



— CITY OF —
PORT ALBERNI

Consolidated Financial Statements of

CITY OF PORT ALBERNI

Year Ended December 31, 2023

CITY OF PORT ALBERNI
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Independent Auditor's Report	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Change in Net Financial Assets (Net Debt).....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5
Schedule 1: Tangible Capital Assets.....	24
Schedule 2: Segmented Information.....	25
Schedule 3: Debt.....	27
Schedule 4: Tax levies and grants in lieu of taxes.....	28
Schedule 5: General government services Expenses (Unaudited).....	29
Schedule 6: Protective services Expenses (Unaudited).....	30
Schedule 7: Transportation services Expenses (Unaudited).....	31
Schedule 8: Recreation and Cultural Services (Unaudited).....	32
Schedule 9: Sales of services (Unaudited).....	33
Schedule 10: Other Revenue from Own Sources (Unaudited).....	34
Schedule 11: Sewer and Water Utilities (Unaudited).....	35

To Mayor and Council of the City of Port Alberni:

Qualified Opinion

We have audited the consolidated financial statements of the City of Port Alberni (the "City"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated operating surplus, changes in net financial assets (net debt) and cash flows and related schedules 1 to 4 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2023, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As at December 31, 2023, the City has recorded an asset retirement obligation of \$40,308,426 for remediation costs related to sewage lagoons. We were unable to obtain sufficient appropriate audit evidence for this amount. Consequently, we were not able to determine whether any adjustments would be necessary to asset retirement obligation liabilities, tangible capital assets, amortization and accretion expenses, annual surplus, accumulated surplus or change in net financial assets (net debt) for the year ended December 31, 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the City in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial relevant to our audit of the consolidated 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 qualified opinion.

Other Matter

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including schedules 5 to 11, have been presented for purposes of additional analysis. We do not express an audit opinion on schedules 5 to 11 because our examination did not extend to the detailed information therein.

Other Information

Management is responsible for the other information, consisting of an annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 City'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 consolidated 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 City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Nanaimo, British Columbia


April 22, 2024

MNP LLP
Chartered Professional Accountants

**CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023**

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,807,017	\$ 8,111,910
Investments (Note 3)	34,263,623	22,403,771
Accounts receivable (Note 4)	9,933,228	6,529,331
Inventory for resale	50,570	48,064
Investment in government business enterprise (Note 5)	2,404,599	2,741,214
	48,459,037	39,834,290
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	9,792,923	11,708,095
Deferred revenue (Note 9)	7,155,985	6,927,514
Refundable deposits	1,970,988	1,250,752
Long-term debt (Note 11, Schedule 3)	21,003,293	12,999,838
Asset Retirement Obligations (Note 12)	42,617,953	-
	82,541,142	32,886,199
NET FINANCIAL ASSETS (NET DEBT)	(34,082,105)	6,948,091
Commitments and Contingencies (Note 18)		
NON-FINANCIAL ASSETS		
Inventory of supplies	883,822	648,291
Prepaid expenses	297,956	237,277
Tangible capital assets (Note 15, Schedule 1)	200,747,291	152,396,485
	201,929,069	153,282,053
ACCUMULATED SURPLUS (NOTE 16)	\$ 167,846,964	\$ 160,230,144

Approved on behalf of the City



Andrew McGifford
Director of Finance

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

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2023

	Budget (Note 19)	2023	2022
REVENUE			
Taxation (Schedule 4)	\$ 28,792,070	\$ 27,873,962	\$ 25,801,595
Sale of services	11,217,673	13,889,841	12,702,238
Other revenue from own sources	1,498,057	1,261,637	1,325,297
Investment income	450,000	1,782,059	623,066
Grants and transfers (Note 17)	6,069,314	14,346,216	3,989,808
Loss on disposal of tangible capital assets	-	(96,709)	(121,662)
(Loss) income from investment in government business (Note 5)	-	(36,615)	1,840,840
	48,027,114	59,020,391	46,161,182
EXPENSES			
General government services	\$ 5,764,459	\$ 4,722,610	\$ 4,851,527
Protective services	13,686,838	15,073,926	13,741,231
Transportation services	4,930,933	8,012,334	6,589,824
Environmental health services	1,423,933	1,337,703	1,419,095
Environmental and economic development	1,970,286	1,589,825	1,910,139
Recreation and cultural services	8,024,239	9,167,954	7,910,256
Water utility	1,937,328	2,843,718	2,927,816
Sewer utility	1,673,974	8,655,501	3,165,384
Other	-	-	1,573
	39,411,990	51,403,571	42,516,845
ANNUAL SURPLUS	8,615,124	7,616,820	3,644,337
Accumulated surplus, beginning of year	160,230,144	160,230,144	156,585,809
ACCUMULATED SURPLUS - END OF YEAR	\$ 168,845,268	\$ 167,846,964	\$ 160,230,144

