

THE CORPORATION OF THE CITY OF VICTORIA
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the City of Victoria (the "City") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board. A summary of the significant accounting policies are described in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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

City Manager

Deputy City Manager/CFO



Government Finance Officers Association

**Canadian Award
for
Financial Reporting**

Presented to

**City of Victoria
British Columbia**

For its Annual
Financial Report
for the Year Ended

December 31, 2023

Christopher P. Morrell
Executive Director/CEO

THE CORPORATION OF THE CITY OF VICTORIA
STATEMENT OF FINANCIAL POSITION

December 31	2024	2023
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 121,941,832	97,276,196
Accounts receivable		
Property taxes	4,360,823	4,189,736
Other	32,902,977	37,500,804
Portfolio investments (Note 4)	243,270,071	272,967,247
Mortgage receivable (Note 5)	1,077,779	1,044,652
Other assets	20,428	403
MFA debt reserve fund (Note 17)	1,288,845	1,323,540
	404,862,755	414,302,578
Liabilities		
Accounts payable and accrued liabilities	34,759,431	35,189,523
Prepayments	14,554,543	14,430,347
Deposits	12,826,564	14,287,501
Deferred revenue (Note 6)	30,737,826	31,127,016
Long-term debt (Note 7)	43,885,097	48,962,799
Employee future benefit liability (Note 8)	20,335,524	19,987,861
Asset retirement obligations (Note 10)	1,928,234	1,706,893
Capital lease obligations (Note 11)	791,244	-
	159,818,463	165,691,940
Net Financial Assets	245,044,292	248,610,638
Non-Financial Assets		
Tangible capital assets (Note 9)	773,485,604	722,459,962
Inventories of supplies	2,585,076	2,655,209
Deposits towards acquisition of tangible capital assets (Note 9(d))	-	535,000
Prepaid expenses and deposits	2,897,419	2,539,789
	778,968,099	728,189,960
Accumulated Surplus (Note 12)	\$ 1,024,012,391	\$ 976,800,598
Contingent liabilities (Note 17)		

On behalf of the City:

Deputy City Manager/CFO

Mayor

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

THE CORPORATION OF THE CITY OF VICTORIA
STATEMENT OF OPERATIONS

For the year ended December 31	Financial Plan 2024	2024	2023
	(Note 18)		
Revenues			
Taxation (Note 13)	183,665,460	\$ 183,655,407	\$ 169,084,975
Grants in lieu of taxes	7,612,400	7,958,982	7,613,156
Sale of goods and services	62,300,350	70,683,009	66,304,108
Sale of water	26,185,390	26,176,686	26,734,144
Licences and permits	9,873,110	10,665,331	11,371,144
Fines	7,485,020	7,014,418	5,438,681
Rentals and leases	2,659,300	2,504,376	2,194,456
Investment income	8,000,000	16,060,289	16,378,744
Other interest and penalties	965,960	1,476,944	1,407,719
Unconditional government transfers (Note 14)	2,000,000	1,877,000	1,988,000
Conditional government transfers (Note 14)	16,224,830	14,239,788	26,009,318
Actuarial adjustment on debt	-	1,372,588	1,435,132
Development cost charges	8,722,000	7,350,219	6,134,789
Miscellaneous (Note 15)	3,532,180	5,473,599	4,213,705
	339,226,000	356,508,636	346,308,071
Expenses			
General government	42,881,150	35,088,935	27,707,915
Protective services	98,871,790	108,004,997	97,724,786
Engineering and transportation services	31,506,840	45,082,807	40,019,766
Environmental and public health services	10,439,410	11,275,293	10,387,184
Social services and housing	2,276,870	4,113,094	3,272,815
Planning and development	25,477,260	26,582,622	22,970,043
Parks, recreation and cultural services	35,306,230	51,696,663	48,072,553
Water utility	19,368,390	19,875,368	19,444,103
Sewer utility	4,847,660	7,577,064	5,902,287
	270,975,600	309,296,843	275,501,453
Annual Surplus	68,250,400	47,211,793	70,806,618
Accumulated Surplus, beginning of year	976,800,598	976,800,598	905,993,980
Accumulated Surplus, end of year	\$ 1,045,050,998	\$ 1,024,012,391	\$ 976,800,598

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE CITY OF VICTORIA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	Financial Plan 2024 (Note 18)	2024	2023
Annual Surplus	\$ 68,250,400	\$ 47,211,793	\$ 70,806,618
Acquisition of tangible capital assets	(153,162,000)	(77,224,466)	(105,205,048)
Developer contributions of tangible capital assets	-	-	(30,000)
Amortization of tangible capital assets	16,500,000	21,701,362	20,906,966
Loss on disposal of tangible capital assets	-	4,210,095	3,534,452
Proceeds on disposal of tangible capital assets	-	287,367	43,311
	(136,662,000)	(51,025,642)	(80,750,319)
Purchase of inventories of supplies	-	(3,567,440)	(3,710,690)
Purchase of prepaids expense and deposits	-	(4,178,962)	(4,826,149)
Deposits towards acquisition of tangible capital assets	-	-	(535,000)
Consumption of deposits towards acquisition of tangible capital assets	-	535,000	3,400,000
Consumption of inventories of supplies	-	3,637,573	3,489,649
Consumption of prepaid expenses and deposits	-	3,821,332	2,973,395
	-	247,503	791,205
Change in Net Financial Assets	(68,411,600)	(3,566,346)	(9,152,496)
Net Financial Assets, Beginning of Year	248,610,638	248,610,638	257,763,134
Net Financial Assets, End of Year	\$ 180,199,038	\$ 245,044,292	\$ 248,610,638

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE CITY OF VICTORIA
STATEMENT OF CASH FLOWS

For the year ended December 31

2024

2023

Cash provided by (used in):

Operating Transactions:

Annual Surplus	\$ 47,211,793	\$ 70,806,618
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Items not involving cash:

Amortization of tangible capital assets	21,701,362	20,906,966
Loss on disposal of tangible capital assets	4,210,095	3,534,452
Employee future benefits expense	2,944,800	2,718,000
Accretion expense	14,095	13,904
Actuarial adjustment on debt	(1,372,588)	(1,435,132)
Developer contributions of tangible capital assets	-	(30,000)

Change in non-cash operating assets and liabilities:

