

**2025**

**CITY OF LANGFORD  
Consolidated Financial Statements  
For the fiscal year ending December 31, 2025**

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# City of Langford

[www.cityoflangford.ca](http://www.cityoflangford.ca)

**Mayor:** Scott Goodmanson

**Councillors:** Kimberley Guiry  
Colby Harder  
Mark Morley  
Mary Wagner  
Keith Yacucha  
the Late Lillian Szpak

**Chief Administrative Officer:** Darren Kiedyk, CPA, CGA

**Director of Finance:** Michael Dillabaugh, CPA, CA

**City Engineer:** Katelyn Balzer, P.Eng.

**City Planner:** Leah Stohmann, RPP, MCIP

**Fire Chief:** Christopher Aubrey

**Auditors:** KPMG

**Solicitors:** Young Anderson

**Bankers:** Bank of Montreal

**Police:** RCMP - West Shore

# CITY OF LANGFORD

## Consolidated Financial Statements

Year ended December 31, 2025

### Financial Statements

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# CITY OF LANGFORD

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the City of Langford (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 consolidated 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.

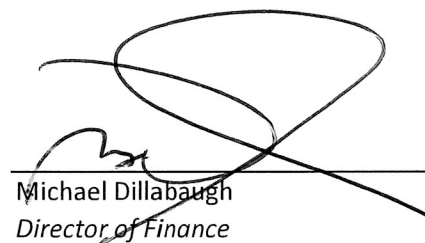
The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

City of Langford Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditor 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 consolidated financial statements.



\_\_\_\_\_  
Darren Kiedyk  
*Chief Administrative Officer*



\_\_\_\_\_  
Michael Dillabaugh  
*Director of Finance*



**KPMG LLP**

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800-730 View Street  
Victoria BC V8W 3Y7  
Canada  
Telephone 250 480 3500  
Fax 250 480 3539

## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Councillors of City of Langford

### ***Opinion***

We have audited the consolidated financial statements of City of Langford (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets (debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated results of operations, its consolidated remeasurement of gains and losses, its consolidated changes in net financial assets (debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Victoria, Canada  
May 12, 2026

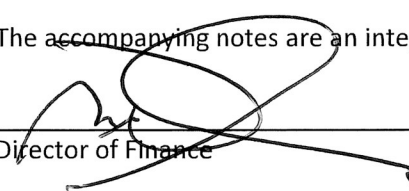
# CITY OF LANGFORD

## Consolidated Statement of Financial Position

As at December 31, 2025, with comparative information for 2024

	2025	2024
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 40,533,569	\$ 72,046,766
Short term investments	1,733,757	1,273,376
Property taxes receivable	4,159,263	4,375,629
Accounts receivable	11,985,039	13,898,362
Other assets	1,107,863	1,256,265
	59,519,491	92,850,398
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	16,892,467	16,919,863
Prepaid property taxes	2,616,647	2,061,038
Deferred revenue (note 3)	24,166,734	17,643,064
Refundable deposits	26,697,086	28,684,472
Debt (note 4)	68,488,886	38,673,494
	138,861,820	103,981,931
<b>Net financial assets (debt)</b>	<b>(79,342,329)</b>	<b>(11,131,533)</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 5)	844,269,720	708,184,317
Sewer franchise agreement (note 6)	55,047,457	51,836,162
Prepaid expenses	4,623,748	759,465
	903,940,925	760,779,944
Commitments, contingencies and contractual rights (note 11 and 12)		
<b>Accumulated surplus (note 7)</b>	<b>\$ 824,598,596</b>	<b>\$ 749,648,411</b>

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

  
\_\_\_\_\_  
Director of Finance

# CITY OF LANGFORD

## Consolidated Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	Financial Plan (note 13)	2025	2024
<b>Revenue:</b>			
Taxation, net (note 8)	\$ 64,717,610	\$ 64,458,520	\$ 56,358,739
Development cost charges (note 3)	2,325,000	1,331,767	3,411,657
Sewer capital recovery fees	-	10,516,819	7,817,199
Utility charges	5,000	5,000	5,000
Other	7,294,027	10,681,353	9,056,197
Licences and permits	4,791,900	5,232,486	3,822,668
Penalties and interest	590,000	914,213	801,759
Government transfers (note 9)	30,524,183	5,828,687	4,331,295
Commercial leasing	7,942,150	10,610,919	8,654,232
Casino	1,400,000	1,306,469	1,389,857
Investment earnings	600,000	1,527,415	2,751,312
Developer and property owner contributions	10,825,000	73,604,983	30,792,293
<b>Total revenue</b>	<b>131,014,870</b>	<b>186,018,631</b>	<b>129,192,208</b>
<b>Expenses:</b>			
General government services:			
Legislative	647,150	567,924	537,642
Administrative	7,872,550	9,290,898	7,600,498
Other	3,319,800	3,040,193	2,705,806
	11,839,500	12,899,015	10,843,946
Protective services:			
Police and bylaw enforcement	20,866,710	22,138,423	18,189,825
Fire protection and emergency response	8,462,620	8,848,418	7,414,233
Building inspection and other	966,950	1,091,156	1,087,823
	30,296,280	32,077,997	26,691,881
Engineering and public works:			
Common services	2,926,230	2,598,838	2,375,826
Land development services	369,100	582,365	605,664
Roads, streets and storm drainage	8,104,970	18,362,442	15,005,221
	11,400,300	21,543,645	17,986,711
Community services:			
Environmental and development services	2,967,520	2,401,818	1,982,926
Recreation and cultural services	18,767,460	26,194,670	22,981,763
West Shore Parks and Recreation Society (note 14)	8,245,383	8,645,777	8,060,001
	29,980,363	37,242,265	33,024,690
Utility and enterprise services:			
Sewer infrastructure	-	7,305,524	3,885,531
<b>Total expenses</b>	<b>83,516,443</b>	<b>111,068,446</b>	<b>92,432,759</b>
Annual surplus	47,498,427	74,950,185	36,759,449
Accumulated surplus, beginning of year	749,648,411	749,648,411	712,888,962
<b>Accumulated surplus, end of year</b>	<b>\$ 797,146,838</b>	<b>\$ 824,598,596</b>	<b>\$ 749,648,411</b>