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

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
As at December 31, 2023

	Budget (Note 19)	2023	2022
ANNUAL SURPLUS	\$ 8,615,124	\$ 7,616,820	\$ 3,644,334
Aquisition of Tangible Capital Assets	(16,572,386)	(16,432,538)	(14,443,697)
Amortization	-	9,082,957	5,615,586
Accretion	-	1,520,017	-
Loss on disposal of tangible capital assets	-	96,709	121,662
Proceeds from sale of tangible capital assets	-	-	138,000
Increase in Tangible Capital Assets due to Asset Retirement Obligations	-	(42,617,953)	-
	(7,957,262)	(40,733,988)	(4,924,115)
Acquisition of supply inventory	-	(883,822)	(648,291)
Acquisition of prepaid expenses	-	(297,956)	(237,277)
Consumption of inventory of supplies	-	648,291	518,079
Use of prepaid expenses	-	237,277	139,176
	-	(296,210)	(228,313)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	(7,957,262)	(41,030,198)	(5,152,428)
Net financial assets, beginning of year	6,948,091	6,948,091	12,100,520
NET FINANCIAL ASSETS (NET DEBT) - END OF YEAR	\$ (1,009,171)	\$ (34,082,105)	\$ 6,948,091

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

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF CASH FLOWS
As at December 31, 2023

	2023	2022
Cash provided by (used in):		
OPERATING ACTIVITIES		
Annual surplus	\$ 7,616,820	\$ 3,644,337
Non-cash items		
Amortization	9,082,958	5,615,586
Accretion	1,520,017	-
Gain on disposal of tangible capital assets	96,709	121,662
Income (loss) from investment in government business enterprise	36,615	(1,840,840)
Actuarial adjustment	(132,296)	(115,769)
Inventory of supplies	(235,531)	(130,212)
Prepaid expenses	(60,679)	(98,102)
Changes in working capital balances		
Accounts receivable	(3,403,897)	(183,015)
Inventory for resale	(2,506)	20,895
Accounts payable and accrued liabilities	(1,915,172)	3,251,420
Deferred revenue	228,471	1,440,040
Refundable deposits	720,236	198,549
	13,551,745	11,924,551
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(16,432,538)	(14,443,697)
Proceeds from sale of tangible capital assets	-	138,000
	(16,432,538)	(14,305,697)
INVESTING ACTIVITIES		
Dividend from government business enterprise	300,000	300,000
Change in Investments	(11,859,852)	(2,163,205)
	(11,559,852)	(1,863,205)
FINANCING ACTIVITIES		
Repayment of long-term debt	(364,249)	(364,250)
Proceeds from long-term debt	8,500,000	-
	8,135,751	(364,250)
DECREASE IN CASH AND CASH EQUIVALENTS	(6,304,894)	(4,608,601)
Cash and Cash Equivalents - Beginning of Year	8,111,910	12,720,513
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,807,017	\$ 8,111,910

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

1. Significant Accounting Policies

The City of Port Alberni (the "City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The activities of the City are carried out through the following funds: General Revenue Fund, General Capital Fund, Reserve Funds, Water Revenue Fund, Water Capital Fund, Sewer Revenue Fund, and Sewer Capital Fund.

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

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the City. Inter-departmental balances and transactions have been eliminated.

The City's business partnership, the Alberni Valley Community Forest Corporation, which is owned and controlled by the City but not dependent on the City for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Under the modified equity method, the accounting policies for the wholly owned subsidiary are not adjusted to conform to those of the city. The Alberni Valley Community Forest Corporation reports under International Financial Reporting Standards. The City's investment in this entity is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post acquisition losses and distributions received.

The City administers certain trusts on behalf of external parties which are excluded from the consolidated financial statements.

b) Basis of presentation

The City practices fund accounting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Funds currently in use are:

General Revenue Fund

Account for all financial resources except those required to be accounted for in another fund. The General Revenue Fund is the City's operating fund including collection of taxation, administering operations, roads, policing, fire protection etc.

Capital Funds

Account for all capital assets and unfunded work-in-progress of the City and offset by long-term debt and investment in capital assets.

1. Significant Accounting Policies (continued)

Basis of presentation (continued)

Reserve Funds

Account for activities within designated funds established for specific purposes with the approval of the Ministry of Community Development. The funds are governed by bylaws defining their purpose and are funded primarily by budgetary contributions from the General Revenue Fund plus interest earned on the fund balances.

Water and Sewer Funds

Account for operations that are financed and operated in a manner similar to private business operations, where the intent is that costs of providing the services on a continuing basis be financed through user charges.

c) *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.

d) *Revenue recognition*

Taxes are recognized as revenue in the year they are levied. Taxes may be adjusted by the Province by way of supplementary roll adjustments through the BC Assessment appeal process. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Charges for water and sewer usage, solid waste collection and recreation programs and admissions are recorded as sales of service and are recognized as revenue when the service or product is rendered by the City. Development contributions are recorded as contributed tangible capital assets at their fair value on the date of contribution. Other revenue is recorded when performance of services is complete, amounts are measurable, and collectability is reasonably assured. Income from investments in government business enterprises is recorded using the modified equity method based on the annual earnings from the government business enterprise for the year.

e) *Government transfers*

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

f) *Deferred revenue*

Deferred revenue includes non-government 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. Development cost charges are amounts which are restricted by government legislation or agreement with

1. Significant Accounting Policies (continued)

Deferred revenue (continued)

external parties. When qualifying expenditures are incurred development cost charges are recognized as revenue in amounts which equal the associated expenses.

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. Investment income is allocated to various reserves and operating funds on a proportionate basis.

h) *Financial Instruments*

The City recognizes its financial instruments when the City becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. At initial recognition, the City may irrevocably elect to subsequently measure any financial instrument at fair value. The City has not made such an election during the year.

The City subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The City has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses).

Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method. Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

i) *Cash equivalents*

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

j) *Debt*

Debt is recorded net of principal repayments and actuarial adjustments.

k) *Employee future benefits*

The City and its employees participate in a Municipal Pension Plan. The Plan is a multi-employer contributory

1. Significant Accounting Policies (continued)

Employee future benefits (continued)

defined benefit pension plan. Payments in the year are expensed. Sick leave benefits and retirement severance benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service and estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefit costs as employees earn the future benefits.

l) 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.

m) Use of estimates

The preparation of consolidated 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 provisions for accounts receivable, inventory, accrued liabilities, performing calculations of employee future benefits, estimating the useful lives of tangible capital assets, and estimating asset retirement obligations. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City is responsible for. Developer contributions of tangible capital assets are recorded at the City's best estimate of fair value on the date of contribution, calculated using engineering plans and standardized item cost estimates. Actual results could differ from these estimates.

n) 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.

o) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2023.

At each financial reporting date, the City reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

1. Significant Accounting Policies (continued)

p) Inventory of Supplies

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost, using the first in, first out method.

q) Reserve accounts

Reserves for future expenditures are non-statutory reserves, which represent an allocation of revenue for specific purposes.

r) Asset retirement obligation

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirements costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

s) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, or interest from financing of the tangible capital asset. Contributed tangible capital assets are recorded as revenue at fair value at the time of contribution.

The useful life is applied straight line to calculate amortization at the following estimated useful lives:

Asset	Useful life - years
Land improvements	10 to 20 years
Buildings, including building components	25 to 40 years
Machinery and equipment	5 to 30 years
Engineering structures	30 to 75 years
Storm systems	45 to 75 years
Transportation systems	15 to 60 years
Water systems	8 to 75 years
Sewer systems	8 to 75 years

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

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue. The City has capitalized interest costs associated with the construction of tangible capital assets, during the period of construction only. Natural resources that have not been purchased are not recognized as assets in the financial statements. Works of art and cultural and historic assets are not recorded as assets in these financial statements.

2. Change in Accounting Policy

a) Asset Retirement Obligations

Effective January 1, 2023, the City adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement, and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements.

Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met.

The application of the new standard resulted in an asset retirement obligation being recorded in the financial statements due to the presence of asbestos and a legal obligation to remove the asbestos. The new standard has been applied prospectively to these consolidated financial statements.

b) Financial Instruments

Effective January 1, 2023, the City adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, and disclosure of financial assets, financial liabilities, and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

3. Investments

Investments include funds invested in Guaranteed Investment Certificates and Money Market Funds with Raymond James, The Municipal Finance Authority of B.C, and Canaccord Genuity. The investments are carried at market value which is equal to the carrying value. The investments have various maturity dates between 90 and 365 days with a range of interest rates between 4.00% and 5.90%.

4. Accounts Receivable

	2023	2022
Property taxes	\$ 1,412,629	\$ 1,032,844
Federal government	311,974	270,485
General	8,208,625	5,226,002
	\$ 9,933,228	\$ 6,529,331

5. Investment in government business enterprise

The investment in the Alberni Valley Community Forest Corporation (AVCFC) is reported as a government

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

5. Investment in government business enterprise (continued)

business enterprise (GBE) and accounted for using the modified equity method. Under this method, the government business' accounting principles are not adjusted to conform with those of the City and inter-corporate transactions are not eliminated. The City owns 100% of the issued and outstanding shares.

In the prior and current year, the AVCFC financial statements were prepared under International Financial Reporting Standards (IFRS). The following table provides condensed supplementary financial information for the corporation at December 31, 2023.

	2023	2022
Financial Assets	\$ 3,057,742	\$ 3,371,404
Liabilities	644,399	621,446
Equity	2,413,343	2,749,958
	3,057,742	3,371,404
Operations		
Revenue	1,423,792	3,809,975
Expenses	1,460,407	1,969,135
Net (loss) income	\$ (36,615)	\$ 1,840,840
	2023	2022
AVCFC shares	\$ 1	\$ 1
Accumulated earnings to date	2,404,598	2,741,213
	\$ 2,404,599	\$ 2,741,214

During the year the City received a dividend from AVCFC of \$300,000 (2022 - \$300,000)

6. Accounts payable and accrued liabilities

	2023	2022
Other local governments	\$ 53,070	\$ 1,393,922
Trade accounts	6,691,718	7,667,583
Salaries and wages	780,869	244,908
Accrued debenture interest	107,199	82,071
Accrued employee benefits	2,160,066	2,319,611
	\$ 9,792,922	\$ 11,708,095

7. Employee future benefits

The City provides benefits for sick leave, vacation pay and certain retirement benefit arrangements to its employees.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

7. Employee future benefits (continued)

a) Retirement benefit payments

The City provides retirement benefits to qualifying employees who cease employment with the City after a specified length of service. Retirement benefits are estimated for individual employees as per the appropriate collective agreement, based on estimated salary costs at the time of anticipated retirements, and discounting expected pay-outs over estimated years of service.

