

***DRAFT*** Financial Statements of

**THE CORPORATION OF THE  
CITY OF VICTORIA**

Year ended December 31, 2014

# THE CORPORATION OF THE CITY OF VICTORIA

Financial Statements

***DRAFT***

Year ended December 31, 2014

## Financial Statements

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## **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 compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to 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 KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's financial statements.

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*Chief Administrative Officer*

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*Director of Finance*

# INDEPENDENT AUDITORS' REPORT

*To the Mayor and Councillors of The Corporation of the City of Victoria*

We have audited the accompanying financial statements of The Corporation of the City of Victoria, which comprise the statement of financial position as at December 31, 2014, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

## *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Victoria as at December 31, 2014, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

Month DD, YYYY

Victoria, Canada

# THE CORPORATION OF THE CITY OF VICTORIA

Statement of Financial Position

**DRAFT**

December 31, 2014, with comparative information for 2013

	2014	2013
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 97,385,214	\$ 77,029,860
Accounts receivable:		
Property taxes	3,795,694	3,689,048
Other (note 3)	25,587,485	23,990,209
Investments (note 4)	93,700,066	79,947,834
Other assets	1,036,018	820,177
	<u>221,504,477</u>	<u>185,477,128</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 5)	23,620,327	25,713,605
Deposits and prepayments	8,193,837	8,165,942
Deferred revenue (note 6)	11,734,791	11,374,879
Long-term debt (note 7)	68,353,996	48,684,183
Obligations under capital lease (note 8)	284,587	428,679
Employee future benefit obligations (note 9)	15,501,792	14,139,728
	<u>127,689,330</u>	<u>108,507,016</u>
<b>Net financial assets</b>	<b>93,815,147</b>	<b>76,970,112</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 10)	387,765,232	357,742,684
Inventory of supplies	845,240	861,738
Prepaid expenses and deposits	913,358	633,735
	<u>389,523,830</u>	<u>359,238,157</u>
<b>Accumulated surplus (note 11)</b>	<b>\$ 483,338,977</b>	<b>\$ 436,208,269</b>

Commitments (note 15)

Contingent liabilities (note 16)

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

On behalf of the City:

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Director of Finance

# THE CORPORATION OF THE CITY OF VICTORIA

Statement of Operations

**DRAFT**

Year ended December 31, 2014, with comparative information for 2013

	Financial Plan (note 17)	2014	2013
<b>Revenue:</b>			
Net taxes available for municipal purposes (note 12)	\$ 121,394,360	\$ 121,800,171	\$ 117,527,959
Net grants in lieu of taxes available for municipal purposes	6,077,500	5,657,610	6,002,398
Sale of goods and services	38,396,853	40,075,210	39,213,870
Sale of water	17,702,850	19,712,023	18,014,368
Licences and permits	3,705,500	3,809,220	3,762,836
Fines	5,080,000	3,976,072	4,648,084
Rentals and leases	683,000	915,519	964,149
Other penalties and interest	780,000	886,207	796,462
Investment Income	1,700,000	3,567,450	2,344,116
Government transfers (note 13)	29,634,386	15,380,134	10,354,581
Actuarial adjustment on debt	-	553,700	473,053
Miscellaneous	3,260,416	4,827,449	5,442,979
<b>Total revenue</b>	<b>228,414,865</b>	<b>221,160,765</b>	<b>209,544,855</b>
<b>Expenses:</b>			
General government	37,832,171	39,202,029	36,887,351
Protective services	65,708,051	65,930,883	64,194,738
Transportation services	19,021,898	19,618,419	20,345,311
Environmental and public health services	6,960,133	6,795,319	6,573,576
Community planning	3,084,908	2,874,152	2,883,739
Parks recreation and community development	23,848,106	23,772,456	24,916,529
Water utility	12,285,895	12,375,086	12,895,938
Sewer utility	2,664,214	3,461,713	5,233,134
<b>Total expenses</b>	<b>171,405,376</b>	<b>174,030,057</b>	<b>173,930,316</b>
<b>Annual surplus</b>	<b>57,009,489</b>	<b>47,130,708</b>	<b>35,614,539</b>
<b>Accumulated surplus, beginning of year</b>	<b>436,208,269</b>	<b>436,208,269</b>	<b>400,593,730</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 493,217,758</b>	<b>\$ 483,338,977</b>	<b>\$ 436,208,269</b>

