Municipal Financing Corporation loan with a principal balance of $188,752, bearing interest at 6.375%, repayable in blended semi-annual instalments of $9,865. The loan matures in 2020.	$ 9,560	$ 27,804
Newfoundland and Labrador Municipal Financing Corporation loan repaid during the year.	-	3,048
Newfoundland and Labrador Municipal Financing Corporation loan repaid during the year.	-	27,240
CIBC loan bearing interest at prime plus 0.5%, repayable in monthly instalments of $249 plus interest, maturing October 1, 2028.	26,432	29,425
CIBC loan bearing interest at prime plus 0.5%, repayable in monthly instalments of $341 plus interest, maturing October 16, 2024.	19,703	33,157
CIBC loan bearing interest at prime plus 0.5%, repayable in monthly instalments of $865 plus interest, maturing December 5, 2034.	155,745	19,000
CIBC loan bearing interest at prime plus 0.5%, repayable in monthly instalments of $185 plus interest, maturing March, 2035.	20,000	10,000
CIBC loan repaid during the year.	-	19,000
CIBC loan repaid during the year.	-	38,386
CIBC loan repaid during the year.	-	43,419
CIBC loan repaid during the year.	-	42,700
CIBC loan repaid during the year.	-	48,354
CIBC loan repaid during the year.	-	50,083
	$ 231,440	$ 391,616

Principal payments required in each of the next five years are as follows:

2020	$ 29,242
2021	19,682
2022	19,682
2023	19,682
2024	18,953
Thereafter	124,199
	231,440

7. 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 long-term debt. The Municipality holds long-term debt with variable 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.

8. Credit Facility

The Town has a revolving line of credit under a credit facility agreement with CIBC, to be used for day-to-day cash flow requirements. The maximum credit limit is $50,000 bearing interest at prime plus 0.5% per annum. As at December 31, 2019, the outstanding balance is $nil.

9. 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 coverages and the manner in which the accounts have been kept and the safeguards against fraud are considered to be satisfactory.

10. Budget

In accordance with the Province of Newfoundland and Labrador's Municipalities Act, every council must adopt a financial plan for each fiscal period in a form approved 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 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.

11. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

TOWN OF VICTORIA **SCHEDULE 1**

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2019

	General Capital Assets						Infrastructure		Totals	
	Land	Buildings	General Equipment	Fire Equipment	Recreation Facilities	Heavy Equipment and Vehicles	Roads and Bridges	Water and Sewer Systems	2019	2018
Cost										
Opening costs	17,886	382,725	138,204	551,195	222,355	824,176	3,683,378	12,423,617	18,243,536	17,902,077
Additions during the year	-	285,747	1,771	14,437	3,076	-	121,096	130,394	556,521	341,459
Disposals and write downs	-	-	-	-	-	-	-	-	-	-
Closing costs	17,886	668,472	139,975	565,632	225,431	824,176	3,804,474	12,554,011	18,800,057	18,243,536
Accumulated Amortization										
Opening accum'd amortization	-	319,517	135,679	417,774	97,217	586,959	1,579,300	5,434,544	8,570,990	8,097,768
Amortization	-	8,295	1,860	19,382	23,097	47,749	184,084	208,147	492,614	473,222
Disposals and write downs	-	-	-	-	-	-	-	-	-	-
Closing accum'd amortization	-	327,812	137,539	437,156	120,314	634,708	1,763,384	5,642,691	9,063,604	8,570,990
Net Book Value of Tangible Capital Assets	17,886	340,660	2,436	128,476	105,117	189,468	2,041,090	6,911,320	9,736,453	9,672,546

TOWN OF VICTORIA **SCHEDULE 2**

CONSOLIDATED SCHEDULE OF REVENUES

Year Ended December 31, 2019

	2019	2018
Taxation		
Property tax	$ 849,292	$ 922,329
Business and utility tax	100,300	95,888
Water and sewer tax	325,797	323,880
Poll tax	400	650
Licenses, permits, tax certificates & fees	8,992	8,489
	1,284,781	1,351,236
Sales of goods and services		
Water fees	33,050	33,050
Fire department	46,566	36,659
Recreation commission	32,835	38,714
Other sales of goods and services	36,245	40,512
	148,696	148,935
Grants and transfers		
Municipal operating grant	128,506	128,506
Capital Project Grants	305,138	176,532
Gas tax revenue	43,616	84,416
Provincial share of debt charges	50,983	92,294
Other grants and/or subsidies	52,031	67,175
	580,274	548,923
Other revenue		
Gain on disposal of capital assets	-	-
Interest income	1,265	12,157
	1,265	12,157
Total Revenue	2,015,016	2,061,251

TOWN OF VICTORIA **SCHEDULE 3**

CONSOLIDATED SCHEDULE OF EXPENSES

Year Ended December 31, 2019

	2019	2018
General government services		
Legislative	$ 29,616	$ 30,994
Salaries and benefits	362,191	331,256
Office and other	11,827	29,215
Property assessment services	29,016	30,051
Amortization	9,112	2,451
General administrative expenses	47,456	45,151
Insurance	44,179	39,025
	533,397	508,143
Protective services		
Amortization	19,382	18,660
Fire protection	132,055	128,297
	151,437	146,957
Transportation services		
Roads and general maintenance	68,664	77,659
Snow clearing	18,360	23,042
Amortization	231,833	223,332
Street lighting	47,652	49,790
	366,509	373,823
Environmental health services		
Water and sewer - general operation and maintenance	97,164	78,927
Amortization	208,147	206,726
Garbage and waste disposal	127,805	133,234
	433,116	418,887
Regional planning and development		
General Costs	6,610	18,265
	6,610	18,265
Recreation and cultural services		
Community centre	21,752	15,768
Salaries and benefits	15,606	29,766
Amortization	24,139	22,052
General costs	94,256	86,712
	155,753	154,298
Fiscal Services		
Long-term debt interest	12,050	23,449
Bad debt expense	49,985	71,676
Bank charges	2,110	2,646
	64,145	97,771
Total Expenses	1,710,967	1,718,144