	2023	2022
Benefit liability – beginning of year	\$ 881,200	\$ 765,800
Add: current service costs	100,000	97,600
Interest on accrued benefit obligations	26,300	26,500
Amortization of actuarial loss	14,100	14,100
Adjustments for change in discount rates	26,400	-
Less: Benefits paid	(135,500)	(135,500)
Benefit liability – end of year	912,500	768,500
Unamortized actuarial (loss) gain	(2,900)	112,700
Accrued benefit obligation – end of year	\$ 909,600	\$ 881,200

The retirement liability requires no contribution from the employees.

b) Accrued vacation liability

	2023	2022
Accrued vacation payable - end of year	\$ 1,110,198	\$ 1,160,211

c) Accumulated sick leave liability

The City provides benefits for sick leave to all its employees. Employees in the classification of CUPE and Firefighter accumulate sick leave on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Sick leave is accumulated to a maximum as determined by the appropriate collective agreement. Sick leave for management employees does not accumulate. At December 31, 2023, this liability is estimated at \$140,268 (2022 - \$278,200).

d) Employee benefit obligations

Accrued Benefit Obligation assumptions were reviewed for the 2023 year end and updated based on current market conditions. Accumulated sick leave liability is segregated from the accrued benefit obligation liability for statement presentation.

	2023	2022
Accrued benefit obligation	\$ 909,600	\$ 881,200
Accrued vacation payable	1,110,198	1,160,211
Accumulated sick leave liability	140,268	278,200
Total employee benefit obligations	\$ 2,160,066	\$ 2,319,611

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

8. Deferred revenue

Capital grants are restricted to spending on capital project expenses. Other deferred revenue is not restricted.

	2023	2022
Opening Balance	\$ 837,477	\$ 579,177
Capital grants, receipts	5,791,771	1,364,796
Capital projects recognized into revenue	(5,947,895)	(1,106,526)
Capital grants, ending balance	681,353	837,447
Property taxes	2,126,976	1,993,570
Other	1,101,061	918,696
Development cost charges	3,246,595	3,177,801
	\$ 7,155,985	\$ 6,927,514

Development cost charges (DCCs)

Opening Balances	\$ 3,177,801	\$ 1,889,119
Add: DCCs received during the year	(16,429)	1,258,272
Add: Interest	85,222	30,410
	\$ 3,246,594	\$ 3,177,801

9. Community Building Fund

	2023	2022
Federal Gas Tax Funds		
Opening Balance	\$ 3,115,328	\$ 3,812,050
Add: Funding received during the year	872,264	835,923
Less: Amount recognized as revenue	(852,924)	(1,573,570)
Add: Interest	103,058	40,925
	\$ 3,237,726	\$ 3,115,328

Federal Gas Tax funding is provided by the Federal government. The use of funding is established by a funding agreement between the City and the Union of British Columbia Municipalities (UBCM). These funds may be used towards designated infrastructure projects that help communities build and revitalize public infrastructure supporting economic growth and a clean environment. These funds are held in the Community Building Fund Reserve (see Note 16).

10. Financial Instruments

The City as part of its operations carries a number of financial instruments. It is management's position that the City is not exposed to significant interest, currency, or credit risks arising from these financial instruments unless otherwise disclosed.

11. Debt

Debt Reserve Fund

The Alberni-Clayoquot Regional District (ACRD) obtains long-term debt, on behalf of the City, through the Municipal Finance Authority (MFA), pursuant to security issuing bylaws under the authority of the Local Government Act, to finance certain capital expenditures.

The MFA is required to establish a Debt Reserve Fund. Each regional district through its member municipalities who share in the proceeds of a debt issue is required to pay into the Debt Reserve Fund certain amounts set out in the debt agreements. The MFA pays into the Debt Reserve Fund these monies from which interest earned thereon less administrative expenses becomes an obligation to the regional districts.

It must then use this fund, if at any time there are insufficient funds, to meet payments on its obligations. When this occurs, the regional districts may be called upon to restore the fund.

The loan agreements with the ACRD and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect to such borrowings, the resulting deficiency becomes a liability of the City.

As a condition of the loan agreements, the City is obligated to provide security by way of demand notes and interest-bearing cash deposits (sinking fund balances) based on the amount of the debt. If the debt is repaid without default, the deposits are refunded to the City. The demand notes are held by the MFA and upon maturity of the debt, the demand notes are released. As of December 31, 2023, there are contingent demand notes of \$430,810 (2022 - \$258,452) that are not recorded in the City's consolidated financial statements.

Long-term Debt

All debenture debt is owed to the MFA and is reported at gross amount. The City has no debt assumed by others on its behalf and has assumed no debt for others. Debenture debt by Bylaw is detailed on Schedule 3.

Principal payments on long-term debt as of December 31, 2023, for the next 5 years are as follows:

	Long Term Debt
2024	526,214
2025	526,214
2026	526,214
2027	526,214
2028	526,214
Total \$	2,631,070

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

11. Debt (continued)

Scheduled long-term debt repayments may be suspended in the event of excess sinking fund earnings within the MFA. Principal paid during the year was \$364,249 (2022 - \$364,249). Total interest expense during the year was \$553,132 (2022 - \$376,757). Included in revenue is \$132,296 (2022 - \$115,769) of actuarial adjustments on the City's annual debt principal repayments invested by MFA. This annual investment income results in a reduction in the overall cost of borrowing.

12. Asset Retirement Obligations

The City owns and operates twenty three tangible capital assets that are known to have asbestos and lead paint, which represent a health hazard upon demolition or renovation of the assets. There is a legal obligation to remove and dispose of the hazardous materials. The City is also obligated under the Environmental Management Act to decommission and restore waste water lagoons. Following the adoption of Public Accounting Standard PS 3280 Asset Retirement Obligations, the City recognized an obligation relating to the removal of the hazardous materials in assets and decommissioning and restoration of waste water lagoons as estimated at January 1, 2023. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings and waste water infrastructure tangible capital assets. The increase in tangible capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets.