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

# THE CORPORATION OF THE CITY OF VICTORIA

## Statement of Change in Net Financial Assets

### **DRAFT**

Year ended December 31, 2014, with comparative information for 2013

	Financial Plan (note 17)	2014	2013
Annual surplus	\$ 57,009,489	\$ 47,130,708	\$ 35,614,539
Acquisition of tangible capital assets	(89,911,495)	(40,429,276)	(28,522,210)
Amortization of tangible capital assets	-	10,406,728	9,584,265
Gain on disposal of tangible capital assets	-	(84,540)	(172,514)
Proceeds on disposal of tangible capital assets	-	84,540	2,551,741
	(89,911,495)	(30,022,548)	(16,558,718)
Consumption of inventory of supplies	-	16,498	(50,023)
Purchase of prepaid expenses and deposits	-	(279,623)	126,997
	-	(263,125)	76,974
Change in net financial assets	(32,902,006)	16,845,035	19,132,795
Net financial assets, beginning of year	76,970,112	76,970,112	57,837,317
Net financial assets, end of year	\$ 44,068,106	\$ 93,815,147	\$ 76,970,112

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

# THE CORPORATION OF THE CITY OF VICTORIA

## Statement of Cash Flows

### **DRAFT**

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 47,130,708	\$ 35,614,539
Items not involving cash:		
Amortization of tangible capital assets	10,406,728	9,584,265
Gain on disposal of tangible capital assets	(84,540)	(172,514)
Change in employee benefits and other liabilities	1,362,064	873,310
Actuarial adjustment on debt	(553,700)	(473,053)
Change in non-cash operating assets and liabilities:		
Accounts receivable - other	(1,597,276)	(3,322,021)
Property taxes receivable	(106,646)	360,051
Other financial assets	(215,841)	16,842
Accounts payable and accrued liabilities	(2,093,278)	5,737,626
Deposits and prepayments	27,895	668,446
Deferred revenue	359,912	120,636
Inventory of supplies	16,498	(50,023)
Prepaid expenses and deposits	(279,623)	126,997
	54,372,901	49,085,101
<b>Capital activities:</b>		
Cash used to acquire tangible capital assets	(40,429,276)	(28,522,210)
Proceeds on disposal of tangible capital assets	84,540	2,551,741
	(40,344,736)	(25,970,469)
<b>Investing activities:</b>		
Increase in investments	(13,752,232)	(11,981,792)
<b>Financing activities:</b>		
Debt issued	23,200,000	-
Debt repaid	(2,976,487)	(2,636,284)
Capital lease repaid	(144,092)	(141,240)
	20,079,421	(2,777,524)
Increase in cash and cash equivalents	20,355,354	8,355,316
Cash and cash equivalents, beginning of year	77,029,860	68,674,544
Cash and cash equivalents, end of year	\$ 97,385,214	\$ 77,029,860

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



# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

**DRAFT**

Year ended December 31, 2014

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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 police, fire, public works, engineering, planning, parks, recreation, community development, conference facilities and other general government operations.

## 1. Significant accounting policies:

The financial statements of The Corporation of the City of Victoria (the "City") are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the City are as follows:

### (a) Reporting entity:

The financial statements include a combination of all 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.

#### (i) Consolidated entities

The City does not control any significant external entities and accordingly no entities have been consolidated in the financial statements.

#### (ii) Funds held in trust

The financial statements exclude trust assets that are administered for the benefit of external parties (note 14).

### (b) Basis of accounting:

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (c) 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 the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (d) Deferred revenue:

Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

### (e) Deposits and prepayments:

Receipts restricted by third parties are deferred and reported as deposits and are refundable under certain circumstances. Deposits and prepayments are recognized as revenue when qualifying expenditures are incurred.

### (f) Property tax revenue:

Property tax revenue is recognized on the accrual basis using the approved bylaw rates and the anticipated assessment related to the current year. As tax revenues are based on assessed value, unresolved assessment appeals at year end represent a property tax revenue loss. Expected losses are accrued at year end using assessment projections by the Capital Assessment Office. Assessments that have been not been appealed or are resolved prior to year-end are highly collectible due the Provincial statutes regarding property tax sale.

### (g) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

### (h) Cash and cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Cash equivalents also include investments in the Municipal Finance Authority of British Columbia ("MFA") Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

### (i) Long-term debt:

Long-term debt is recorded net of related sinking fund balances and actuarial earnings.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (j) Employee future benefits:

- (i) The City and its employees make contributions to the Municipal Pension Plan. As this is a multi-employer pension plan, contributions are expensed as incurred.
- (ii) Sick leave and other retirement benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on 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.