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

# CITY OF LANGFORD

## Consolidated Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2025, with comparative information for 2024

	Financial Plan (note 13)	2025	2024
Annual surplus	\$ 47,498,427	\$ 74,950,185	\$ 36,759,449
Acquisition of tangible capital assets	(144,287,193)	(91,329,114)	(40,433,985)
Amortization of tangible capital assets	-	13,679,022	12,580,394
Loss (gain) on disposal of tangible capital assets	-	241,861	(134,250)
Proceeds on sale of tangible capital assets	-	918,675	340,463
Sewer capital recovery fees	-	(10,516,819)	(7,817,199)
Sewer capital agency fee	-	6,281,883	2,916,315
Developer contributions of tangible capital assets	-	(58,425,424)	(23,998,203)
Change in proportionate share of West Shore Parks & Rec Society	-	(146,782)	(106,467)
	(96,788,766)	(64,346,513)	(19,893,483)
Consumption (acquisition) of prepaid expenses	-	(3,864,283)	393,117
Change in net financial assets (debt)	(96,788,766)	(68,210,796)	(19,500,366)
Net financial assets (debt), beginning of year	(11,131,533)	(11,131,533)	8,368,833
Net financial assets (debt), end of year	\$ (107,920,299)	\$ (79,342,329)	\$ (11,131,533)

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

# CITY OF LANGFORD

## Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 74,950,185	\$ 36,759,449
Items not involving cash:		
Amortization of tangible capital assets	13,679,022	12,580,394
Loss (gain) on disposal of tangible capital assets	241,861	(134,250)
Developer contributions of tangible capital assets	(58,425,424)	(23,998,203)
Sewer capital recovery fees	(10,516,819)	(7,817,199)
Sewer capital agency fee	6,281,883	2,916,315
Change in proportionate share of West Shore Parks & Rec Society	(146,782)	(106,467)
Changes in non-cash operating assets and liabilities:		
Property taxes receivable	216,366	(2,487,937)
Accounts receivable	1,913,323	(2,283)
Other assets	148,402	(24,641)
Accounts payable and accrued liabilities	(27,396)	(6,200,895)
Prepaid property taxes and licences	555,609	318,422
Deferred revenue	6,523,670	5,671,616
Refundable deposits	(1,987,386)	3,737,726
Prepaid expenses	(3,864,283)	393,117
	29,542,231	21,605,164
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(91,329,114)	(40,433,985)
Proceeds on sale of tangible capital assets	918,675	340,463
	(90,410,439)	(40,093,522)
<b>Financing activities:</b>		
Debt proceeds	31,140,000	15,010,000
Debt payments	(1,324,608)	(3,112,017)
Changes in investments	(460,381)	5,480,078
	29,355,011	17,378,061
Decrease in cash and cash equivalents	(31,513,197)	(1,110,297)
Cash and cash equivalents, beginning of year	72,046,766	73,157,063
Cash and cash equivalents, end of year	\$ 40,533,569	\$ 72,046,766
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 1,551,875	\$ 1,044,790
Cash received from interest	1,806,540	3,533,262

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

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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The City of Langford (the "City") is incorporated and operates under the provisions of the British Columbia Local Government Act and the Community Charter of British Columbia.

## 1. Significant accounting policies

The consolidated financial statements of the City are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the City are as follows:

### (a) Reporting entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the City. The consolidated financial statements also include the City's proportionate interest in the West Shore Parks and Recreation Society ("West Shore"), an organization jointly controlled by the City. The City does not administer any trust activities on behalf of external parties.

### (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) Revenue recognition

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability.

Property tax revenue is recognized on an accrual basis using approved tax rates and the anticipated assessment for the current year. Parcel tax revenues are recognized in the year that they are levied.