The City has adopted this standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Estimated costs totaling \$42,617,953 have been discounted using a present value calculation with a discount rate of 3.7%. The timing of these expenditures is estimated to occur between 2023 and 2053 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

	2023
Opening Asset Retirement Obligation	\$ -
Initial Recognition of Expected Discounted Cashflows	41,097,936
Increase due to accretion	1,520,017
Closing Asset Retirement Obligation	\$42,617,953

13. Trust Funds

The City operates a cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Internment and Funeral Services Act. The trust fund assets and liabilities are not included in the consolidated financial statements. As at December 31, 2023, the balance of funds held in trust was \$153,915 (2022 - \$147,824).

14. Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761,000 funding surplus for basic pension benefits on a going concern basis.

The City of Port Alberni paid \$1,405,041 (2022 - \$1,284,120) for employer contributions while employees contributed \$1,228,428 (2022 - \$1,125,857) to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

14. Tangible capital assets

Tangible Capital Assets are stated at their net book value.

	2023	2022
Land	\$ 10,282,996	\$ 10,083,413
Land improvements	4,194,702	4,423,954
Buildings	18,192,201	16,220,457
Machinery and equipment	7,032,128	6,615,726
Engineering structures	2,897,147	2,937,959
Storm Drains	16,551,437	16,224,163
Transportation	8,084,425	7,315,290
Water	25,585,483	24,060,860
Sewer	96,002,396	57,179,718
Leased asset	68,889	68,889
	188,891,804	145,130,429
Work-in-progress: Assets under construction not being amortized	11,855,487	7,266,056
	\$ 200,747,291	\$ 152,396,485

For more information on additions, disposals, and amortization, refer to Schedule of Tangible Capital Assets (Schedule 1).

No interest was capitalized in 2023 (2022 - \$206,695). No amortization has been recorded on work in progress assets not in use in 2023.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

16. Accumulated surplus

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

	2023	2022
Operations		
General	\$ 9,466,863	\$ (21,169,540)
Water	224,039	988,991
Sewer	(8,735,370)	(2,873,658)
	\$ 955,532	\$ (23,054,207)
Capital		
General	20,769,750	26,772,224
Water	3,352,967	(1,547,744)
Sewer	(30,923,439)	(11,101,368)
	(6,800,722)	14,123,112
Equity in tangible capital assets		
General	\$ 74,384,988	\$ 64,848,543
Water	23,908,241	23,045,696
Sewer	38,832,817	51,502,409
	\$ 137,126,046	\$ 139,396,648
Reserves		
Reserve funds – statutory		
Parkland acquisition	\$ 314,284	\$ 300,029
Land Sale	991,722	90,937
	1,306,006	390,966
Reserve funds – restricted		
Equipment replacement	6,622,669	6,127,642
Carbon fund	549,410	352,066
Parks and recreation capital	2,650,919	2,511,996
Capital works	289,505	264,306
Community Building Fund Reserve (Note 9)	3,237,726	3,115,328
Growing Communities Fund	5,396,338	-
Aquatic Centre Reserve Fund	61,688	-
Alberni Valley Community Forest Corporation reserve	906,152	598,452
	19,714,407	12,969,790
Reserve funds – unrestricted		
General fund - project and purchases	2,357,710	2,789,066
Museum purchases	61,631	62,968
RCMP - contract surplus	1,040,231	1,149,326
McLean Mill project	334,300	334,300
Water fund - projects and purchases	5,402,014	8,878,370
Sewer fund - projects and purchases	6,349,809	3,189,802
	15,545,695	16,403,832
Total reserves	36,566,108	29,764,588
	\$ 167,846,964	\$ 160,230,144

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

16. Accumulated surplus (continued)

a) Accumulated Surplus - Safe Restart Grant

The COVID-19 Safe Restart Grant for Local Governments was provided to local governments to assist with the increased operating costs and revenue short-falls as a result of the COVID-19 pandemic. The COVID-19 Safe Restart Grant may be used towards specific eligible costs for funding such as addressing revenue short-falls, facility reopening and operating costs, emergency planning and response costs, bylaw enforcement and protective services, computer and other technology costs, and services for vulnerable persons.

The City of Port Alberni received \$3,536,000 in COVID-19 Safe Restart Grant and reports the balance in the General fund – projects and purchases reserve.

	2023	2022
Opening balance	\$ 139,529	\$ 721,385
Deductions:		
Parks and recreation revenue shortfall	-	(500,000)
Technical upgrading and improvements	(139,529)	(81,856)
Closing balance of unspent funds	\$ -	\$ 139,529

b) Growing Communities Fund

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 Port Alberni received \$5,269,000 of GCF funding in March 2023. No grant proceeds were spent in the 2023 year.