### (k) 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:

Asset	Useful life - years
Buildings	20 - 50
Furniture, equipment, technology and motor vehicles	5 - 25
Roads, bridges and highways	10 - 80
Water infrastructure	35 - 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.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (k) Non-financial capital assets (continued):

#### (i) Tangible capital assets (continued)

Amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### (ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### (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 historic assets are not recorded as assets in these financial statements.

#### (v) Interest capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

#### (vi) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property 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.

#### (vii) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (l) 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. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

### (m) Foreign currency:

Monetary items denominated in U.S. dollars are converted to Canadian dollars for financial statement purposes at exchange rates in effect at the reporting date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Gains and losses on foreign currency translations are included as revenue (expenses).

### (n) Comparative figures:

Certain comparative figures have been reclassified to conform with presentation adopted in the current year.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (o) Future accounting pronouncements:

A number of new standards and amendments to standards are not yet effective for the year ended December 31, 2014 and have not been applied in preparing these financial statements. Those expected to potentially impact the financial statements of the City are as follows:

### (i) PS 3450 Financial Instruments:

Financial Instruments PS 3450 and Foreign Currency Translation PS 2601 have been approved by the PSAB and are effective for years commencing on or after April 1, 2015. The standards are to be adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the entity's accounting policy choices.

### (ii) PS 3260 Contaminated Sites:

This section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites. The City will be required to recognize a liability when contamination exceeds an accepted environmental standard and the City is directly responsible, or accepts responsibility for, the damage. The liability will be measured at the City's best estimate of the costs directly attributable to remediation of the contamination. The Section is effective for fiscal periods beginning on or after April 1, 2014. The impact of adoption of this standard is being evaluated by management.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 2. Cash and cash equivalents:

	2014	2013
Cash and cash equivalents:		
Cash	\$ 4,426,944	\$ 3,798,671
MFA Money Market Funds	86,958,270	73,231,189
Guaranteed investment certificates	6,000,000	-
	<u>\$ 97,385,214</u>	<u>\$ 77,029,860</u>

## 3. Accounts receivable:

	2014	2013
Sewer	\$ 2,628,561	\$ 2,494,417
Water	11,264,255	9,644,264
Grants	4,197,802	3,440,140
Miscellaneous	8,181,564	9,053,148
Valuation allowance	(684,697)	(641,760)
	<u>\$ 25,587,485</u>	<u>\$ 23,990,209</u>

## 4. Investments:

Investments consist of bonds and guaranteed investment certificates and have costs that approximate market values. They have stated interest rates of 1.60% - 3.85% and various maturity dates to December 24, 2015.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 5. Accounts payable and accrued liabilities:

	2014	2013
Trade accounts payable	\$ 12,838,605	\$ 15,816,656
Payroll accounts payable	6,242,420	6,283,072
Contract holdbacks	2,380,840	893,784
School authorities	850,629	837,855
Capital Regional District	373,190	398,210
Legal settlements	517,670	1,090,930
Integrated recreation	105,204	106,600
BC Transit	173,788	156,288
Regional Hospital District	112,565	105,181
BC Assessment Authority	25,416	25,029
	<b>\$ 23,620,327</b>	<b>\$ 25,713,605</b>

## 6. Deferred revenue:

Deferred revenue includes the following:

	2014	2013
Building permit fees	\$ 1,964,003	\$ 1,999,061
Development cost charges	8,405,584	7,615,303
General operating deferred revenue	1,365,204	1,760,515
Total deferred revenue	<b>\$ 11,734,791</b>	<b>\$ 11,374,879</b>

## Schedule of Building Permit Fees

	2014	2013
Opening balance of building permit fees	\$ 1,999,061	\$ 2,092,533
Add:		
Fees and contributions	1,866,032	1,651,399
	3,865,093	3,743,932
Less revenue earned	(1,901,090)	(1,744,871)
	<b>\$ 1,964,003</b>	<b>\$ 1,999,061</b>



# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 6. Deferred revenue (continued):

### Schedule of Development Cost Charges

	2014	2013
Opening balance of unspent funds	\$ 7,615,303	\$ 6,673,707
Add:		
Development cost charges received during year	747,110	858,176
Interest earned	95,191	83,420
	8,457,604	7,615,303
Less amount spent on projects and recorded as revenue	(52,020)	-
	\$ 8,405,584	\$ 7,615,303

### Development Cost Charges include the following:

	2014	2013
Water and environment	\$ 912,817	\$ 901,548
Streets	19,999	19,752
Transportation	3,197,355	2,959,628
Water	323,792	289,082
Drainage	194,176	174,802
Sewage	1,178,926	1,027,484
Parkland acquisition	1,917,016	1,662,332
Parkland development	661,503	580,675
	\$ 8,405,584	\$ 7,615,303

There were no waivers and/or reductions in development cost charges during 2014 or 2013.