Revenue from unilateral transactions is recognized when the City has the ability to claim or retain an inflow of economic resources and a past transaction or event giving rise to the asset has occurred. Revenue from exchange transactions is recognized when or as the City has satisfied performance obligations.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 1. Significant accounting policies (continued)

### (d) Deferred revenue

Deferred revenue includes grants, contributions, and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, 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, services performed, or the tangible capital assets are acquired thereby extinguishing any liability to the City.

Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred, development cost charges are recognized as revenue in amounts which equal the associated expenses.

### (e) Refundable deposits

Receipts restricted by third parties are deferred and reported as refundable deposits under certain circumstances. Refundable deposits are returned when the third party meets their obligations or the deposits are recognized as revenue when qualifying expenditures are incurred.

### (f) 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.

### (g) Cash equivalents

Cash equivalents include short-term, highly liquid investments that are cashable on demand or have a term to maturity of 90 days or less at acquisition.

### (h) Long-term debt

Long-term debt is recorded net of related repayments.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 1. Significant accounting policies (continued)

### (i) 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 cost, 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
Land improvements	10-50
Buildings	25-70
Vehicles, machinery, equipment	5-25
Sewer and storm infrastructure	60-100
Road infrastructure	10-75

Non-financial 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.

### (ii) Contributions of tangible capital assets

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

### (iii) 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.

### (iv) 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.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 1. Significant accounting policies (continued)

### (v) Inventory of supplies

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost.

### (vi) Contaminated sites

Contaminated sites are defined as the result of contamination being introduced in 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, net of any expected recoveries, when all of the following criteria are met:

- 1) An environmental standard exists;
- 2) Contamination exceeds the environmental standard;
- 3) The City is directly responsible or accepts responsibility for the liability;
- 4) Future economic benefits will be given up; and
- 5) A reasonable estimate of the liability can be made.

### (j) Employee benefits

The City and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred. The costs of a multi-employer defined contribution pension plan, such as the Municipal Pension Plan, are the employer's contributions due to the plan in the period.

### (k) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- 1) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- 2) The past transaction or event giving rise to the liability has occurred;
- 3) It is expected that future economic benefits will be given up; and
- 4) A reasonable estimate of the amount can be made.

An asset and liability for the removal of asbestos has been recognized based on estimated future expenses on closure of the site and post-closure care. The capital assets affected by the asbestos liability are being amortized following the amortization accounting policies outlined in 1(i)(i) above.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 1. Significant accounting policies (continued)

### (l) Financial instruments

Financial instruments include cash and cash equivalents, investments, accounts receivables, property taxes receivable, and accounts payables and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. There are no unrealized changes in fair value as at December 31, 2025 and December 31, 2024. As a result, the City does not have a statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method or effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 1. Significant accounting policies (continued)

### (m) Public private partnerships (P3)

A P3 arrangement occurs between a public sector entity and a private sector entity where the private sector entity designs, builds, finances and operates the infrastructure.

The City recognizes infrastructure assets acquired under P3 arrangements as tangible capital assets when the City controls the purpose and use of the infrastructure, access to the future economic benefits and exposure to risks of the infrastructure assets, and significant residual interest in the infrastructure, if any, at the end of the P3's term. The assets are initially recognized at fair value, including costs incurred directly by the City and are subsequently amortized over the assets' useful lives in accordance with the amortization accounting policy (note 1(i)(i)).

Under the financial liability model, the P3 related liability is initially recognized at the same amount as the assets, less any consideration paid to the private sector entity, and is subsequently measured at amortized cost using the interest rate implicit in the P3 arrangement.

Under the user-pay model, the private sector partner has the rights to earn revenue from third party users or access to another revenue-generating asset as compensation. The P3 related liability is initially recognized at the same amount as the assets. Revenue from the user-pay model is recognized and the liability reduced according to the terms of the agreement.

### (n) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 historical cost and useful lives of tangible capital assets, estimating fair value of contributed tangible capital assets and in estimating provisions for accrued liabilities and asset retirement obligations. Actual results could differ from these estimates.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

## 2. Cash and cash equivalents

	2025	2024
West Shore Parks and Recreation Society	\$ 1,625,802	\$ 1,872,612
Cash	38,907,767	70,174,154
	<b>\$ 40,533,569</b>	<b>\$ 72,046,766</b>

The City has an approved and undrawn operating line of credit of \$10,500,000.

