TOWN OF VICTORIA

Consolidated Financial Statements

For the Year Ended December 31, 2023

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	January 27, 2025 Date
Shelly Butt *Ms Shelly Butt* Town Clerk	January 27, 2025 Date

TOWN OF VICTORIA
Consolidated Financial Statements
For the Year Ended December 31, 2023

TOWN OF VICTORIA
Consolidated Statement of Financial Position
As at December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	$ 1,743,111	$ 1,449,634
Amounts receivable (Note 4)	228,540	223,383
Total Financial Assets	$ 1,971,651	$ 1,673,017
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	350,371	93,929
Total Liabilities	$ 350,371	$ 93,929
NET FINANCIAL ASSETS (NET DEBT)	$ 1,621,280	$ 1,579,088
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	$ 9,828,944	$ 9,939,721
ACCUMULATED SURPLUS (DEFICIT)	$ 11,450,224	$ 11,518,809

Approved on behalf of Council:

Mayor

Shelly Butt

Town Cerk

The accompanying notes are an integral part of this financial statement

TOWN OF VICTORIA
Consolidated Statement of Operations
Year Ended December 31, 2023

	2023 Budget	2023 Actual	2022 Actual
REVENUE			
Taxation	$ 1,155,542	$ **1,184,542**	$ 1,283,077
Sales of goods and services	68,488	**134,818**	102,920
Grants and transfers	259,872	**465,530**	216,747
Other revenue	21,000	**20,955**	7,072
Total revenue (Schedule 2, 4 and 5)	$ 1,504,902	$ **1,805,845**	$ 1,609,816
EXPENSES			
General government services	$ 608,471	$ **635,572**	$ 608,493
Protective services	143,637	**132,194**	145,626
Transportation services	383,714	**383,572**	360,444
Environmental health services	533,935	**549,113**	476,122
Regional planning and development	50,000	**-**	-
Recreation and cultural services	102,040	**35,105**	63,398
Fiscal services	82,000	**138,874**	77,389
Total expenses (Schedule 3, 4 and 5)	$ 1,903,797	$ **1,874,430**	$ 1,731,472
ANNUAL SURPLUS (DEFICIT)	$ (398,894)	$ **(68,585)**	$ (121,656)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	11,518,809	**11,518,809**	11,640,465
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	$ 11,119,915	$ **11,450,224**	$ 11,518,809

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, 2023

	2023 Budget	2023 Actual	2022 Actual
ANNUAL SURPLUS (DEFICIT)	$ (398,894)	**$ (68,585)**	$ (121,656)
Acquisition of tangible capital assets	$ (435,346)	**$ (383,973)**	$ (190,673)
Amortization of tangible capital assets	494,750	**494,750**	504,298
	$ 59,404	**$ 110,777**	$ 313,625
CHANGE IN NET FINANCIAL ASSETS	$ (339,490)	**$ 42,192**	$ 191,969
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	1,579,088	**1,579,088**	1,387,119
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	$ 1,239,598	**$ 1,621,280**	$ 1,579,088

The accompanying notes are an integral part of this financial statement

TOWN OF VICTORIA
Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING TRANSACTIONS		
Annual surplus (deficit)	$ (68,585)	$ (121,656)
Changes in non-cash items:		
Amounts receivable	(5,157)	(60,347)
Accounts payable and accrued liabilities	256,442	31,112
Amortization	494,750	504,298
Cash provided by operating transactions	$ 677,450	$ 353,407
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(383,973)	(190,673)
Cash applied to capital transactions	$ (383,973)	$ (190,673)
FINANCING TRANSACTIONS		
Proceeds of long-term debt	-	-
Debt repayment	-	-
Cash applied to financing transactions	$ -	$ -
Increase (decrease) in cash & temporary investments	$ 293,477	$ 162,734
Cash and temporary investments, beginning of the year	1,449,634	1,286,900
Cash and temporary investments, end of the year	$ 1,743,111	$ 1,449,634

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:

<u>General Tangible Capital Assets</u>	
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
<u>Infrastructure Assets</u>	
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.

TOWN OF VICTORIA
Notes to the Consolidated Financial Statements
As at December 31, 2023

3. Cash

Cash and temporary investments are comprised of the following:

		2023		2022
Operating accounts	$	1,273,617	$	1,001,095
Temporary investments		469,494		448,539
	$	1,743,111	$	1,449,634

Temporary investments are comprised of guaranteed investment certificates.