## 7. Long-term debt:

The City issues debt instruments through the MFA, pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. The debt is issued on a sinking fund basis, whereby MFA invests the City's principal payments so that the payments, plus investment income will equal the original outstanding debt amount at the end of the repayment period. Actuarial earnings on debt represent the repayment and/or forgiveness of debt by the MFA using surplus investment income generated by the principal payments.

Interest rates on long-term debt range from 2.10% to 4.90%. The weighted average interest rate for 2014 was 3.50 % (2013 - 4.65%).

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 7. Long-term debt (continued):

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

	Gross debt	Repayment and actuarial earnings	Net debt 2014	Net debt 2013
General Capital Fund	\$ 84,114,785	\$ 15,760,789	\$ 68,353,996	\$ 48,684,183

- (b) Current period and future aggregate payments of net outstanding debenture debt, including sinking fund payments, over the next five years are as follows:

	General Capital Fund
2015	\$ 2,518,805
2016	2,533,917
2017	2,549,617
2018	2,565,928
2019	2,582,873

Scheduled debt repayments may be suspended in the event of excess sinking fund earnings within the MFA. Principal paid during the year was \$2,976,487 (2013 - \$2,636,284). Interest paid during the year was \$ 2,261,491 (2013 - \$2,848,064).

## 8. Obligations under capital lease:

The City has financed a fire truck by entering into capital leasing arrangements with the MFA. The City will acquire ownership of the equipment at the end of the lease term. Repayments are due as shown:

2015	\$ 151,347
2016	138,974
	290,321
Less amount representing interest (at a rate of 2%)	5,734
Present value of net minimum capital lease payments	\$ 284,587

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 9. Employee future benefit obligations:

The City provides sick leave and certain benefits to its employees. These amounts will require funding in future periods and are recorded as follows:

	Fire and other	Police	Total 2014	Total 2013
Employee benefit obligations:				
Vested benefits	\$ 3,072,184	\$ 6,412,601	\$ 9,484,785	\$ 9,400,209
Non-vested benefits	4,753,918	1,263,089	6,017,007	4,739,519
Accrued employee benefit obligation	7,826,102	7,675,690	15,501,792	14,139,728
Less funded amount	(4,319,252)	(6,184,547)	10,503,799	(9,964,793)
Unfunded employee benefit obligation	\$ 3,506,850	\$ 1,491,143	\$ 4,997,993	\$ 4,174,935

Vested benefits represent the actuarially determined value of the City's liability for future employee benefits which the City is contractually obligated to pay upon retirement to an employee, independent of his or her future employment. These benefits include sick leave and vacation in year of retirement for Police and Firefighters, deferred vacation for Police, and lump sum retirement payments.

Non-vested benefits represent the actuarially determined value of the City's liability for future employee benefits which the City is not contractually obligated to pay upon retirement to an employee, but is instead conditional on future employment. These benefits include sick leave, long service leave, personal leave program and benefit continuation while disabled.

Information about the City's benefit plans is as follows:

	2014	2013
Accrued benefit obligation:		
Balance, beginning of year	\$ 14,139,728	\$ 13,266,418
Service cost	1,115,300	1,151,200
Interest cost	600,300	527,600
Benefits payments	(864,800)	(909,000)
Plan amendment	100,500	-
Actuarial loss	313,677	46,841
Pension overcontributions	97,087	56,669
Accrued benefit liability, end of year	\$ 15,501,792	\$ 14,139,728

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 9. Employee future benefit obligations (continued):

The accrued benefit obligations and the net periodic benefit cost were estimated by actuarial valuation as of December 31, 2014.