	2023	2022
Growing Communities opening balance	\$ -	\$ -
Funds received	5,269,000	-
Interest Earned	127,338	-
Eligible expenses	-	-
Closing balance of unspent funds	\$ 5,396,338	\$ -

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

17. Grants and Transfers

	2023	2022
Operating Grants		
Federal	\$ 83,290	\$ -
Provincial	1,662,388	1,810,601
Total Government Operating Grants	1,745,678	1,810,601
Local	10,500	8,978
Capital		
Federal	10,891,508	1,058,954
Federal/Provincial	1,690,000	1,106,525
	12,581,508	2,165,479
Total Government Grants and Transfers	14,337,686	3,985,058
Other Grants - Non Governmental	8,530	4,750
Total Grants and Transfers	\$ 14,346,216	\$ 3,989,808

18. Commitments and Contingencies

a) Regional District Debt

Debt issued by the Regional District of Alberni Clayoquot is a direct joint and several liability of the District and each member municipality including the City.

b) Claims for damages

In the normal course of a year, the City is faced with lawsuits and other claims for damages of a diverse nature. At year end, the City's estimated exposure for such liabilities is not considered to be significant. The City carried general liability insurance with a private insurance carrier in the amount of \$5 million, plus an umbrella policy in the amount of \$45 million. When claims are paid the expense is charge to the General Government expense category.

c) Commitments

The City entered into a long-term contract with the Royal Canadian Mounted Police for the provision of police services effective April 1, 2012. Under the terms of this contract, the City is responsible for 90% of policing costs. The 2024 estimated cost of this contract is \$7,287,407 (2025 - \$7,622,452).

19. Budget

The budget data presented in these consolidated financial statements includes both operating and capital budgets. The City of Port Alberni budget was approved by Council on April 27, 2023, with the adoption of the Five-Year Financial Plan (2023-2027) Bylaw No 5075, 2023. The chart below reconciles the approved budget per the Financial Plan to the budget reported in these consolidated financial statements.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

19. Budget (continued)

	2023 Budget
Consolidated Budgeted Surplus, per City of Port Alberni Financial Plan Bylaw No. 5075	\$ -
Add	
Acquisition of TCA Contingency	16,572,386
Contingency	100,000
Debt repayments	371,426
Transfers to reserves	-
Less	
Transfers from Surplus	8,428,688
Consolidated Budgeted Surplus, per City of Port Alberni Statement of Operations	\$ 8,615,124

20. Segmented information

The City of Port Alberni provides a wide range of services to its citizens including police, fire, recreation, roads, sewer and water. For reporting purposes, the City's operations and activities are organized and reported by Fund as described in Note 1. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

General government services

General government provides internal support services to Council and other departments who provide direct services to its citizens. General government consists of governance, corporate management and program support. Internal departments include Legislative (Council), Chief Administrator's Office, Corporate Services Department, Financial Services, Information Technology, and Human Resources.

Protective services - Police, Fire, and Building Inspection

The Royal Canadian Mounted Police is Canada's national police service. They are committed to preserving the peace, upholding the law and providing quality service in partnership with Canadian communities and for all Canadian citizens. The mandate of the Port Alberni Fire Department is to provide fire suppression services; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. It is the mandate of the Building Inspection Department to provide building inspection services as set out in the building bylaw for residents and builders. Building inspection services are provided in order to assist residents and builders in constructing projects which meet minimum construction standards.

Transportation services

The Public Works Department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, traffic control and street lighting.

20. Segmented information (continued)

Environmental health services

The function of environmental health services is to provide for the collection and disposal of solid waste as well as providing cemetery services to the citizens of Port Alberni.

Environmental and economic development

Environmental development provides services relating to planning, economic development and tourism. The Planning Department develops and administers land use regulations to ensure an orderly and well-planned community. Economic Development includes responsibilities for diversification of the economy through business retention, business attraction and marketing key properties owned by the City.

Recreation and cultural services

The mission of the Parks, Recreation and Heritage Department is to enrich the quality of life of residents and visitors. The parks, facilities, programs and services are designed and delivered to provide the greatest benefit to the community as a whole. The Museum Department works with the community to collect, document, preserve and present all aspects of the cultural heritage of the Alberni Valley and West Coast of Vancouver Island. Cultural services also contribute towards the information needs of citizens through the provision of library services in partnership with the Vancouver Island Regional Library.

Water utility

The Water Department provides for the supply and treatment of safe drinking water to the citizens of Port Alberni.

Sewer utility

The Sewer Department provides for the collection and treatment of wastewater. The accounting policies used in these segments are consistent with those followed in preparation of the consolidated financial statements as disclosed in (Note 1). For additional information see Segmented Information (Schedule 2).

21. Comparative Figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

CITY OF PORT ALBERNI
SCHEDULE : TANGIBLE CAPITAL ASSETS
As at December 31, 2023

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE 2023	NET BOOK VALUE 2022
	Balance December 31, 2022	Additions 2023	Disposals 2023	Balance December 31, 2023	Balance December 31, 2022	Additions 2023	Disposals 2023	Balance December 31, 2023		
Land	\$ 10,083,413	\$ 199,584	\$ -	\$ 10,282,997	\$ -	\$ -	\$ -	\$ -	\$ 10,282,996	\$ 10,083,413
Land Improvements	13,000,317	180,805	(41,936)	13,139,186	8,576,363	368,123	-	8,944,486	4,194,702	4,423,954
Buildings	37,978,677	3,154,634	-	41,133,311	21,758,220	1,182,892	-	22,941,112	18,192,201	16,220,457
Machinery & Equipment	17,551,532	1,234,419	(251,803)	18,534,148	10,935,806	753,014	(186,803)	11,502,017	7,032,129	6,615,726
Engineered Structures	4,271,879	-	-	4,271,879	1,333,920	40,812	-	1,374,732	2,897,147	2,937,959
Storm Drains	25,614,521	684,486	(3,196)	26,295,811	9,390,358	356,829	(2,812)	9,744,375	16,551,437	16,224,163
Transportation	44,738,938	1,553,852	-	46,292,790	37,423,648	808,481	(23,763)	38,208,366	8,084,425	7,315,290
Water	42,573,975	2,324,381	(41,106)	44,857,250	18,513,115	786,606	(27,952)	19,271,769	25,585,481	24,060,860
Sewer	69,779,879	43,608,871	-	113,388,750	12,600,161	4,786,202	-	17,386,363	96,002,397	57,179,718
Lease Assets	1,425,000	-	-	1,425,000	1,356,111	-	-	1,356,111	68,889	68,889
Work in progress	7,266,055	4,589,431	-	11,855,486	-	-	-	-	11,855,487	7,266,056
	<u>\$ 274,284,186</u>	<u>\$ 57,530,463</u>	<u>\$ (338,041)</u>	<u>\$ 331,476,608</u>	<u>\$ 121,887,702</u>	<u>\$ 9,082,959</u>	<u>\$ (241,330)</u>	<u>\$ 130,729,331</u>	<u>\$ 200,747,291</u>	<u>\$ 152,396,485</u>