4. Amounts Receivable

		2023		2022
Taxes receivable	$	515,904	$	452,029
HST rebate receivable		46,820		21,801
Government grants receivable		95,009		77,436
	$	657,733	$	551,266
Less: Allowances for doubtful amounts		(429,193)		(327,883)
	$	228,540	$	223,383

5. Accounts Payable and Accrued Liabilities

		2023		2022
Accounts payable and accruals	$	322,947	$	66,505
Refundable deposits		11,980		11,980
Severance pay liability		15,444		15,444
	$	350,371	$	93,929

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
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2023

SCHEDULE 1

	General Capital Assets							Infrastructure		Totals	
	Land	Buildings	Asset Mgmt. Plan	General Equipment	Fire Equipment	Recreation Facilities	Heavy Equipment and Vehicles	Roads and Bridges	Water and Sewer Systems	2023	2022
Cost											
Opening 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
Additions during the year	-	-	62,572	-	18,344	-	-	150,813	152,244	383,973	190,673
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing costs	$ 17,886	$ 889,463	$ 62,572	$ 139,975	$ 601,366	$ 225,431	$ 1,065,245	$ 4,619,030	$ 13,332,238	$ 20,953,206	$20,569,233
Accumulated Amortization											
Opening 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
Amortization	-	22,849	-	354	19,614	3,283	58,275	169,443	220,932	494,750	504,298
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing accum'd amortization	$ -	$ 414,026	$ -	$ 139,797	$ 514,360	$ 175,718	$ 877,298	$ 2,490,254	$ 6,512,809	$ 11,124,262	$10,629,512
Net Book Value of Tangible Capital Assets	$ 17,886	$ 475,437	$ 62,572	$ 178	$ 87,006	$ 49,713	$ 187,947	$ 2,128,776	$ 6,819,429	$ 9,828,944	$ 9,939,721

TOWN OF VICTORIA **SCHEDULE 2**

Consolidated Schedule of Revenues

Year Ended December 31, 2023

	2023 Actual	2022 Actual
Taxation		
Property tax	$ 703,251	$ 802,899
Business and utility tax	107,821	109,067
Water and sewer tax	359,369	357,457
Poll tax	2,000	1,800
Licenses, permits, tax certificates & fees	12,101	11,854
	1,184,542	1,283,077
Sales of goods and services		
Water fees	36,550	33,050
Fire department	27,738	31,450
Other sales of goods and services	70,530	38,420
	134,818	102,920
Grants and transfers		
Municipal operating grant	146,079	128,506
Provincial shared gas tax	26,367	26,367
Capital projects grants	122,781	14,900
Federal gas tax revenue	87,242	-
Other grants and/or subsidies	83,061	46,974
	465,530	216,747
Other revenue		
Interest income	20,955	7,072
	20,955	7,072
Total Revenue	1,805,845	1,609,816

TOWN OF VICTORIA **SCHEDULE 3**

Consolidated Schedule of Expenses

Year Ended December 31, 2023

	2023 Actual	2022 Actual
General government services		
Legislative	$ 27,443	$ 29,103
Salaries and benefits	346,916	347,971
Office and other	53,001	55,930
Property assessment services	28,626	28,574
General administrative expenses	99,601	72,448
Insurance	58,588	53,070
Amortization	21,397	21,397
	635,572	608,493
Protective services		
Fire protection	112,580	127,047
Amortization	19,614	18,579
	132,194	145,626
Transportation services		
Roads and general maintenance	68,481	47,793
Snow clearing	39,627	32,943
Street lighting	47,750	48,065
Amortization	227,714	231,643
	383,572	360,444
Environmental health services		
Water and sewer - general operation and maintenance	164,252	92,400
Garbage and waste disposal	163,926	164,340
Amortization	220,935	219,382
	549,113	476,122
Recreation and cultural services		
Community centre	11,548	10,111
General costs	18,467	39,990
Amortization	5,090	13,297
	35,105	63,398
Fiscal Services		
Provision for uncollectible taxes, fees and charges	137,899	74,798
Bank charges	975	2,591
	138,874	77,389
Total Expenses	1,874,430	1,731,472

TOWN OF VICTORIA

Consolidated Schedule of Operations by Program

Year Ended December 31, 2023

SCHEDULE 4

	General Government*		Protective Services		Transportation Services		Environmental Health Services	
	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE								
Taxation	$ 825,173	$ 925,620	$ -	$ -	$ -	$ -	$ 359,369	$ 357,457
Sales of goods and services	70,530	38,420	27,738	31,450	-	-	36,550	33,050
Grants and transfers	172,446	173,623	12,598	9,205	87,242	-	122,781	14,900
Other revenue	20,955	7,072	-	-	-	-	-	-
Total revenue	$ 1,089,104	$ 1,144,735	$ 40,336	$ 40,655	$ 87,242	$ -	$ 518,700	$ 405,407
EXPENSES								
Personnel services	$ 374,359	$ 377,074	$ 7,500	$ 7,500	$ -	$ -	$ -	$ -
Contract services	58,588	53,070	-	-	-	-	163,926	164,340
Utilities	5,588	5,452	-	-	47,750	48,065	-	-
Maintenance materials and supplies	53,001	55,930	105,080	119,547	108,108	80,736	164,252	92,400
Amortization	21,397	21,397	19,614	18,579	227,714	231,643	220,935	219,382
Interest on long term debt	-	-	-	-	-	-	-	-
Other	122,639	95,570	-	-	-	-	-	-
Total expenses	$ 635,572	$ 608,493	$ 132,194	$ 145,626	$ 383,572	$ 360,444	$ 549,113	$ 476,122
Surplus (Deficit)	$ 453,532	$ 536,242	$ (91,858)	$ (104,971)	$ (296,330)	$ (360,444)	$ (30,413)	$ (70,715)