Accounts receivable other	4,597,827	(1,821,043)
Property taxes receivable	(171,087)	(1,142,142)
Mortgage receivable	(33,127)	(32,194)
Other assets	(20,025)	1,813
MFA debt reserve fund	34,695	(12,873)
Accounts payable and accrued liabilities	(430,092)	5,120,503
Prepayments	124,197	1,296,155
Deposits	(1,460,938)	763,489
Deferred revenue	(389,190)	1,767,197
Inventories of supplies	70,133	(221,041)
Prepaid expenses and deposits	(357,630)	(1,852,753)
Change in employee future benefit liability due to cash payment	(2,597,137)	(2,153,665)
	<u>74,077,183</u>	<u>98,228,255</u>

Capital Transactions:

Acquisition of tangible capital assets	(76,150,353)	(103,512,059)
Consumption of deposits towards acquisition of tangible capital assets	535,000	3,400,000
Deposits towards acquisition of tangible capital assets	-	(535,000)
Proceeds on disposal of tangible capital assets	287,367	43,311
	<u>(75,327,986)</u>	<u>(100,603,748)</u>

Investing Transactions:

Net decrease (increase) in portfolio investments	<u>29,697,176</u>	<u>(24,923,906)</u>
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Financing Transactions:

Repayment of long-term debt	(3,705,114)	(3,668,453)
Payment on capital lease obligations	<u>(75,623)</u>	<u>-</u>

Increase in cash and cash equivalents	24,665,636	(30,967,852)
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Cash and cash equivalents, beginning of year	97,276,196	128,244,048
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Cash and cash equivalents, end of year	\$ 121,941,832	\$ 97,276,196
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The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

The Corporation of the City of Victoria (the "City") is incorporated and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. The City provides municipal services such as: protective services, engineering and transportation services, environmental and public health services, social services and housing, planning and development, parks, recreation and cultural services, water utility, sewer utility and other general government operations.

The financial statements of the City are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board. Significant accounting policies adopted by the City are as follows:

1. Significant Accounting Policies

(a) Reporting Entity

The financial statements include the assets, liabilities, accumulated surplus, revenues and expenses of all of the City's activities and funds. Inter-departmental balances and organizational transactions have been eliminated.

The financial statements exclude trust assets that are administered for the benefit of external parties (Note 16).

(b) Revenues

The City recognizes revenue in accordance with the following policies:

Taxation

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 taxes for municipal services in the year they are 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 recognized net of an allowance for anticipated uncollectible amounts. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Amounts received prior to recognition are recorded as a liability within prepayments.

Government transfers

Government transfers are recognized in the financial statements as revenues in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that stipulations exist that gives rise to an obligation that meets the definition of a liability. Transfers received that meet the definition of a liability are initially recorded as deferred revenue and are subsequently recognized as the stipulations that gave rise to the liability are settled.

Investment income

Income from Portfolio Investments is reported as revenue in the period that it is earned, based on the terms of the underlying financial instruments and in accordance with the financial instrument measurement policies disclosed in Note 1(i).

Development cost charges

Development cost charges received or receivable by the City are restricted to offset the cost of future infrastructure development by legislation of the Province of British Columbia. These inflows are recognized as revenue in the period that the funds are used for the specified purpose(s). Prior to this, amounts received are recorded as a liability within deferred revenue.

Contributed tangible capital assets

Tangible capital assets contributed to the City are recorded as revenue when the City acquires control over the contributed assets. These assets are recognized at their estimated fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. When fair value cannot be estimated, contributed tangible capital assets are recognized at a nominal value.

Sale of goods, fees for services, and other revenues

Revenue streams with performance obligations:

Revenue from transactions with performance obligations is recognized when (at a point in time) or as (over a period of time) the organization satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor. The transaction price for all below noted streams are as specified in the relevant agreements, or City bylaws and administrative policies.

Water services and wastewater services carry performance obligations that are satisfied in one of two ways. For fees charged to maintain service access throughout a period of time, performance obligations are satisfied on a straight-line basis throughout that period. For variable consumption fees, performance obligations are satisfied in conjunction with the measured consumption.

Solid waste disposal services carry performance obligations to maintain service throughout the period of time for which the fees are charged. Satisfaction is measured on a straight-line basis throughout that period of time.

THE CORPORATION OF THE CITY OF VICTORIA
NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. Significant Accounting Policies (continued)

(b) Revenues - Continued

Lease and rental revenues carry performance obligations that are satisfied throughout the period of time that the agreement relates to. Satisfaction of these performance obligations is measured on a straight-line basis throughout that period of time.

License and permit fee revenue is recognized in one of two ways. Where there is no further performance obligation for the organization after issuance of the license or permit, revenue is recognized when the permit is issued and in effect. Where there are continuing performance obligations beyond issuance, revenue is recognized over the period of time that the organization performs these obligations.

Building permits are recognized over a period of time based on the percentage of completion since the City provides services over a period of time. Per the bylaw, the City is obligated to issue permits as well as perform activities such as inspections or compliance related tasks at specific milestone throughout the process. As a result, revenue is recognized based on the best estimate of when each performance obligation is fulfilled.

Miscellaneous revenue contain various sources that may be subject to different PSAS requirements, depending on the nature of the revenue. The significant items for Miscellaneous Revenue are as follows:

- a. Density bonuses are recognized when contractual obligations are met and are non-recurring.
- b. Cost sharing and recoveries are recognized when services are provided.
- c. Fortis franchise fee is based on 3% of gas consumed at the City and is recognized when consumed.

Revenue streams without performance obligations:

Revenue from transactions without performance obligation is recognized at realizable value when the City has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources. This applies to revenue from tax penalties and interest, parking violations, all other fines and penalties, and various amounts received in connection with rezoning and development processes. The transaction price for these transaction streams are as specified in the relevant agreements, or City bylaws and administrative policies.

(c) Expenses

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.

(d) Cash and Cash Equivalents

Cash equivalents include short term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(e) Debt

Long-term debt is carried at amortized cost, net of related sinking fund balances and actuarial earnings thereon.

(f) Employee Future Benefits

- (i) The City and its employees make contributions to the Greater Victoria Labour Relations Association and Canadian Union of Public Employees (GVLRA - CUPE) Long Term Disability Trust and Municipal Pension Plan. As these are multi-employer pension plans, contributions are expensed as incurred.
- (ii) Sick leave and certain retirement benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on years of service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(g) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) the past transaction or event giving rise to the liability has occurred;
- (iii) it is expected that future economic benefits will be given up; and
- (iv) a reasonable estimate of the amount can be made.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of the liability, and if the related tangible capital asset is in productive use, an equal amount is added to the carrying value of the related tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the value of the liability is recorded as an expense.