CITY OF PORT ALBERNI
SCHEDULE 2: SEGMENTED INFORMATION
For the Year Ended December 31, 2023

	General government services	Protective services	Transportation services	Environmental health services	Environmental and economic development	Recreation and cultural services	Water utility	Sewer utility	Other	Consolidated 2023	Budget (Note 19)	Consolidated 2022
Revenues												
Taxation	\$ 27,873,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,873,962	\$ 28,792,070	\$ 25,801,595
Sale of services	59,918	374,418	415,227	1,748,651	874,933	1,971,980	4,150,373	3,287,104	,007,237	13,889,841	11,217,673	12,702,238
Other revenue from own sources	533,983	344,647	-	16,729	163,230	-	38,089	32,662	132,296	1,261,637	1,498,057	1,325,297
Investment income	1,007,677	-	7,018	-	-	-	208,696	231,387	327,281	1,782,059	450,000	623,066
Grants and transfers	11,354,201	-	8,530	-	263,489	1,029,995	-	1,680,000	10,000	14,346,216	6,069,314	3,989,808
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	(96,709)	(96,709)	-	(121,662)
(Loss) income from investment in government business	(36,615)	-	-	-	-	-	-	-	-	(36,615)	-	1,840,840
Total Revenues	40,793,126	719,065	430,775	1,765,380	1,301,652	3,001,975	4,397,158	5,231,153	,380,105	59,020,392	48,027,114	46,161,182
Expenses												
Salaries, wages and benefits	2,727,180	6,585,916	2,735,788	402,563	853,828	4,975,747	685,522	447,701	-	19,414,391	19,763,554	17,187,875
Debt Servicing	81,988	83,777	-	-	-	21,372	139,094	541,035	-	867,266	580,082	217,452
RCMP Contract	-	7,035,396	-	-	-	-	-	-	-	7,035,396	6,730,009	6,043,880
Grants	-	5,833	-	-	253,163	74,362	-	-	-	333,358	203,500	539,612
Other Contracts	98,889	-	1,078,530	-	35,654	-	-	-	-	1,213,073	2,294,826	1,220,073
Goods and services	1,505,717	999,499	2,589,875	932,957	390,162	2,845,137	1,231,547	1,442,364	-	11,937,258	9,840,019	11,692,369
	4,413,774	14,710,421	6,404,193	1,335,520	1,532,807	7,916,618	2,056,163	2,431,100	-	40,800,596	39,411,990	36,901,261
Amortization	287,493	355,928	1,607,151	2,183	56,591	1,200,802	786,606	4,786,202	-	9,082,956	-	5,615,586
Accretion	21,343	7,576	991	-	427	50,533	949	1,438,198	-	1,520,017	-	-
Total expenses	4,722,610	15,073,926	8,012,334	1,337,703	1,589,825	9,167,951	2,843,718	8,655,501	-	51,403,571	39,411,990	42,516,845
Annual surplus (deficit)	\$ 36,070,516	\$14,354,860	\$(7,581,560)	\$ 427,677	\$ (288,173)	\$ (6,165,978)	\$ 1,553,440	\$(3,424,347)	\$,380,105	\$ 7,616,820	\$ 8,615,124	\$ 3,644,337

CITY OF PORT ALBERNI
SCHEDULE 2: SEGMENTED INFORMATION
For the Year Ended December 31, 2023