TOWN OF VICTORIA **SCHEDULE 4**

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2019

	General Government*		Protective Services		Transportation Services		Environmental Health Services	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
REVENUE								
Taxation	**$ 958,984**	$ 1,027,356	**$ -**	$ -	**$ -**	$ -	**$ 325,797**	$ 323,880
Sales of goods and services	**36,245**	40,512	**46,566**	36,659	**-**	-	**33,050**	33,050
Grants and transfers	**154,873**	154,873	**-**	-	**17,250**	85,916	**305,138**	176,532
Other income	**1,265**	12,157	**-**	-		-	**-**	-
Total revenue	**$ 1,151,367**	$ 1,234,898	**$ 46,566**	$ 36,659	**$ 17,250**	$ 85,916	**$ 663,985**	$ 533,462
EXPENSES								
Personnel services	**$ 391,807**	$ 362,250	**$ 11,550**	$ 7,500	**$ -**	$ -	**$ -**	$ -
Contract services	**44,179**	54,351	**-**	-	**-**	-	**127,805**	133,234
Utilities	**11,135**	11,135	**-**	-	**47,652**	49,790	**-**	-
Maintenance materials and supplies	**11,827**	29,215	**120,505**	120,797	**87,024**	100,701	**97,164**	78,927
Amortization	**9,112**	2,451	**19,382**	18,660	**231,833**	223,332	**208,147**	206,726
Interest on long term debt	**-**	-	**-**	-	**-**	-	**-**	-
Other	**65,337**	48,741	**-**	-	**-**	-	**-**	-
Total expenses	**$ 533,397**	$ 508,143	**$ 151,437**	$ 146,957	**$ 366,509**	$ 373,823	**$ 433,116**	$ 418,887
Surplus (Deficit)	**$ 617,970**	$ 726,755	**$ (104,871)**	$ (110,298)	**$ (349,259)**	$ (287,907)	**$ 230,869**	$ 114,575

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

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2019

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE								
Taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,284,781	$ 1,351,236
Sales of goods and services	-	-	32,835	38,714	-	-	148,696	148,935
Grants and transfers	-	-	52,030	39,308	50,983	92,294	580,274	548,923
Investment income	-	-	-	-	-	-	1,265	12,157
Total revenue	$ -	$ -	$ 84,865	$ 78,022	$ 50,983	$ 92,294	$ 2,015,016	$ 2,061,251
EXPENSES								
Personnel services	$ -	$ -	$ 15,606	$ 29,766	$ -	$ -	$ 418,963	$ 399,516
Contract services	-	-	-	-	-	-	171,984	187,585
Utilities	-		-	-	-	-	58,787	60,925
Maintenance materials and supplies	-	-	116,008	102,480	-	-	432,528	432,120
Amortization	-	-	24,139	22,052	-	-	492,613	473,221
Interest on long term debt	-	-	-	-	12,050	23,449	12,050	23,449
Other	6,610	18,265	-	-	52,095	74,322	124,042	141,328
Total expenses	$ 6,610	$ 18,265	$ 155,753	$ 154,298	$ 64,145	$ 97,771	$ 1,710,967	$ 1,718,144
Surplus (Deficit)	$ (6,610)	$ (18,265)	$ (70,888)	$ (76,276)	$ (13,162)	$ (5,477)	$ 304,049	$ 343,107

TOWN OF VICTORIA **SCHEDULE 5**

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2019

	Core Government		Controlled Entities		Total	
	2019	2018	**2019**	2018	**2019**	2018
REVENUE						
Taxation	**$ 1,284,781**	$ 1,351,236	**$ -**	$ -	**$ 1,284,781**	$ 1,351,236
Sales of goods and services	**69,295**	73,562	**79,401**	75,373	**148,696**	148,935
Grants and transfers	**580,274**	548,923	**-**	-	**580,274**	548,923
Investment income	**1,265**	12,157			**1,265**	12,157
Total revenue	**$ 1,935,615**	$ 1,985,878	**$ 79,401**	$ 75,373	**$ 2,015,016**	$ 2,061,251
EXPENSES						
Personnel services	**$ 418,963**	$ 399,516	**$ -**	$ -	**$ 418,963**	$ 399,516
Contract services	**171,984**	187,585	**-**	-	**171,984**	187,585
Utilities	**58,787**	60,925	**-**	-	**58,787**	60,925
Maintenance materials and supplies	**360,275**	396,651	**72,253**	35,469	**432,528**	432,120
Grants and contributions	**-**	-			**-**	-
Amortization	**492,613**	473,221	**-**	-	**492,613**	473,221
Interest on long term debt	**12,050**	23,449	**-**	-	**12,050**	23,449
Other	**124,042**	141,328	**-**	-	**124,042**	141,328
Total expenses	**$ 1,638,714**	$ 1,682,675	**$ 72,253**	$ 35,469	**$ 1,710,967**	$ 1,718,144
Surplus (Deficit)	**$ 296,901**	$ 303,203	**$ 7,148**	$ 39,904	**$ 304,049**	$ 343,107