1. Significant Accounting Policies (continued)

(h) Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the City is directly responsible or accepts responsibility;
- (iv) it is expected future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. The liability is recognized as management's best estimate of the cost of remediation including operation, maintenance and monitoring that are an integral part of the mediation strategy for a contaminated site. No liability for contaminated sites exists as at December 31, 2024 or 2023.

(i) Financial Instruments

Financial instruments are classified into two categories: (i) fair value and (ii) cost, or amortized cost.

i. Fair value category: derivatives and portfolio investments in equity instruments that are quoted in an active market are required to be assigned to the fair value category. Instruments in this category are carried at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and related balances reversed from the statement of remeasurement gains and losses.

As at December 31, 2024 and 2023, none of the City's financial instruments have been assigned to the fair value category. As a result, there are no unrealized gains and losses and a statement of remeasurement gains and losses has not been included in these financial statements.

ii. Cost or amortized cost category: other financial instruments are measured at cost or amortized cost. Gains and losses are recognized in the statement of operations when the financial instrument is derecognized due to disposal or impairment. Sales and purchases of portfolio investments are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

Financial instruments assigned to the cost or amortized cost category are cash and cash equivalents, accounts receivable, portfolio investments, mortgage receivable, accounts payable and accrued liabilities, deposits liability, and long-term debt.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis. If there is a significant adverse change in the amount or timing of expected future cash flows, the value of the asset is reduced and an impairment loss is recorded in the statement of operations. If events and circumstances reverse in a future period, the impairment loss is reversed to the extent of the improvement, not exceeding the initial carrying value.

(j) Non-Financial Assets

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

(i) Tangible Capital Assets

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

	Useful life in years
Land improvements	15-20
Buildings	20-50
Furniture, equipment, technology and motor vehicles	5-25
Roads, bridges, and highways	10-80
Water infrastructure	20-125
Sewer infrastructure	50-100
Drainage infrastructure	50-100

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset. Assets under construction are not amortized until the asset is available for service. The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

1. Significant Accounting Policies (continued)

(j) Non-Financial Assets (continued)

- (ii) Contribution of Tangible Capital Assets
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue. Where an estimate of fair value can not be made, the tangible capital asset is recorded at a nominal value.
- (iii) Natural Resources
Natural resources are not recognized as assets in the financial statements.
- (iv) Works of Art and Cultural and Historic Assets
Works of art and cultural and historical assets are not recognized as assets in the financial statements.
- (v) Leased Tangible Capital Assets
Leases that transfer substantially all of the benefits and risks incidental to ownership of an asset are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.
- (vi) Inventories of Supplies
Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(k) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates include assumptions used in estimating useful lives of tangible capital assets, asset retirement obligations the determination of employee benefit obligations, provision for contingencies, and accrued liabilities. Actual results could differ from these estimates.

2. Adoption of New Accounting Policies

PS 3160 – Public Private Partnerships

On January 1, 2024, the City adopted Canadian public sector accounting standard PS 3160 Public Private Partnerships. The standard includes requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The City does not have any arrangements that are in scope of this standard and as such, there has been no impact on the financial statements.

PS 3400 – Revenue

On January 1, 2024, the City adopted Canadian public sector accounting standard PS 3400 Revenue. The standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The standard was adopted prospectively, and as such, no adjustment has been made to the previously reported financial results of the organization.

3. Cash & Cash Equivalents

	2024	2023
Cash	\$ 86,290,019	\$ 85,276,196
Municipal Finance Authority (MFA) money market funds	35,651,813	12,000,000
	<u>\$ 121,941,832</u>	<u>\$ 97,276,196</u>

4. Portfolio Investments:

	2024	2023
MFA Pooled Bond Funds	\$ 142,270,071	\$ 115,967,266
Term deposits and guaranteed investment certificates	101,000,000	156,999,981
	<u>\$ 243,270,071</u>	<u>\$ 272,967,247</u>

The term deposits and guaranteed investment certificates held at December 31, 2024 have yields of 3.93% to 5.69% (2023 - 5.15% to 6.25%) and maturity dates to November 2, 2027. The MFA pooled bond funds have varying returns and yields, and are intended to be held for two to five years. The City's investments are carried at cost.

5. Mortgage Receivable

	2024	2023
Mortgage receivable	\$ 1,077,779	\$ 1,044,652

In 2015, a property that was used for a new permanent, safe, transitional and supportive housing was purchased by a not-for-profit housing society and a mortgage of \$1,300,000 was issued by the City. The mortgage bears no interest and is secured by the property. Payment is not due until the mortgage matures on September 15, 2029. The mortgage is guaranteed by BC Housing Management Commission. Therefore, if the not-for-profit defaults on the terms of the loan, BC Housing Management Commission assumes responsibility for the loan repayment. The balance represents the present value of the payment on maturity using the City's estimated cost of borrowing at the time that this balance was recognized.

6. Deferred Revenue

	2023	Amounts Received	Interest Earned	Recognized as Revenue	2024
Deferred revenue	\$ 7,683,860	\$ 13,769,164	\$ -	\$ (10,013,954)	\$ 11,439,071
Building permit fees	6,462,532	3,863,490	-	(5,254,622)	5,071,400
Development cost charges	16,980,624	3,775,937	821,013	(7,350,219)	14,227,355
	\$ 31,127,016	\$ 21,408,592	\$ 821,013	\$ (22,618,795)	\$ 30,737,826

7. Long-Term Debt

	2024	2023
Equipment financing loans (a)	\$ 895,962	\$ 1,651,159
Long term borrowing (b)	42,989,135	47,311,640
	\$ 43,885,097	\$ 48,962,799

(a) Equipment financing Loans

The MFA has established an equipment financing program that replaced the former leasing program. Loans under the equipment financing program are available to both regional districts and municipalities under section 175 of the Community Charter, and are direct obligations of the entity requesting funding. In the case of a municipality, it does not have to seek consent of its regional district to obtain an equipment financing loan. The maximum length of an equipment financing loan agreement is five years. Interest rates are based on the Canadian Dollar Offered Rate and the loans have fixed monthly payments with the interest portion calculated on the last day of the month.