## 3. Deferred revenue

Deferred revenue, reported on the consolidated statement of financial position, is comprised of the following:

	2025	2024
Development cost charges	\$ 13,965,659	\$ 11,215,350
Hotel room tax	851,946	711,062
Grants	5,562,092	1,074,400
Permit and user fees	2,464,626	3,433,854
Other	1,322,411	1,208,398
	<b>\$ 24,166,734</b>	<b>\$ 17,643,064</b>

Development cost charges

	2025	2024
Opening balance of unspent funds	\$ 11,215,350	\$ 8,004,980
Add:		
Development cost charges received during the year	3,699,340	6,166,743
Interest earned	382,736	455,284
	15,297,426	14,627,007
Less:		
Amount spent on projects and recorded as revenue	1,331,767	3,411,657
	<b>\$ 13,965,659</b>	<b>\$ 11,215,350</b>

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 4. Debt

### (a) Debt

Debt consists of MFA variable rate short term financing in the amount of \$30,509,910 (2024 - \$NIL) and TD Bank interim financing facilities in the amount of \$37,978,976 (2024 - \$38,673,494). TD Bank debt bears interest at the Canadian Overnight Repo Rate Average. The current rates of interest are 2.85% (MFA) and 3.17% (TD Bank).

### (b) Principal payments on debt for the next five years and thereafter are as follows:

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2026	\$	1,636,620
2027		8,002,150
2028		7,113,030
2029		10,719,610
2030 and thereafter		41,017,476

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Interest expense on debt during the year was \$1,908,389 (2024 - \$1,529,180).

## 5. Tangible capital assets

### (a) Assets under construction

Assets under construction have a value of \$63,331,514 (2024 - \$40,505,1476) and have not yet been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is \$58,425,424 (2024 - \$23,998,203) comprised of land \$37,870,192 (2024 - \$19,203,946), land improvements \$810,510 (2024 - \$365,479), Vehicles, machinery, equipment \$nil (2024 - \$nil), sewer and storm infrastructure \$9,314,454 (2024 - \$1,254,462) and roads infrastructure \$10,430,268 (2024 - \$3,174,316).

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

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas.

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

No tangible capital assets were written down in 2025 or 2024.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 5. Tangible capital assets (continued)

### (e) West Shore Parks and Recreation Society

The City's proportionate share of West Shore Parks and Recreation Society assets includes land, buildings, and equipment which are subject to amortization policies consistent with those of the City.

### (f) Ministry of Transportation and Transit (MoTT)

In 2025, the City transferred \$259,332 of assets to the Ministry of Transportation and Transit (MoTT), representing project costs incurred to design, engineer, and construct infrastructure, based on terms of the agreement between the City and the Ministry of Transportation and Transit (MoTT). The transfer is recorded as an expense in the consolidated statement of operations.

# CITY OF LANGFORD

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### Note 5. Tangible capital assets (continued)

	Land	Land Improvements	Buildings	Vehicles Machinery & Equipment	Sewer and Storm Infrastructure	Roads Infrastructure	Assets Under Construction	West Shore Parks & Recreation Society	2025	2024
<b>Cost:</b>										
Opening	\$ 326,108,056	\$ 38,195,648	\$ 64,933,279	\$ 18,126,732	\$ 90,764,042	\$ 226,055,391	\$ 40,505,147	\$ 41,471,709	\$ 846,160,004	\$ 783,289,700
Additions	73,499,138	1,486,547	23,277,027	701,857	9,352,193	14,430,530	26,237,193	770,053	149,754,538	64,432,188
Transfers	326,430	600,685	319,836	1,693	-	2,162,182	(3,410,826)	-	-	-
Disposals	(12,172)	(315,225)	(330,033)	(278,816)	-	(724,028)	-	(77,212)	(1,737,486)	(1,725,704)
Change in share	-	-	-	-	-	-	-	228,952	228,952	163,820
Balance, end of year	399,921,452	39,967,655	88,200,109	18,551,466	100,116,235	241,924,075	63,331,514	42,393,502	994,406,008	846,160,004
<b>Accumulated Amortization:</b>										
Opening	-	13,068,894	14,245,995	9,972,651	18,585,652	67,218,476	-	14,884,019	137,975,687	127,826,646
Disposals	-	(87,759)	(3,174)	(239,277)	-	(169,528)	-	(77,212)	(576,950)	(1,519,490)
Amortization	-	1,719,957	1,665,885	1,089,590	1,523,332	5,698,159	-	958,458	12,655,381	11,611,178
Change in share	-	-	-	-	-	-	-	82,170	82,170	57,353
Balance, end of year	-	14,701,092	15,908,706	10,822,964	20,108,984	72,747,107	-	15,847,435	150,136,288	137,975,687
<b>Net book value, end of year</b>	<b>\$ 399,921,452</b>	<b>\$ 25,266,563</b>	<b>\$ 72,291,403</b>	<b>\$ 7,728,502</b>	<b>\$ 80,007,251</b>	<b>\$ 169,176,968</b>	<b>\$ 63,331,514</b>	<b>\$ 26,546,067</b>	<b>\$ 844,269,720</b>	<b>\$ 708,184,317</b>

# CITY OF LANGFORD

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 6. Sewer franchise agreement

During 2004, the City entered into a franchise and partnering agreement with West Shore Environmental Services Inc. ("WSES") and Terasen Utility Services Inc. The term of the agreement is 21 years, with a single 21 year renewal which has been exercised. Under the agreement, the City grants an exclusive franchise to WSES to design, construct, finance, own, and operate and maintain sanitary sewers in the City. The City also grants an exemption from municipal property tax for sewer infrastructure and WSES has been granted an Order in Council to extend that exemption to property taxes for all other jurisdictions. Upon termination of the agreement, the sewer infrastructure constructed by WSES will be acquired by the City for a nominal payment.