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations are as follows:

	2014	2013
Discount rates	3.10 %	4.00 %
Expected future inflation rates	2.25 %	2.50 %
Expected wage and salary increases	2.33% to 4.38%	2.58% to 4.63%

The difference between the actuarially determined accrued benefit obligation as at December 31, 2014 of \$15,037,885 and the accrued benefit liability of \$15,501,792 is pension over-contributions of \$463,907. There is an unamortized actuarial loss of \$2,234,415 at December 31, 2014 that is being amortized over a period equal to the employees' average remaining service lifetime of 12 years.

### Other pension plans

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteesd pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 1,200 contributors from the City of Victoria.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015, with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City of Victoria paid \$9,808,373 (2013 - \$9,163,984) for employer contributions and City of Victoria employees paid \$7,807,076 (2013 - \$7,204,310) for the plan in fiscal 2014.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 9. Employee future benefit obligations (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, 2014. At December 31, 2014, the total plan provision for approved and unreported claims was \$15,368,300 with a net surplus of \$270,044. The City paid \$539,704 (2013 - \$528,571) for employer contributions and City employees paid \$539,704 (2013 - \$528,571) for employee contributions to the plan in fiscal 2014.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

Year ended December 31, 2014

## 10. Tangible capital assets:

	Land and land improvements	Buildings	Furniture, equipment, technology and motor vehicles	Roads, bridges and highways	Water infrastructure	Sewer infra- structure	Drainage infra- structure	Assets under construction	Total 2014	Total 2013
<b>Cost:</b>										
Balance, beginning of year	\$136,693,576	90,770,544	58,088,624	86,295,730	53,077,355	16,440,681	12,436,445	34,846,843	\$488,649,798	\$463,247,783
Additions	5,192,139	10,451,192	4,782,673	4,477,100	2,572,336	2,338,921	4,014,755	23,018,169	56,847,285	38,518,947
Disposals/ transfers	(6,257,782)	(143,695)	(1,798,322)	-	-	-	-	(10,030,902)	(18,230,701)	(13,116,932)
Balance, end of year	135,627,933	101,078,041	61,072,975	90,772,830	55,649,691	18,779,602	16,451,200	47,834,110	527,266,382	488,649,798
<b>Accumulated amortization:</b>										
Balance, beginning of year	115,340	35,494,879	35,221,759	44,334,753	7,952,315	5,155,964	2,632,104	-	130,907,114	122,063,817
Disposals	-	(14,370)	(1,798,322)	-	-	-	-	-	(1,812,692)	(740,968)
Amortization	43,163	2,434,973	4,911,535	2,200,817	498,026	175,919	142,295	-	10,406,728	9,584,265
Balance, end of year	158,503	37,915,482	38,334,972	46,535,570	8,450,341	5,331,883	2,774,399	-	139,501,150	130,907,114
Net book value, end of year	\$135,469,430	63,162,559	22,738,003	44,237,260	47,199,350	13,447,719	13,676,801	47,834,110	\$387,765,232	\$357,742,684

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 10. Tangible capital assets (continued):

### (a) Work in progress

Assets under construction totaling \$47,834,110 (2013 - \$34,846,843) have not been amortized. Amortization of these assets will commence when the asset is available for service.

### (b) Contributed assets

No contributed assets have been recognized during 2014 or 2013.

### (c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

### (d) Works of art and historical treasures

The City manages and controls various works of art and non-operational historical cultural assets. These assets are not recorded as tangible capital assets.

### (e) Write-down of tangible capital assets

No write-down of tangible capital assets occurred during 2014 or 2013.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2014	2013
<b>Surplus:</b>		
Equity in tangible capital assets	\$319,126,649	\$308,629,822
Operating Fund	2,765,431	3,342,583
Unfunded employee benefit obligations	(4,997,993)	(4,174,935)
Total surplus	316,894,087	307,797,470
<b>Reserves:</b>		
Financial Stability Reserves	3,087,284	2,598,515
Equipment and Infrastructure Replacement Fund	78,903,972	53,479,694
Gas Tax	8,439,766	6,436,998
Economic Development	743,626	734,445
Debt Reduction	25,319,981	21,255,012
Self Insurance	3,780,040	3,733,373
Working Capital Fund	3,885,046	3,837,082
Tax Sale Lands Fund	7,201,808	9,663,642
Parks and Greenways Acquisition Fund	2,297,832	2,269,464
Local Amenities	103,320	102,044
Affordable Housing	2,140,697	1,896,984
Climate Action	505,768	380,950
Water Utility	8,488,272	4,900,973
Sewer Utility	20,614,264	16,403,688
Tree conservation	418,801	339,873
Art in public places	436,960	301,565
Downtown Core Area Public Realm Improvements	58,090	57,373
Heritage Building Seismic Upgrades	19,363	19,124
Total reserves	166,444,890	128,410,799
	\$483,338,977	\$436,208,269



# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 12. Taxation:

Taxation revenue, reported on the statement of operations, is comprised of the following:

	2014	2013
General taxation:		
Property and business taxes	\$201,629,044	\$194,541,230
Utility 1% tax	1,361,099	1,377,495
Special assessments:		
Boulevard frontage	545,639	563,885
Specified area improvement	195,131	129,053
Sewer frontage	787,181	762,423
Hotel tax:		
Tourism Victoria - Destination Marketing Commission	2,153,910	2,058,724
Victoria Conference Centre	581,200	581,200
	207,253,204	200,014,010
Less taxes levied for other authorities:		
Capital Regional District	16,315,717	14,404,133
School Authorities	50,249,369	50,143,568
Regional Hospital District	7,396,246	7,128,838
Municipal Finance Authority	4,802	4,771
BC Assessment Authority	1,589,930	1,589,638
BC Transit	8,917,165	8,253,915
Business Improvement Association	979,804	961,188
	85,453,033	82,486,051
	\$121,800,171	\$117,527,959

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 13. Government transfers:

The City recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the statement of operations and accumulated surplus are:

	2014	2013
Traffic fine revenue sharing	\$ 1,872,920	\$ 1,867,217
Jail	46,095	59,288
Gas Tax	3,316,307	2,146,763
Infrastructure grants:		
General capital	406,916	2,183,326
Sewer	-	-
Water	-	-
Johnson Street Bridge	9,648,373	3,935,188
General capital	89,523	162,799
Total revenue	\$ 15,380,134	\$ 10,354,581

The Traffic Fine Revenue Sharing program is an unconditional grant provided to municipalities to assist in ensuring community safety and addressing community specific strategic priorities. The program returns 100% of net revenues from traffic violations to municipalities that are directly responsible for paying for policing.

Gas Tax is provided by the Government of Canada. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities. These funds may be used towards designated infrastructure projects that fall within one of the eligible project categories.

Infrastructure grants related to the Johnson Street Bridge Replacement Project are restricted to eligible expenses as defined by the funding agreement established between the City, Union of British Columbia Municipalities and The Government of Canada's Build Canada Fund Program.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 14. Trust funds:

Trust funds administered by the City have not been included in the statement of financial position nor have their operations been included in the statement of operations and accumulated surplus.

	2014	2013
Ross Bay Cemetery	\$ 888,385	\$ 868,370
Nature Interpretation Centre	597,326	589,951
Bastion Square Revitalization	228,975	226,148
	<u>\$ 1,714,686</u>	<u>\$ 1,684,469</u>

The Ross Bay Cemetery Trust is a fund for the non-commercial Ross Bay Cemetery and is used for perpetual maintenance. The Nature Interpretation Centre is a trust for the construction of a nature interpretation centre in Beacon Hill Park. The Bastion Square Revitalization Trust is a trust received from the Bastion Square Association Society for the sole purpose of improving Bastion Square.

## 15. Commitments:

In the normal course of business, the City enters into commitments for both capital and operational expenses. These commitments have been budgeted for within the appropriate annual budget and have been approved by Council.

In 2010 residents authorized the City, by referendum, to borrow up to \$49,200,000 for the planning, study, design, and construction of a bridge to replace the Johnson Street Bridge and to decommission the existing bridge. The City has assumed a low interest loan of \$33,400,000 from the CMHC under the Municipal Infrastructure Lending Program in respect of the authorized borrowing for this project. The estimated cost for the Johnson Street Bridge is \$92.8 million and completion is expected in 2017. At December 31, 2014, construction contracts of \$70 million were in process with estimated costs to complete of \$48 million.

On March 23, 2011, the City signed a contribution agreement with the Federal Government agreeing to financial assistance towards the project of \$21 million through the Building Canada Fund. On March 3, 2012, the Federal Government announced an additional commitment of \$16.5 million towards the project through the Federal Gas Tax Fund.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 16. Contingent liabilities:

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 litigation, will be recorded when a liability is likely and determinable. Included in accumulated surplus is an insurance reserve of \$3,780,040 (2013 - \$3,733,373) which is maintained to offset settlements and insurance coverage has been maintained to provide for insurable claims in excess of insurance deductibles.