(i) Equipment financing loans are as follows:

MFA Loan No. - Council Resolution	Gross debt	Principal repaid	Equipment loan payable 2024	Equipment loan payable 2023
0001-0 - 2/28/2019	\$ 1,860,000	\$ 1,624,058	\$ 235,942	\$ 599,386
0002-0 - 2/28/2019	2,140,000	1,479,980	660,020	1,051,773
	\$ 4,000,000	\$ 3,104,038	\$ 895,962	\$ 1,651,159

(ii) Future estimated payments over the next two years are as follows:

	Principal repayment from the General Capital Fund	Interest payment	Total
2025	\$ 654,943	\$ 22,120	\$ 677,063
2026	241,019	2,050	243,069
	\$ 895,962	\$ 24,170	\$ 920,132

(iii) Principal paid during the year was \$755,197 (2023 - \$717,936). Interest paid during the year was \$69,376 (2023 - \$106,636).

7. Long-Term Debt (continued)

(b) Long-term Borrowing

The City issues debt instruments through the MFA, pursuant to security issuing bylaws under authority of the Local Government Act, to finance certain capital expenditures. Sinking fund balances, managed by the MFA, are used to reduce long-term debt. Interest rates on long-term debt range from 1.28% to 3.15%. The weighted average interest rate for 2024 was 3.09% (2023 - 2.78%).

(i) Gross amount of debt and the repayment and actuarial earnings to retire the debt are as follows:

	Year of Maturity	Rate	Gross debt	Repayment & actuarial earnings	Net debt 2024	Net debt 2023
Issue 79	2033	3.08%	\$ 10,000,000	\$ 5,531,656	\$ 4,468,344	\$ 4,879,639
Issue 80	2033	2.85%	10,000,000	5,447,902	4,552,098	4,974,690
Issue 81	2034	2.85%	10,000,000	5,114,890	4,885,110	5,244,572
Issue 105	2024	2.25%	5,240,015	5,240,017	-	342,779
Issue 110	2025	1.28%	5,200,000	4,876,177	323,823	765,630
Issue 115	2031	2.12%	10,200,000	5,720,833	4,479,167	5,026,864
Issue 130	2034	3.00%	23,200,000	9,428,877	13,771,123	14,884,695
Issue 139	2036	2.10%	5,500,000	1,833,155	3,666,845	3,920,414
Issue 142	2037	3.15%	9,600,000	2,757,375	6,842,625	7,272,357
			\$ 88,940,015	\$ 45,950,882	\$ 42,989,135	\$ 47,311,640

(ii) Future aggregate payments of net outstanding debenture debt, including sinking fund payments, over the next five years and thereafter are as follows:

	Principal repayment from the General Capital Fund	Actuarial Earnings	Total
2025	\$ 2,815,140	\$ 1,337,608	\$ 4,152,748
2026	2,558,131	1,291,021	3,849,152
2027	2,581,126	1,415,522	3,996,648
2028	2,605,016	1,544,894	4,149,910
2029	2,629,835	1,679,332	4,309,167
Thereafter	12,350,377	10,181,133	22,531,510
	\$ 25,539,626	\$ 17,449,510	\$ 42,989,135

(iii) Scheduled debt repayments may be suspended at the MFA's option in the event of excess sinking fund earnings. Principal paid during the year was \$2,949,917 (2023 - \$2,950,516). Interest paid during the year was \$2,669,586 (2023 - \$2,439,196).

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

8. Employee Future Benefit Liability

Information about liabilities for the City's employee benefit obligations is as follows:

	2024	2023
Accrued benefit obligations:		
Balance, beginning of year	\$ 20,414,400	\$ 18,850,200
Service cost	1,754,400	1,435,500
Interest cost	867,100	856,200
Benefit payments	(2,587,600)	(2,124,300)
Immediate recognition loss (gain) for event driven liabilities	242,400	350,500
Actuarial gain	194,400	970,500
Plan amendment	-	75,800
Accrued benefit obligation, end of year	20,885,100	20,414,400
Less: unamortized net actuarial gain/(loss)	(1,084,000)	(970,500)
Add: pension over contributions due to staff	534,424	543,961
Employee future benefit liability, end of year	\$ 20,335,524	\$ 19,987,861

The accrued benefit obligations and the benefit costs for the year were estimated by actuarial valuation as of December 31, 2024 by an independent actuarial firm. Key estimates used in the valuation include the following:

	2024	2023
Discount rates	4.30%	4.10%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.50%	2.50%
Estimated average remaining service life of employees	12 years	12 years

The benefit liabilities include both vested and non-vested amounts as follows:

	City	Police	2024	2023
Vested benefits	\$ 4,594,619	\$ 7,727,505	\$ 12,322,124	\$ 12,405,761
Non-vested benefits	7,770,000	243,400	8,013,400	7,582,100
Total employee future benefit liability	\$ 12,364,619	\$ 7,970,905	\$ 20,335,524	\$ 19,987,861

Vested benefits include lump sum retirement payments, death benefits, and certain sick leave and vacation in year of retirement. Vested benefits are contractually required to be paid to an employee regardless of their future employment. Non-vested benefits include long-service leave, personal leave program and certain leave programs. Non-vested benefits are conditional upon future employment.

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

8. Employee Future Benefit Liability (continued)

GVLRA - CUPE Long term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employees representing a number of CUPE locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. The City and its employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2023.

At December 31, 2023, the total plan provision for approved claims was \$25,464,600 and the provision for unreported claims was \$2,327,000 with an accumulated deficit of \$3,419,021. The total plan provision for approved and unreported claims and net surplus/deficit at December 31, 2024 will be available later in 2025. The City paid \$934,897 (2023 – \$849,657) for employer contributions and City employees paid \$902,018 (2023 – \$813,403) for employee contributions to the plan in fiscal 2024.

Municipal Pension Plan

The City 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 the 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, 2023, the Plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of the 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 actuarial 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 next valuation will be as at December 31, 2024.

The City paid \$15,042,408 (2023 - \$13,294,369) for employer contributions while City of Victoria employees paid \$12,598,579 (2023 – \$11,104,534) for the Plan in fiscal 2024.

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 the individual employers participating in the Plan.