WSES will recover its capital costs by imposition of a sewer capital recovery fee ("SCRF") on owners of property who wish to connect to the sewer. WSES will also bill and collect all user fees. WSES will pay the City franchise fees that are estimated to total \$11 million over the 21 year term of the agreement.

The City records the costs of sewer infrastructure constructed by WSES \$4,234,936 (2024 - \$4,900,855) and corresponding remaining cost to be recovered. The remaining cost to be recovered is reduced as SCRF's are collected by WSES.

The cost of WSES sewer infrastructure, less residual value, is amortized on a straight line basis over their estimated useful lives, 60 to 70 years.

During the 2025 year, the remaining costs to be recovered were in excess of the amount owing. In accordance with the agreement, the City has recorded an agency fee of the excess in the amount of \$6,281,883 (2024 - \$2,916,315).

	Opening	Increase	Decrease	Closing
WSES sewer infrastructure				
Cost	\$ 64,232,254	4,800,774	(565,838)	\$ 68,467,190
Accumulated amortization	(12,396,092)	(1,023,641)	-	(13,419,733)
	51,836,162	3,777,133	(565,838)	55,047,457
Remaining cost to be recovered	-	(4,800,774)	4,800,774	-
	\$ 51,836,162	(1,023,641)	4,234,936	\$ 55,047,457

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

## 7. Accumulated surplus

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

	2025	2024
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 830,828,291	\$ 721,346,985
Other	(29,499,969)	(14,937,009)
<b>Total surplus</b>	<b>801,328,322</b>	<b>706,409,976</b>
<b>Reserves set aside by Council:</b>		
Future operational contingencies	992,585	1,153,186
Future capital contingencies	1,279,734	1,279,734
Federal Gas Tax	4,039,092	5,008,427
West Shore Parks & Rec Society	1,430,453	1,238,596
<b>Total reserves</b>	<b>7,741,864</b>	<b>8,679,943</b>
<b>Reserve funds set aside for specific purposes by Council:</b>		
Capital works	1,594,673	2,477,950
Affordable housing	5,661,346	4,541,624
Parks and open space	-	3,503,162
Parkland improvement	3,547	3,443
General amenity	1,186,463	908,134
Equipment replacement	2,375,377	2,300,087
Sidewalk capital	51,040	49,546
Bear Mountain fire hall	1,819,675	1,763,947
Special police capital	201,027	144,143
Special police operating	759,443	737,214
Downtown parking	144,516	140,286
Growing Communities Fund	1,731,303	17,988,956
<b>Total reserve funds</b>	<b>15,528,410</b>	<b>34,558,492</b>
	<b>\$ 824,598,596</b>	<b>\$ 749,648,411</b>

# CITY OF LANGFORD

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 8. Taxation

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

	2025	2024
General	\$ 61,953,654	\$ 53,859,807
Parcel tax	1,670,459	1,743,009
Revenue in lieu of taxes	265,938	218,570
Collections for other governments	56,635,445	48,947,472
1% utility taxes	568,469	537,353
	<b>121,093,965</b>	<b>105,306,211</b>
Less taxes levied for other authorities:		
Capital Regional District - General Operating	12,542,630	11,133,961
Revenue in lieu of taxes	210,253	172,398
Capital Regional Hospital District	2,856,841	2,730,567
School Authorities	29,768,953	27,057,217
BC Assessment Authority	866,988	791,881
Municipal Finance Authority	4,660	4,407
BC Transit	10,385,120	7,057,041
	<b>56,635,445</b>	<b>48,947,472</b>
	<b>\$ 64,458,520</b>	<b>\$ 56,358,739</b>

### 9. Government transfers

The City recognizes the transfer of government funding as revenue when received and all related eligibility criteria and stipulations have been satisfied.

	2025	2024
Operating transfers:		
Federal	\$ 61,226	\$ 4,872
Provincial	1,368,440	1,268,374
Other	271,539	216,018
	<b>1,701,205</b>	<b>1,489,264</b>
Capital transfers:		
Federal	2,282,856	2,252,299
Provincial	1,844,626	589,732
	<b>4,127,482</b>	<b>2,842,031</b>
	<b>\$ 5,828,687</b>	<b>\$ 4,331,295</b>

# CITY OF LANGFORD

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 10. Municipal pension plan

The City and its employees contribute to the Municipal Pension Plan (the "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 provided are based on a formula. As at December 31, 2024, the plan had about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan 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 as at December 31, 2024 indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2027.

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 paid \$1,918,138 (2024 - \$1,416,787) for employer contributions while employees contributed \$1,640,397 (2024 - \$1,289,619) to the Plan in fiscal 2025.