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

TOWN OF VICTORIA
Consolidated Schedule of Operations by Program
Year Ended December 31, 2023

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE								
Taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,184,542	$ 1,283,077
Sales of goods and services	-	-	-	-	-	-	134,818	102,920
Grants and transfers	48,000	-	22,463	19,019	-	-	465,530	216,747
Other revenue	-	-	-	-	-	-	20,955	7,072
Total revenue	$ 48,000	$ -	$ 22,463	$ 19,019	$ -	$ -	$ 1,805,845	$ 1,609,816
EXPENSES								
Personnel services	$ -	$ -	$ -	$ -	$ -	$ -	$ 381,859	$ 384,574
Contract services	-	-	-	-	-	-	222,514	217,410
Utilities	-	-	-	-	-	-	53,338	53,517
Maintenance materials and supplies	-	-	30,015	50,101	-	-	460,456	398,714
Amortization	-	-	5,090	13,297	-	-	494,750	504,298
Interest on long term debt	-	-	-	-	-	-	-	-
Other	-	-	-	-	138,874	77,389	261,513	172,959
Total expenses	$ -	$ -	$ 35,105	$ 63,398	$ 138,874	$ 77,389	$ 1,874,430	$ 1,731,472
Surplus (Deficit)	$ 48,000	$ -	$ (12,642)	$ (44,379)	$ (138,874)	$ (77,389)	$ (68,585)	$ (121,656)

TOWN OF VICTORIA

Consolidated Details and Reconciliation to Core Government Results

Year Ended December 31, 2023

SCHEDULE 5

	Core Government		Controlled Entities		Total	
	2023	2022	2023	2022	2023	2022
REVENUE						
Taxation	$ 1,184,542	$ 1,283,077	$ -	$ -	$ 1,184,542	$ 1,283,077
Sales of goods and services	107,080	71,470	27,738	31,450	134,818	102,920
Grants and transfers	452,932	207,542	12,598	9,205	465,530	216,747
Other revenue	20,955	7,072	-	-	20,955	7,072
Total revenue	$ 1,765,509	$ 1,569,161	$ 40,336	$ 40,655	$ 1,805,845	$ 1,609,816
EXPENSES						
Personnel services	$ 381,859	$ 384,574	$ -	$ -	$ 381,859	$ 384,574
Contract services	222,514	217,410	-	-	222,514	217,410
Utilities	53,338	53,517	-	-	53,338	53,517
Maintenance materials and supplies	439,433	364,407	21,023	34,307	460,456	398,714
Amortization	494,750	504,298	-	-	494,750	504,298
Interest on long term debt	-	-	-	-	-	-
Other	261,513	172,959	-	-	261,513	172,959
Total expenses	$ 1,853,407	$ 1,697,165	$ 21,023	$ 34,307	$ 1,874,430	$ 1,731,472
Surplus (Deficit)	$ (87,898)	$ (128,004)	$ 19,313	$ 6,348	$ (68,585)	$ (121,656)

TOWN OF VICTORIA

Reconciliation of the Financial Plan to the Budget

Year Ended December 31, 2023

SCHEDULE 6

	Financial Plan	Amortization (TCA)	Interest Expense	Capital Expenses	Consolidated Entities	Transfers	PSAB Budget
REVENUE							
Taxation	$ 1,155,542	$ -	$ -	$ -	$ -	$ -	$ 1,155,542
Sales of goods and services	40,750	-	-	-	27,738	-	68,488
Grants and transfers	695,218	-	-	-	-	(435,346)	259,872
Other revenue	21,000	-	-	-	-	-	21,000
Total revenue	$ 1,912,510	$ -	$ -	$ -	$ 27,738	$ (435,346)	$ 1,504,902
EXPENSES							
General government services	$ 587,074	$ 21,397	$ -	$ -	$ -	$ -	$ 608,471
Protective services	103,000	19,614	-	-	21,023	-	143,637
Transportation services	156,000	227,714	-	-	-	-	383,714
Environmental health services	313,000	220,935	-	-	-	-	533,935
Regional planning and development	50,000	-	-	-	-	-	50,000
Recreation and cultural services	96,950	5,090	-	-	-	-	102,040
Fiscal services:						-	-
Capital expenditures	435,346	-	-	(435,346)	-	-	-
Debt charges	89,141	-	(89,141)	-			-
Other fiscal services	82,000	-	-	-	-	-	82,000
Total expenses	$ 1,912,510	$ 494,750	$ (89,141)	$ (435,346)	$ 21,023	$ -	$ 1,903,797
Surplus (Deficit)	$ -	$ (494,750)	$ 89,141	$ 435,346	$ 6,715	$ (435,346)	$ (398,894)