In 2008 the City joined the Municipal Insurance Association (the "MIA") and all insurable claims from that date forward are subject to a liability deductible of \$250,000, prior to 2008, claims are subject to a deductible of \$1,000,000. Should the MIA pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit.

Change orders for significant additional construction costs have been presented to the City by contractors engaged in the construction of the Johnson Street Bridge. The City represented by lawyers are currently in a mediation process. Any settlement is subject to City Council approval.

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 a debt reserve fund. These deposits are included in the City's financial assets as other assets 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, 2014 the balance of the deposits was \$1,032,325 (2013 - \$814,660). At December 31, 2014 there were contingent demand notes of \$2,197,196 (2013 - \$1,794,839) which are not included in the financial statements of the City.

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.

The City is reviewing environmental objectives and potential liabilities for its activities and properties including potential site reclamation obligations. The amount of any such obligations is not presently determinable.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 16. Contingent liabilities (continued):

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.

In 2011, the Federal Government of Canada entered into an agreement with the Capital Regional District to provide a financial contribution for the new, permanent, safe, transitional and supportive housing. Subsequently, the Capital Regional District entered into a sub-project funding agreement in which \$1,200,000 was contributed to the City towards the purchase of two properties within the City. The agreement states that if the properties are not operated for their intended purpose or are sold and the proceeds of disposition are not applied to providing similar services then the City will be required to repay the contribution amount. The amount of the required repayment is dependent on the length of the time that the intended purpose of the contribution is met and extends to March 31, 2026 at which point no further repayment is required. In 2013, the purchase of one of the properties by Provincial Rental Housing Corp included transfer of the funding agreement repayment obligation applicable to that property. The funding agreement conditions of the remaining property held by the City continue to be applicable.

## 17. Financial plan data:

The financial plan data presented in these financial statements is based upon the 2014 operating and capital financial plan approved by Council on May 8, 2014. The chart below reconciles the approved financial plan to the financial plan figures reported in these financial statements.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

## 17. Financial plan data (continued):

	Budget amount
Revenues:	
Operating financial plan	\$295,217,825
Capital financial plan	89,911,495
	385,129,320
Less:	
Transfers from other funds	(71,354,090)
Collections for other Governments	(85,360,365)
Total revenue	228,414,865
Expenses:	
Operating financial plan	295,217,825
Capital financial plan	89,911,495
Amortization	8,000,000
Stormwater overhead allocation	350,000
	393,479,320
Less:	
Capital expenditures	(89,911,495)
Transfer to other funds	(41,222,464)
Debt principal payments	(5,579,620)
Collections for other Governments	(85,360,365)
Total expenses	171,405,376
Annual surplus	\$ 57,009,489

## 18. Segmented information:

The City of Victoria is a diversified municipal organization that provides a wide range of services to its citizens. 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 reported within these funds. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 18. Segmented information (continued):

### (i) General Government:

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

### (ii) Protective Services:

Protective Services is comprised of four different functions, including the City's Emergency Management Agency, Fire, Police and Regulatory and Development Services. The Emergency Management Agency prepares 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 citizens 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 mandate of the Regulatory and Development Services is to promote, facilitate and enforce general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community and provide a full range of planning services related to zoning, development permits, variance permits, and current regulatory issues.

### (iii) Transportation Services:

Transportation Services is responsible for a wide variety of transportation functions such as Parking, Engineering Operations and Streets. Services provided include infrastructure development and maintenance, 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 as well as traffic signal timing.

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2014

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## 18. Segmented information (continued):

### (iv) Environmental and Public Health Services:

The Environmental and Public Health Services is comprised of four sections in the areas of Solid Waste Services, Storm Drains, Street Cleaning and Public Works. The Solid Waste Collection and Recycling Operations Section is responsible for the collection of household garbage. 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 and squares. The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

### (v) Community Planning:

Community Planning works to achieve the City's community planning goals through the official community plan, neighbourhood plans, special sector and precinct plans, urban design and other policy initiatives. The division is also responsible for the heritage program, downtown vitality and public use of space.

### (vi) Parks, Recreation and Community Development:

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; preserves and enhances green spaces on public lands. Recreation Services facilitates the provision of recreation and wellness programs and services through the City's pool, arena, Royal Athletic Park, Community and Seniors' Centres. Community Development co-ordinates and leads efforts to enhance our neighbourhoods, foster arts and culture, and works to create a city that is vibrant and people centred. This function also includes the Victoria Conference Centre which is one of the largest conference facilities in BC and plays a significant economic impact on the local economy.