### 11. Commitments and contingencies

#### (a) Contingent liabilities

The CRD debt, under provisions of the Local Government Act, is a direct, joint and several liability of the CRD and each member municipality within the CRD, including the City of Langford.

The City is a shareholder and member of the Capital Region Emergency Service Telecommunications (CREST) Incorporated who provides centralized emergency communications, and related public safety information services to municipalities, regional district, the provincial and federal governments and their agencies, and emergency services 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.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 11. Commitments and contingencies (continued)

### (b) Litigation liability

From time to time, the City is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable. It is considered that the potential claims against the City resulting from such litigation will be covered by insurance and therefore will not materially affect the consolidated financial statements of the City.

### (c) Commitments

The City entered into a long-term contract with the Royal Canadian Mounted Police (RCMP) for the provision of police services effective October 1, 1994. Under the terms of this contract, the City is responsible for 90% of policing costs. The 2026 estimated cost of this contract is \$16,668,850.

On February 7, 2013, the City entered into a purchase of service agreement with the YMCA/YWCA of Greater Victoria to provide access for Langford residents to an aquatic facility. The City agreed to pay \$750,000 per year to be indexed by population every two years from the opening date to a maximum of \$950,000 per year for a period of 25 years. In 2023, the City agreed to increase this amount by an additional \$950,000.

On December 12, 2024, the City entered into an agreement to purchase parkland. As part of the agreement, the City is committed to purchase all manufactured homes located on the property, if the tenant is unable or does not wish to relocate their manufactured home. These home purchases are to be completed by January 31, 2030. At December 31, 2025, the total purchase commitment is estimated to be \$7,767,650.

Operating contracts include a cost of living factor for subsequent years. These have not been included in the total amount of the contract as the cost of living factor for subsequent years is currently not determinable. As at December 31, 2025, the following major contracts were in progress:

	Total Amount of Contract	Paid or Accrued
Operating	\$ 36,494,408	\$ 22,445,739
Capital	25,886,173	18,734,747

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 12. Contractual rights

The City has entered into various contracts for rental revenue within the normal course of operations. The estimated contractual rights under these contracts for the years ending December 31 are as follows:

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2026	\$	2,947,421
2027		2,920,611
2028		2,845,019
2029		2,624,011
2030		2,519,265
	\$	13,856,327

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In addition to these contractual rights, the City has agreements with other parties that provide payments to the City based on a percentage earned throughout the year.

The City has entered into an agreement with School District 62 (Sooke) in relation to the installation of a turf field and associated lighting. Under this agreement, the City will receive \$650,000 at such time as Provincial funding is approved. The City is unable to estimate when the funds will be received.

# CITY OF LANGFORD

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 13. Financial plan

The financial plan data presented in these consolidated financial statements is based upon the 2025 operating and capital financial plans approved by Council on May 5, 2025. Amortization expense was not contemplated on development of the financial plan and, as such, has not been included. The chart below reconciles the approved financial plan to figures reported in these consolidated financial statements.

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	Financial plan amount
Revenues:	
Operating	\$ 90,659,440
Capital	139,584,940
West Shore Parks & Rec Society	4,830,160
Less:	
Transfers from own funds	43,163,420
Proceeds on debt issue	60,896,250
<b>Total revenue</b>	<b>131,014,870</b>
Expenses:	
Operating	90,659,440
Capital	139,584,940
West Shore Parks & Rec Society	4,702,253
Less:	
Capital expenditures	139,584,940
Transfer to own funds	10,748,240
Debt principal payments	1,097,010
<b>Total expenses</b>	<b>83,516,443</b>
<b>Annual surplus</b>	<b>\$ 47,498,427</b>

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# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 14. West Shore Parks and Recreation Society

### (a) Capital asset transfer

The Capital Regional District (the "CRD") transferred the lands and facilities comprising the Juan de Fuca Recreation Centre to the following municipal members (the "Municipalities") effective January 2, 2002; City of Langford, City of Colwood, District of Highlands, District of Metchosin and the CRD (on behalf of a portion of the Juan de Fuca Electoral Area). Effective January 1, 2007 the Town of View Royal became a member of the Society. Effective January 1, 2018, the CRD is no longer a member of the Society.

In 2002 the lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the Co-Owners' Agreement. The lands and facilities were reallocated amongst the members on January 1, 2007 when the Town of View Royal became a member. Future improvements are allocated among the members as per the cost sharing formula in effect each year for each service or facility, as outlined in a Members' Agreement. For 2025, the City's share of improvements purchased by the Society on its behalf is \$560,470.

Because the cost sharing formula in the Members' Agreement produces different cost shares for the members from year-to-year, there is a gain or loss on the opening fund balances. In 2025, the City of Langford's change in cost share is \$146,782.

The Municipalities have each become members in the Society, which was incorporated to provide parks, recreation and community services to the Municipalities under contract. Under terms of an Operating, Maintenance and Management Agreement, the Society is responsible to equip, maintain, manage and operate the facilities located at the recreation centre. The current agreement has a term of March 1, 2020 to February 28, 2025. The agreement was extended for another five year term to February 28, 2030.