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

9. Tangible Capital Assets

Cost	Land & Improvements	Buildings	Furniture, equipment, technology, vehicles	Roads, bridges, highways	Water infrastructure	Sewer infrastructure	Drainage infrastructure	Assets under construction	2024 Total
December 31, 2023	\$ 177,594,904	\$ 162,199,741	\$ 111,406,401	\$ 313,075,960	\$ 95,937,823	\$ 51,099,968	\$ 47,754,283	\$ 30,135,841	\$ 989,204,921
Additions	12,873,410	6,713,059	9,223,987	8,660,689	4,873,746	6,429,545	2,988,878	25,461,152	77,224,466
Disposals	(348,842)		(1,425,290)					(3,767,219)	(5,541,351)
Transfer of completed assets previously under construction	6,573,179	1,712,291	1,492,047	12,554,801	5,593,415	84,646	6,852,946	(34,863,326)	-
December 31, 2024	196,692,651	170,625,092	120,697,145	334,291,450	106,404,985	57,614,159	57,596,107	16,966,448	1,060,888,036
Accumulated amortization									
December 31, 2023	(1,491,771)	(66,429,302)	(82,100,873)	(87,299,666)	(15,171,913)	(8,603,691)	(5,647,743)	-	(266,744,959)
Disposals	-	-	1,043,889	-	-	-	-	-	1,043,889
Amortization	(448,276)	(4,462,196)	(6,550,779)	(8,010,129)	(1,064,813)	(602,475)	(562,694)	-	(21,701,362)
December 31, 2024	(1,940,047)	(70,891,498)	(87,607,763)	(95,309,795)	(16,236,726)	(9,206,166)	(6,210,437)	-	(287,402,432)
Net Book Value, December 31, 2024	\$ 194,752,604	\$ 99,733,594	\$ 33,089,382	\$ 238,981,655	\$ 90,168,259	\$ 48,407,993	\$ 51,385,670	\$ 16,966,448	\$ 773,485,604

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

9. Tangible Capital Assets (continued)

Cost	Land & Improvements	Buildings	Furniture, equipment, technology, vehicles	Roads, bridges, highways	Water infrastructure	Sewer infrastructure	Drainage infrastructure	Assets under construction	2023 Total
December 31, 2022	\$ 173,227,689	\$ 123,036,756	\$ 101,229,301	\$ 290,967,030	\$ 93,165,280	\$ 48,134,590	\$ 46,099,711	\$ 11,895,939	\$ 887,756,296
Additions	394,258	38,690,900	8,307,011	18,665,248	2,180,779	2,630,454	1,640,519	32,725,879	105,235,048
Disposals	-	-	(239,697)	-	-	-	-	(3,546,726)	(3,786,423)
Transfer of completed assets previously under construction	3,972,957	472,085	2,109,786	3,443,682	591,764	334,924	14,053	(10,939,251)	-
December 31, 2023	177,594,904	162,199,741	111,406,401	313,075,960	95,937,823	51,099,968	47,754,283	30,135,841	989,204,921
Accumulated amortization									
December 31, 2022	(1,238,480)	(61,287,031)	(76,052,773)	(80,109,263)	(14,163,007)	(8,053,569)	(5,142,530)	-	(246,046,653)
Disposals	-	-	208,660	-	-	-	-	-	208,660
Amortization	(253,291)	(5,142,271)	(6,256,760)	(7,190,403)	(1,008,906)	(550,122)	(505,213)	-	(20,906,966)
December 31, 2023	(1,491,771)	(66,429,302)	(82,100,873)	(87,299,666)	(15,171,913)	(8,603,691)	(5,647,743)	-	(266,744,959)
Net Book Value, December 31, 2023	\$ 176,103,133	\$ 95,770,439	\$ 29,305,528	\$ 225,776,294	\$ 80,765,910	\$ 42,496,277	\$ 42,106,540	\$ 30,135,841	\$ 722,459,962

a) Work in Progress

Assets under construction having a value of \$16,966,448 (2023 - \$30,135,841) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed Assets

No contributed assets were recognized in 2024 (2023 - \$30,000).

c) Write-down of Tangible Capital Assets

No write-down of tangible capital assets occurred during 2024 or 2023.

d) Deposits towards acquisition of tangible capital assets

In 2023, the City entered into contractual arrangement for three future acquisitions of real property. The total cost of these arrangements was \$14,950,000 towards which the City had paid deposits of \$535,000 in 2023. The remaining obligation to the City of \$14,415,000 was paid in 2024 and the acquisitions were completed as scheduled.

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

10. Asset Retirement Obligations

The City's asset retirement obligations consists of the following obligations:

The City owns and operates several buildings that are known to have asbestos. Asbestos represents a health hazard upon demolition of the building and there is a legal obligation to remove it and dispose of it in accordance with specific regulations.

The estimated total future expenditures totaling \$1,741,996 have been discounted using a present value calculation with a discount rate of 4.58%. The timing of these expenditures is estimated to occur in future years through to 2037. No recoveries are expected at this time.

Changes to the asset retirement obligations in the year are as follows:

Asset Retirement Obligations

Balance at January 1, 2024	\$	1,706,893
Additions		207,246
Accretion Expense		14,095
Balance at December 31, 2024	\$	1,928,234

11. Capital Lease Obligations

The City has financed police vehicles and security equipment by entering into capital lease arrangements.

Minium lease payments are due as shown:

2025	\$	202,228
2026		202,228
2027		202,228
2028		202,228
2029		90,950
		899,863
Less: Interest Portion		(108,619)
Present value of minimum capital lease payments	\$	791,244

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

12. Accumulated Surplus

Accumulated surplus consists of individual fund surplus as follows:

Surplus	2024	2023
Equity in tangible capital assets	\$ 726,881,028	\$ 671,790,270
Operating Fund	1,596,054	1,626,299
Unfunded employee benefit liability	(6,606,900)	(5,557,610)
	721,870,182	667,858,959
Non-Statutory Reserve Accounts		
Development Stabilization Reserve	20,383,021	19,442,954
Reserves		
Financial Stability Reserves	54,615,055	54,616,815
Equipment & Infrastructure Replacement Fund	191,676,696	194,097,236
Tax Sale Lands Fund	2,053,944	8,751,109
Parks and Greenways Acquisition Fund	299,424	2,345,923
Local Amenities & Tree	3,248,162	2,659,337
Victoria Housing Fund	10,316,945	8,895,911
Climate Action	4,557,089	3,740,228
Art in Public Places	1,133,761	1,131,227
Downtown Core and Public Realm Improvements	230,324	315,639
Park Furnishing Dedication Program	154,394	93,260
Growing Communities Fund	13,473,394	12,852,000
	281,759,188	289,498,685
Total Accumulated Surplus	\$ 1,024,012,391	\$ 976,800,598

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

13. Taxation

Taxation revenue, reported on the statement of operations is made up of the following