### (vii) 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 CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

***DRAFT***

Year ended December 31, 2014

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## **18. Segmented information (continued):**

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The General Fund reports on municipal services that are funded primarily by taxation such as property taxes and other tax revenues. Taxation and payments-in-lieu of taxes are apportioned to the General Fund services based on budgeted taxation revenue as presented in the financial plan.

The allocation to other expenses includes the interdepartmental recoveries of asset charges which results in negative expense balances for certain departments.

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 (continued)

Year ended December 31, 2014

## 18. Segmented information (continued):

2014	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Community Planning	Parks Recreation and Community Development	Water Utility	Sewer Utility	Total
<b>Revenue:</b>									
Taxation	\$ 41,313,773	\$ 53,067,422	\$ 5,915,117	\$ 8,692,565	\$ 1,633,376	\$ 16,048,347	\$ -	\$ 787,181	\$127,457,781
Goods and services	272,660	7,541,507	11,378,852	2,806,516	220	9,072,224	20,205,038	8,510,216	59,787,233
Government transfers	3,858,841	1,872,920	9,648,373	-	-	-	-	-	15,380,134
Other	9,084,133	377,370	4,792,229	-	2,868,747	1,212,178	200,960	-	18,535,617
Total revenue	54,529,407	62,859,219	31,734,571	11,499,081	4,502,343	26,332,749	20,405,998	9,297,397	221,160,765
<b>Expenses:</b>									
Salaries and wages	14,260,213	59,668,010	10,835,409	4,237,841	2,646,245	12,047,808	1,994,829	1,617,744	107,308,099
Materials, supplies and services	4,533,201	3,423,283	8,345,183	2,223,257	155,489	8,946,990	9,181,943	659,700	37,469,046
Interest and other	14,985,084	2,052,875	(2,528,305)	61,726	72,418	2,494,858	699,178	1,008,350	18,846,184
Amortization	5,423,531	786,715	2,966,132	272,495	-	282,800	499,136	175,919	10,406,728
Total expenses	39,202,029	65,930,883	19,618,419	6,795,319	2,874,152	23,772,456	12,375,086	3,461,713	174,030,057
Annual surplus (deficit)	\$ 15,327,378	\$ (3,071,664)	\$ 12,116,152	\$ 4,703,762	\$ 1,628,191	\$ 2,560,293	\$ 8,030,912	\$ 5,835,684	\$ 47,130,708

# THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

Year ended December 31, 2014

## 18. Segmented information (continued):

2013	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Community Planning	Parks Recreation and Community Development	Water Utility	Sewer Utility	Total
<b>Revenue:</b>									
Taxation	\$ 41,511,208	\$ 50,814,961	\$ 5,521,969	\$ 7,976,977	\$ 2,401,142	\$ 14,541,677	\$ -	\$ 762,423	\$123,530,357
Goods and services	290,194	7,465,944	11,107,361	2,592,561	385	9,506,116	18,564,956	7,700,721	57,228,238
Government transfers	4,552,176	1,867,217	3,935,188	-	-	-	-	-	10,354,581
Other	7,900,555	356,696	5,506,450	-	2,629,005	1,817,089	221,884	-	18,431,679
Total revenue	54,254,133	60,504,818	26,070,968	10,569,538	5,030,532	25,864,882	18,786,840	8,463,144	209,544,855
<b>Expenses:</b>									
Salaries and wages	13,024,096	57,391,609	11,172,494	4,112,906	2,688,652	11,913,059	2,159,542	1,675,390	104,137,748
Materials, supplies and services	4,699,943	3,752,674	8,537,850	2,594,095	100,761	8,956,053	9,303,185	700,030	38,644,591
Interest and other	14,612,546	2,156,744	(2,252,045)	(330,676)	94,326	3,784,692	808,369	2,689,757	21,563,713
Amortization	4,550,766	893,711	2,887,012	197,251	-	262,725	624,842	167,957	9,584,264
Total expenses	36,887,351	64,194,738	20,345,311	6,573,576	2,883,739	24,916,529	12,895,938	5,233,134	173,930,316
Annual surplus (deficit)	\$ 17,366,782	\$ (3,689,920)	\$ 5,725,657	\$ 3,995,962	\$ 2,146,793	\$ 948,353	\$ 5,890,902	\$ 3,230,010	\$ 35,614,539