# CITY OF LANGFORD

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 14. West Shore Parks and Recreation Society (continued)

#### (b) Consolidation

Financial results and budget for the Society are consolidated into the City's financial statements proportionately, based on the cost sharing formula outlined in the Members' Agreement. In 2025 the City's proportion for consolidation purposes was 54.46% (2024 - 54.16%).

Condensed financial information for the Society is as follows:

	2025	2024
Financial assets	\$ 6,723,414	\$ 6,319,372
Financial liabilities	3,927,879	3,888,495
Net financial assets	2,795,535	2,430,877
Non-financial assets	1,786,364	1,716,367
Accumulated surplus	\$ 4,581,899	\$ 4,147,244
Invested in tangible capital assets	\$ 1,576,456	\$ 1,504,592
Reserve funds	3,207,021	2,906,071
Other	(201,578)	(263,419)
	\$ 4,581,899	\$ 4,147,244
Revenues	\$ 9,837,169	\$ 9,643,960
Requisition from members	6,455,788	6,049,085
	16,292,957	15,693,045
Expenses	9,465,557	9,389,755
Requisition from members	6,455,788	6,049,085
	15,921,345	15,438,840
Annual surplus	\$ 371,612	\$ 254,205

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 15. Segmented information

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protective Services, Engineering and Public Works Services, Community Services and Utility and Enterprise Services. Service Areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide are as follows:

### General Government Services

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing City assets; ensuring effective financial management; monitoring performance and ensuring that high quality City services standards are met.

### Protective Services

The Departments within Protective Services are Police and Bylaw Enforcement; Fire Protection and Emergency Response; and Building Inspection. The mandates of these departments are to enforce laws, prevent crime, maintain peace, order and security by protecting life, property and the environment.

### Engineering and Public Works

The Engineering Department is responsible for the transportation services within the City. This includes roads, storm drains, sidewalks, and street lighting.

### Community Services

The Departments within Community Services include Environmental and Development Services and Recreation and Cultural Services. The Environmental and Development Services Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the City and for reviewing and approving new development. The Recreation and Cultural Services Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities and cultural services.

### Utility and Enterprise Services

This Department is responsible for administering the Sewer Franchise Agreement (note 6) for the City.

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 following table provides additional financial information for the foregoing segments. Taxation and grants in lieu of taxes are apportioned to the functions based on their share of the net budgeted expenditures in the Financial Plan.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

## Note 15 2025 Segmented Information (continued)

	General Government Services	Protective Services	Engineering and Public Works	Community Services	Utility and Enterprise Services	Total
Revenue:						
Taxation	\$ 11,567,030	\$ 26,521,610	\$ 9,185,700	\$ 17,184,180	\$ -	\$ 64,458,520
Utility charges	-	-	-	-	5,000	5,000
Government transfers	814,050	742,477	3,443,402	828,758	-	5,828,687
Commercial leasing	449,945	115,034	-	10,045,940	-	10,610,919
Other	7,250,314	242,983	221,151	5,408,533	10,516,819	23,639,800
Licences and permits	38,520	4,079,625	604,070	510,271	-	5,232,486
Developer and property owner contributions	2,075,170	2,500	33,733,560	27,251,498	10,542,255	73,604,983
Development cost charges	-	-	131,585	1,200,182	-	1,331,767
Casino	1,306,469	-	-	-	-	1,306,469
<b>Total Revenue</b>	<b>23,501,498</b>	<b>31,704,229</b>	<b>47,319,468</b>	<b>62,429,362</b>	<b>21,064,074</b>	<b>186,018,631</b>
Expenses:						
Salaries, wages and employee benefits	6,117,890	11,979,695	2,833,160	5,466,678	-	26,397,423
Contracted and general services	4,133,991	18,612,102	9,801,403	23,314,274	6,281,883	62,143,653
Materials, goods, supplies and utilities	1,234,044	742,828	692,744	2,167,578	-	4,837,194
Other	997,522	252,485	1,033,893	1,727,254	-	4,011,154
Amortization	415,568	490,887	7,182,445	4,566,481	1,023,641	13,679,022
<b>Total Expenses</b>	<b>12,899,015</b>	<b>32,077,997</b>	<b>21,543,645</b>	<b>37,242,265</b>	<b>7,305,524</b>	<b>111,068,446</b>
<b>Annual surplus</b>	<b>\$ 10,602,483</b>	<b>\$ (373,768)</b>	<b>\$ 25,775,823</b>	<b>\$ 25,187,097</b>	<b>\$ 13,758,550</b>	<b>\$ 74,950,185</b>