	Financial Plan 2024	2024	2023
General taxation:			
General municipal purposes	\$ 180,856,000	\$ 180,857,102	\$ 166,258,930
Utility 1% tax	1,429,000	1,335,868	1,373,350
Special assessments:			
Boulevard frontage	520,460	526,566	527,602
Specified area improvement	71,000	139,733	129,094
Sewer frontage	789,000	796,138	795,999
Total taxes available for municipal purposes	\$ 183,665,460	\$ 183,655,407	\$ 169,084,975

14. Government grants and transfers

	Financial Plan 2024	2024	2023
Unconditional government transfers:			
Traffic fine revenue sharing	\$ 2,000,000	\$ 1,877,000	\$ 1,988,000
Conditional government transfers:			
Federal	14,368,770	10,078,238	10,365,315
Provincial	1,783,060	3,767,478	15,403,891
Other agencies	73,000	394,072	240,112
	\$ 16,224,830	\$ 14,239,788	\$ 26,009,318

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

15. Miscellaneous Revenue

	Financial Plan 2024	2024	2023
Cost Sharing	\$ 1,010,560	\$ 1,718,891	\$ 1,457,097
Arena lease equivalent, share of naming rights and ticket surcharge	592,640	666,822	526,649
Capital Region Emergency Service Telecommunications levy	400,000	277,471	290,441
Bus shelter advertising	150,000	127,899	130,288
Commission	39,750	38,806	37,595
Density bonus	-	1,212,041	19,046
Fortis franchise fee	887,000	786,650	849,117
Other: administrative fees and lease fees	452,230	1,091,606	903,471
Loss on acquisition and disposal of tangible capital assets		(446,588)	-
	\$ 3,532,180	\$ 5,473,599	\$ 4,213,705

16. Trust Funds

Trust funds administered by the City are as follows, and have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

	2024	2023
Ross Bay Cemetery	\$ 1,392,015	1,312,989
Nature Interpretive Centre	751,400	716,745
Bastion Square Revitalization	149,714	149,714
	\$ 2,293,129	2,179,448

The Ross Bay Cemetery Trust is a fund for the non-commercial Ross Bay Cemetery and is used for perpetual maintenance.

The Nature Interpretive Centre is a trust for the construction of a Nature/Interpretive center in Beacon Hill Park.

The Bastion Square Revitalization Trust is a trust for the sole purpose of improving Bastion Square.

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

17. Contingent Liabilities

(a) The City is a defendant in various lawsuits. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of future litigation, will be recorded when a liability is likely and determinable. Management does not believe any outstanding claims are likely to result in a material loss to the City. The reserve funds include an insurance reserve of \$4,755,060 (2023 - \$4,535,756) maintained to provide 'a source of funds for liability claims not covered under the City's insurance policies. Since November 1, 2008, the City has been part of the Municipal Insurance Association, with insurable claims subject to a liability deductible of \$250,000 in any year.

(b) Under borrowing arrangements with the Municipal Finance Authority, the City is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as debt reserve fund. These deposits are included in the City's financial assets as restricted cash (under the caption of MFA debt reserve fund) and are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the City. At December 31, 2024 the balance of the deposits was \$1,288,845 (2023 - \$1,323,540). At December 31, 2024 there were contingent demand notes of \$2,037,408 (2023 - \$2,245,243) which are not included in the financial statements of the City.

(c) Capital Regional District debt, under provisions of the Local Government Act, is a direct, joint and several liability of the Capital Regional District and each member municipality within the capital Regional District, including the City. No liability has been recorded in relation to this. A liability would be recorded if it becomes likely that the Capital Regional District will default on these debt obligations.

(d) The City of Victoria and the District of Saanich established the Board of Cemetery Trustees of Greater Victoria in 1922 under the Municipal Cemeteries Act. The Board is a not-for profit organization that operates the Royal Oak Burial Park. The terms of the agreement provides the Board a borrowing limit of \$3 million, with the City and the District of Saanich providing equal guarantee. At December 31, 2024 the Board had an outstanding demand loan of \$Nil (2023 - \$484,305) with the Bank of Montreal and long-term debt of \$377,391 (2023 - \$460,780) through the Municipal Finance Authority. The City's guarantee portion of the outstanding debt at December 31, 2024 is \$188,695 (2023 - \$472,543). No liability has been recorded in relation to this. A liability would be recorded if it becomes likely that the Board of Cemetery Trustees of Greater Victoria will default on these debt obligations.

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

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

18. Financial Plan Data

The financial plan data presented in these financial statements is based on the 2024 operating and capital financial plan approved by Council on April 18, 2024. The below table reconciles the approved financial plan to the financial plan figures reported in these financial statements.

Revenues

Taxation (Note 12)	\$	183,665,460
Grants in lieu of taxes		7,612,400
Sale of goods and services		62,300,350
Sale of water		26,185,390
Licences and permits		9,873,110
Fines		7,485,020
Rentals and leases		2,659,300
Investment income		8,000,000
Other interest and penalties		965,960
Unconditional transfers (Note 13)		2,000,000
Conditional transfers (Note 13)		16,224,830
Actuarial adjustment on debt		-
Development Cost Charges		8,722,000
Miscellaneous (Note 14)		3,532,180
		<u>339,226,000</u>

Expenses

General government	42,881,150
Protective services	98,871,790
Transportation services	31,506,840
Environmental and public health services	10,439,410
Social services and housing	2,276,870
Planning and development	25,477,260
Parks, recreation and cultural services	35,306,230
Water utility	19,368,390
Sewer utility	4,847,660
	<u>270,975,600</u>

Annual Surplus, per the Statement of Operations 68,250,400

Less:

Capital expenditures	(153,162,000)
Debt repayments	(2,881,130)

Add:

Funding and utilizations of reserves	87,792,730
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Annual Surplus, per the financial plan bylaw \$ -

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

19. Segmented Information

The City of Victoria is a diversified municipal organization that provides a wide range of services to its residents. For management reporting purposes, the City's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported within these funds. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government

The General Government Operations provide the functions of Corporate Administration, Finance, Human Resources, Legislative Services and any other functions categorized as non-departmental.

(b) Protective Services

Protective Services is comprised of four different functions, including the City's Emergency Management Division, Fire, Police and Bylaw Services. The Emergency Management Division enables the City to be more prepared and able to respond to, recover from, and be aware of, the devastating effects of a disaster or major catastrophic event that will impact the community. The Fire Department is responsible for providing critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies. The Police Department ensures the safety of the lives and property of Victoria as well as Esquimalt residents through the enforcement of municipal bylaws, criminal laws and the laws of British Columbia, the maintenance of law and order, and the prevention of crime. The goal of Bylaw Services is to achieve voluntary compliance of City Bylaws through education and information.

(c) Engineering and Transportation Services

Engineering and Transportation Services is responsible for a wide variety of transportation functions such as Parking, Engineering Operations and Streets. As well, providing services around infrastructure, traffic control, transportation planning, review of land development impacts on transportation, traffic management, pedestrian and cycling issues, on-street parking regulations, including street signs and painting, and traffic signal timing.

(d) Environmental and Public Health Services

The Environmental and Public Health Services is comprised of three areas: Solid Waste Services, Storm Drains and Street Cleaning. The Solid Waste Collection and Recycling Operations Section is responsible for the collection of household solid waste. The Storm Drains Section provides the design, inspection and technical supervision of civil engineering projects related to the construction and maintenance of the storm drain collection systems to protect public health. The Street Cleaning Section is responsible for the collection and disposal of litter and debris from streets, sidewalks, squares.

(e) Social Services and Housing

Social services and housing includes grants to non-profit organizations for the purpose of facilitating social inclusion and community wellness, and to support affordable housing initiatives.

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

19. Segmented Information (continued)

(f) Planning and Development

This segment is comprised of four areas:

(i) Sustainable Planning and Community Development: Supports quality development and economic health of the City.

This function includes: community and city-wide land use planning; urban design; planning applications including zoning, development and variance permits, demographic, and other planning information services.

(ii) Strategic Real Estate: Manages all aspects of the City's real estate holdings based on an established real estate strategy and a triple bottom line (economic, social and environmental) perspective of returns. The real estate office provides a wide range of services including strategic advice and partnership development; as well as planning and leading transactions for the acquisition, sale, leasing or licensing of lands to meet the City's operational requirements and strategic goals.

(iii) Economic Development: This function is guided by six primary "engines" to drive Victoria's businesses, generate jobs, raise household incomes, and increase well-being. The six engines include: advanced education and research and development; the ocean and marine sector; experimental tourism; government; technology; and entrepreneurship, start-ups, and social enterprise. Economic development in Victoria focuses on the prospects for the future as a city with a high quality of life which supports the building of a vibrant, prosperous, fiscally sound and economically robust community. The Arts and Cultural function supports community vibrancy and economic impact through tourism and visitor attraction.

(iv) Victoria Conference Centre: This function includes the Victoria Conference Centre which is the second largest conference facility in BC and has a significant economic impact on the local economy. Responsible for strengthening the City's economy through the implementation of a vision and action plan for economic sustainability and growth in Victoria.

(g) Parks, Recreation and Facilities

Parks is responsible for the maintenance, planning and development of all park facilities such as ornamental gardens, natural ecosystems, sport and entertainment venues and playgrounds for recreational and cultural enjoyment in a beautiful and safe environment. Recreation services facilitates the provision of recreation and wellness programs and services through the City's pool, arena, Royal Athletic Park, and Community and Seniors' Centres. Facilities is responsible for the maintenance and repairs for all City facilities.

(h) Water and Sewer Utilities

The Sewer Utility protects the environment and human health from the impacts of liquid wastes generated as a result of human occupation and development in the City. The Water Utility delivers clean, safe and aesthetically pleasing potable water, in accordance with the Provincial Drinking Water Protection Act, to the citizens of the City of Victoria and Township of Esquimalt. The water is for the purpose of domestic consumption and fire fighting.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

THE CORPORATION OF THE CITY OF VICTORIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

19. Segmented Information (continued)

2024	General Fund							Water Fund	Sewer Fund	Total
	General Government	Protective Services	Engineering & Transportation Services	Environmental & Public Health Services	Social Services & Housing	Planning and Development	Parks, Recreation and Cultural	Water Utility	Sewer Utility	
Revenues										
Taxation	182,332,703	-	-	-	-	-	526,566	-	796,138	183,655,407
Grants in lieu of taxes	7,958,982	-	-	-	-	-	-	-	-	7,958,982
Sale of goods and services	1,113,167	10,647,535	20,130,118	11,365,580	-	12,705,429	3,034,613	1,593,412	10,093,156	70,683,009
Sale of water	-	-	-	-	-	-	-	26,176,686	-	26,176,686
Licences and permits	1,456,394	798,646	1,925,372	-	-	6,478,270	6,650	-	-	10,665,331
Fines	-	27,335	6,987,083	-	-	-	-	-	-	7,014,418
Rentals and leases	-	-	-	-	-	2,504,376	-	-	-	2,504,376
Investment income	16,060,289	-	-	-	-	-	-	-	-	16,060,289
Other interest and penalties	1,192,173	-	-	42,621	-	-	-	240,199	1,950	1,476,944
Unconditional transfers	-	1,877,000	-	-	-	-	-	-	-	1,877,000
Conditional transfers	6,796,763	231,991	1,007,965	13,585	632,847	1,078,912	142,944	1,406,079	2,928,701	14,239,788
Actuarial adjustment on debt	1,372,588	-	-	-	-	-	-	-	-	1,372,588
Development Cost Charges	6,545,000	-	-	70,607	-	-	-	-	734,612	7,350,219
Miscellaneous	1,003,220	1,713,655	101,912	-	1,177,756	630,623	846,433	-	-	5,473,599
	225,831,278	15,296,162	30,152,450	11,492,393	1,810,603	23,397,610	4,557,206	29,416,376	14,554,558	356,508,636
Expenses										
Salaries, wages and benefits	23,114,132	88,974,368	20,668,796	5,707,485	1,047,147	12,045,713	22,712,192	2,427,751	2,610,901	179,308,483
Materials, supplies and services	5,666,095	15,764,313	8,837,014	3,993,161	983,270	13,346,334	16,517,718	15,772,408	2,591,002	83,471,314
Interest and foreign exchange	504,319	-	1,707,086	-	-	-	962,500	-	-	3,173,905
Grants	-	-	-	-	2,082,676	491,462	6,140,109	-	-	8,714,247
Amortization	3,740,589	2,942,779	9,575,286	600,320	-	674,561	2,500,539	1,064,813	602,475	21,701,362
Capital Maintenance	2,063,800	323,537	4,294,625	974,327	-	24,552	2,863,606	610,396	1,772,687	12,927,532
	35,088,935	108,004,997	45,082,807	11,275,293	4,113,094	26,582,622	51,696,663	19,875,368	7,577,064	309,296,843
Annual surplus	\$ 190,742,343	\$ (92,708,835)	\$ (14,930,357)	\$ 217,100	\$ (2,302,490)	\$ (3,185,013)	\$ (47,139,457)	\$ 9,541,008	\$ 6,977,493	\$ 47,211,793