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

## Note 15 2024 Segmented Information (continued)

	General Government Services	Protective Services	Engineering and Public Works	Community Services	Utility and Enterprise Services	Total
Revenue:						
Taxation	\$ 9,717,541	\$ 22,021,453	\$ 9,116,353	\$ 15,503,392	\$ -	\$ 56,358,739
Utility charges	-	-	-	-	5,000	5,000
Government transfers	782,650	583,231	2,761,568	203,846	-	4,331,295
Commercial leasing	186,794	54,736	-	8,412,702	-	8,654,232
Other	6,801,014	115,044	498,044	5,195,166	7,817,199	20,426,467
Licences and permits	40,600	2,524,709	594,733	662,626	-	3,822,668
Developer and property owner contributions	2,628,477	10,000	14,525,755	12,228,071	1,399,990	30,792,293
Development cost charges	-	-	2,342,924	1,068,733	-	3,411,657
Casino	1,389,857	-	-	-	-	1,389,857
<b>Total Revenue</b>	<b>21,546,933</b>	<b>25,309,173</b>	<b>29,839,377</b>	<b>43,274,536</b>	<b>9,222,189</b>	<b>129,192,208</b>
Expenses:						
Salaries, wages and employee benefits	5,431,858	9,669,759	2,682,097	4,518,663	-	22,302,377
Contracted and general services	3,381,074	15,503,423	6,903,023	21,555,397	2,916,315	50,259,232
Materials, goods, supplies and utilities	1,116,793	763,323	686,208	1,641,304	-	4,207,628
Other	551,050	257,745	1,025,115	1,249,218	-	3,083,128
Amortization	363,171	497,631	6,690,268	4,060,108	969,216	12,580,394
<b>Total Expenses</b>	<b>10,843,946</b>	<b>26,691,881</b>	<b>17,986,711</b>	<b>33,024,690</b>	<b>3,885,531</b>	<b>92,432,759</b>
<b>Annual surplus</b>	<b>\$ 10,702,987</b>	<b>\$ (1,382,708)</b>	<b>\$ 11,852,666</b>	<b>\$ 10,249,846</b>	<b>\$ 5,336,658</b>	<b>\$ 36,759,449</b>

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 16. Financial risks and concentration of credit risk

### (a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The City is exposed to credit risk with respect to the accounts receivable, cash and investments.

The City assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the City at December 31, 2025 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at December 31, 2025 is \$230,738 (2024 - \$136,689).

As at December 31, 2025, \$4,827,647 (2024 - \$7,955,275) of trade accounts receivable were past due, but not impaired.

There have been no significant changes to credit risk exposure from 2024.

### (b) Liquidity risk

Liquidity risk is the risk that the City will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The City manages its liquidity risk by monitoring its operating requirements. The City prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2024.

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the City's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

# CITY OF LANGFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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## 16. Financial risks and concentration of credit risk (continued)

### (i) Foreign exchange risk

The City is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the City makes purchases denominated in U.S. dollars. To help mitigate this risk, the City maintains a U.S. dollar bank account.

As at December 31, 2025 financial instruments denominated in foreign currencies totalled \$51,799 USD (\$70,995 CAD).

There have been no significant changes to the foreign exchange risk exposure from 2024.

### (ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the City to interest rate risk. The City is exposed to this risk through to its interest bearing loans payable and its investments.

The City mitigates interest rate risk on its term debt through regular management and monitoring of interest rate fluctuations and ensuring revenues (primarily Parcel Tax) are adjusted accordingly. Additionally, interest rate risk for financial liabilities are mitigated through corresponding interest rate fluctuations for financial assets; therefore, fluctuations in market interest rates would not significantly impact future cash flows and operations relating to the term debt.

There has been no change to the interest rate risk exposure from 2024.

## 17. Impact of tariffs

The imposition of U.S. tariffs on cross-border trade and resulting Canadian counter-measures may result in increased costs for goods and services procured from U.S. suppliers, impacting operations and infrastructure projects. While the long-term impact remains uncertain, the City is actively working to monitor and mitigate the risks and impacts of tariffs.

# CITY OF LANGFORD

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## 18. Growing Communities Fund (GCF) (Unaudited)

The Province of British Columbia distributed conditional GCF grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia.

The City of Langford received \$16,464,000 under the Growing Communities Fund in 2023.

	2025	2024
Balance, beginning of year	\$ 17,988,956	\$ 17,135,011
Interest earned	180,722	853,945
Less eligible costs		
Recreation Amentity Building	9,500,000	-
Downtown Parkland Acquisition	3,263,170	-
Community Amenity Space	119,905	-
Local Roads Improvements	3,025,300	-
Sidewalks	530,000	-
Total grant funds spent	16,438,375	-
Balance, end of year	\$ 1,731,303	\$ 17,988,956

# CITY OF LANGFORD

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## 19. Local Government Housing Initiatives Fund (Unaudited)

The City of Langford received \$379,457 under the Local Government Housing Initiatives Fund in 2024.

	2025	2024
Balance, beginning of year	\$ 340,128	\$ -
Grant received during the year	-	379,457
Less eligible costs		
Transportation Master Plan	204,001	30,061
Parks Master Plan	93,167	9,268
Total grant funds spent	297,168	39,329
Balance, end of year	\$ 42,960	\$ 340,128