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

19. Segmented Information (continued)

2023	General Fund							Water Fund	Sewer Fund	Total
	General Government	Protective Services	Engineering & Transportation Services	Environmental & Public Health Services	Social Services & Housing	Planning and Development	Parks, Recreation and Cultural	Water Utility	Sewer Utility	
Revenues										
Taxation	167,761,374	-	-	-	-	-	527,602	-	795,999	169,084,975
Grants in lieu of taxes	7,613,156	-	-	-	-	-	-	-	-	7,613,156
Sale of goods and services	1,461,295	10,009,837	18,401,878	10,449,823	-	11,012,158	3,011,169	1,540,078	10,417,870	66,304,108
Sale of water	-	-	-	-	-	-	-	26,734,144	-	26,734,144
Licences and permits	1,434,495	1,245,098	2,115,822	-	-	6,567,792	7,937	-	-	11,371,144
Fines	-	51,980	5,386,701	-	-	-	-	-	-	5,438,681
Rentals and leases	-	-	-	-	-	2,194,456	-	-	-	2,194,456
Investment income	16,378,744	-	-	-	-	-	-	-	-	16,378,744
Other interest and penalties	1,089,488	-	-	52,438	-	-	-	264,093	1,700	1,407,719
Unconditional transfers	-	1,988,000	-	-	-	-	-	-	-	1,988,000
Conditional transfers	21,265,966	238,544	447,951	13,691	1,500,677	50,000	71,919	1,922,189	498,381	26,009,318
Actuarial adjustment on debt	1,435,132	-	-	-	-	-	-	-	-	1,435,132
Development Cost Charges	5,307,628	-	-	572	-	-	-	513,000	313,588	6,134,789
Miscellaneous	2,166,690	1,329,266	154,996	-	-	461,095	101,658	-	-	4,213,705
	<u>225,913,967</u>	<u>14,862,726</u>	<u>26,507,349</u>	<u>10,516,525</u>	<u>1,500,677</u>	<u>20,285,502</u>	<u>3,720,283</u>	<u>30,973,503</u>	<u>12,027,538</u>	<u>346,308,071</u>
Expenses										
Salaries, wages and benefits	19,235,896	79,686,717	18,424,141	5,361,131	1,137,720	10,340,638	21,219,620	2,382,783	2,411,626	160,200,271
Materials, supplies and services	3,801,965	14,573,628	8,636,581	3,581,592	254,771	11,436,264	15,837,656	15,287,371	2,513,003	75,922,831
Interest and foreign exchange	362,588	-	1,561,696	-	-	-	877,500	-	-	2,801,784
Grants	-	-	-	-	1,880,324	384,627	4,632,774	-	-	6,897,725
Amortization	3,471,527	2,528,294	8,979,304	661,701	-	698,554	3,008,003	1,009,461	550,122	20,906,966
Capital Maintenance	835,938	936,147	2,418,045	782,760	-	109,961	2,497,000	764,489	427,536	8,771,876
	<u>27,707,915</u>	<u>97,724,786</u>	<u>40,019,766</u>	<u>10,387,184</u>	<u>3,272,815</u>	<u>22,970,043</u>	<u>48,072,553</u>	<u>19,444,103</u>	<u>5,902,287</u>	<u>275,501,453</u>
Annual surplus	\$ 198,206,053	\$ (82,862,060)	\$ (13,512,418)	\$ 129,341	\$ (1,772,137)	\$ (2,684,542)	\$ (44,352,270)	\$ 11,529,400	\$ 6,125,250	\$ 70,806,618

THE CORPORATION OF THE CITY OF VICTORIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

20. Financial risks and concentration of risk

The City is exposed to credit risk, interest rate risk, liquidity risk, and foreign exchange risk from the City's financial instruments as follows.

(a) Credit Risk

Credit risk arises from the City's cash and cash equivalents, accounts receivable, portfolio investments, and mortgage receivable.

Accounts receivable (excluding property taxes receivable as these are not considered financial instruments under PS 3450) consist primarily of amounts receivable from utilities, and transfers from other governments. To manage the risk, the City regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2024, the amount of allowance for doubtful receivables was \$1,575,887 (2023 - \$1,046,616).

The City manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by investing in term deposits and guaranteed investment certificates with major Canadian financial institutions, and with the MFA. These investment meet the investment requirements of Section 183 of the Community Charter of the Province of BC.

There has been no change to the credit risk exposure from prior year.

(b) 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 City is exposed to interest rate risk through its long-term debt and its portfolio investments.

The City manages cash flow risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates do not impact future cash flows or results of operations relating to long-term debt prior to maturity. Note 7 provides further information on the City's long term debt.

Investments subject to interest rate risk are the MFA Pooled Bond Funds disclosed in note 4. As interest rates rise, the fair value of these investments decreases; as interest rates fall, the fair value of these investments increases.

There has been no change to the interest rate risk exposure from prior year.

(c) Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they become due. The City is exposed to liquidity risk through its accounts payable and accrued liabilities, deposits liability, and long-term debt. The City manages liquidity risk through its planning, budgeting and forecasting process, and by continually monitoring actual and forecasted cash flows from operations, investing, and financing activities to ensure that its financial obligations are met. The City's planning and budgeting process includes both a 1-year budget and 5-year financial plan, each of which includes operational activities and capital investments. The repayment schedule for long-term debt is disclosed in note 7. Other financial liabilities are generally due within the next fiscal year.

There has been no change to the liquidity risk exposure from prior year.

(d) Foreign Exchange Risk

The City has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant. The foreign currency financial instruments immaterial and are short-term in nature and do not give rise to significant foreign currency risk.

There has been no change to the foreign exchange risk exposure from prior year.

SUPPLEMENTARY FINANCIAL INFORMATION

The Corporation
of the City of Victoria

The following schedule is unaudited

Year Ended December 31, 2024

THE CORPORATION OF THE CITY OF VICTORIA
SUPPLEMENTARY FINANCIAL INFORMATION

For the year ended December 31, 2024

Schedule A - Growing Communities Fund (Unaudited)

	2024	2023
Balance, beginning of the year	\$ 12,852,000	\$ -
Grant received	-	12,852,000
Eligible costs incurred	-	-
Interest earned	621,394	-
Balance, end of the year	\$ 13,473,394	\$ 12,852,000

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