	General government services	Protective services	Transportation services	Environmental health services	Environmental and economic development	Recreation and cultural services	Water utility	Sewer utility	Other	Consolidated 2022	Budget	Consolidated 2021
Revenues												
Taxation	\$ 25,801,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,801,595	\$25,807,573	\$24,818,992
Sale of services	82,540	428,627	416,047	1,586,522	338,160	1,614,925	3,900,749	3,152,799	1,181,869	12,702,238	10,895,776	11,318,533
Other revenue from own sources	445,414	526,410	-	14,349	153,874	-	37,038	32,442	115,769	1,325,297	1,215,805	1,230,103
Investment income	351,436	-	1,226	-	-	-	89,721	18,089	162,594	623,066	280,000	257,138
Grants and transfers	2,385,660	-	4,750	-	254,580	508,895	-	-	835,923	3,989,808	1,289,287	3,722,439
Recognition of development cost charges	-	-	-	-	-	-	-	-	-	-	-	165,907
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	(121,662)	(121,662)	-	(145,806)
Income (loss) from investment in government business	-	-	-	-	1,840,840	-	-	-	-	1,840,840	-	(11,949)
Total Revenues	29,066,645	955,037	422,023	1,600,871	2,587,454	2,123,820	4,027,508	3,203,330	2,174,493	46,161,182	39,488,441	41,355,358
Expenses												
Salaries, wages and benefits	2,318,961	5,229,450	2,760,520	540,949	868,850	4,173,946	788,985	506,214	-	17,187,875	18,983,031	17,141,118
Debt Servicing	21,501	81,287	-	-	-	22,488	44,518	47,658	-	217,452	505,170	192,007
RCMP Contract	-	6,043,880	-	-	-	-	-	-	-	6,043,880	6,053,092	6,683,045
Grants	21,000	235,599	-	-	283,013	-	-	-	-	539,612	238,500	332,709
Other Contracts	170,376	-	998,778	-	50,920	-	-	-	-	1,220,074	1,323,539	1,060,218
Goods and services	2,228,907	1,803,729	1,182,894	875,964	638,024	2,618,590	1,095,397	1,247,291	1,573	11,692,369	8,427,873	8,364,424
	4,760,745	13,393,945	4,942,192	1,416,913	1,840,807	6,815,024	1,928,900	1,801,163	1,573	36,901,262	35,531,205	33,733,521
Amortization	181,790	347,286	1,647,633	2,183	69,332	1,095,231	907,908	1,364,222	-	5,615,585	-	4,598,806
Total expenses	4,942,535	13,741,231	6,589,825	1,419,096	1,910,139	7,910,255	2,836,808	3,165,385	1,573	42,516,845	35,531,205	38,372,327
Annual surplus (deficit)	\$ 24,124,110	\$ (12,786,194)	\$ (6,167,802)	\$ 181,775	\$ 677,315	\$ (5,786,435)	\$ 1,190,700	\$ 37,945	\$ 2,172,920	\$ 3,644,337	\$ 3,957,237	\$ 2,983,031

CITY OF PORT ALBERNI
SCHEDULE 3: DEBT
As at December 31, 2023

Security Issuing Bylaw	Purpose	Term in Years	Annual Interest Rate	Maturity Date	Original Issue	Balance Dec 31, 2022	Principal Paid	Actuarial Recognized	Balance Dec 31, 2023	Debt Reserve Cash Dec 31, 2022	Debt Reserve Income & Expenses	Debt Reserve Cash Balance Dec 31, 2023
4575	General	25	1.75%	19-Apr-31	\$ 3,375,064	\$ 1,606,362	\$ 81,042	\$ 70,748	\$ 1,454,572	\$ 55,222	\$ 1,716	\$ 56,938
4807	General	30	3.00%	14-Oct-44	428,300	145,861	7,638	2,815	135,408	5,125	336	5,461
4846	General	20	-%	08-Apr-35	912,000	661,121	32,249	8,781	620,091	10,810	160	10,970
					4,715,364	-	120,929	82,344	2,210,071	71,157	2,212	73,369
4848	Water	30	-%	08-Apr-45	2,000,000	1,698,605	38,743	10,549	1,649,313	23,705	737	24,442
4807	Waste Water	30	3.00%	14-Oct-44	5,321,700	4,659,467	94,885	34,972	4,529,610	63,919	1,986	65,905
4939	Waste Water	30	1.45%	09-Apr-50	4,450,000	4,228,422	109,692	4,432	4,114,298	46,941	1,459	48,400
5038	Waste Water	30	4.15%	05-Jun-53	8,500,000	-	-	-	8,500,000	-	86,646	86,646
					18,271,700	8,887,889	204,577	39,404	17,143,908	110,860	90,091	200,951
					\$4,987,064	\$ 12,999,838	\$ 364,249	\$ 132,297	\$ 21,003,292	\$ 205,722	\$ 93,040	\$ 298,762

CITY OF PORT ALBERNI
SCHEDULE 4: TAX LEVIES AND GRANTS IN LIEU OF TAXES
For the Year Ended December 31, 2023

	Budget (Note 19)	2023	2022
Tax Levies			
General Purpose	\$ 26,845,136	\$ 26,745,407	\$ 24,788,520
Off-Street Parking	18,000	18,000	12,882
Utility	786,028	852,834	775,362
	27,649,164	27,616,241	25,576,764
Grants in lieu of taxes	229,245	257,721	224,831
Total Municipal Taxes	27,878,409	27,873,962	25,801,595
Collections For Other Governments			
School Districts	6,251,695	7,017,775	6,637,778
Alberni Clayoquot Regional Hospital District	682,652	682,652	695,873
Alberni Clayoquot Regional District	1,770,580	1,770,580	1,595,707
B.C. Assessment	190,000	214,261	210,693
Vancouver Island Regional Library	913,661	913,661	839,444
Municipal Finance Authority	700	-	960
	9,809,288	10,598,929	9,980,455
Total Taxes Collected	\$ 37,687,697	\$ 38,472,891	\$ 35,782,050

CITY OF PORT ALBERNI
SCHEDULE 5: GENERAL GOVERNMENT SERVICES EXPENSES
For the Year Ended December 31, 2023
(UNAUDITED)

	Budget (Note 19)	2023	2022
Legislative	\$ 299,383	\$ 303,893	\$ 219,472
City manager's office	235,020	263,905	183,924
Municipal clerk's office	1,181,222	682,093	710,094
Legal fees	25,000	22,796	44,144
Financial management	1,064,972	1,011,952	867,926
Administration vehicle	12,271	17,204	25,895
External audit	32,000	39,500	27,650
Purchasing	147,350	142,933	148,844
Buildings	121,876	255,884	258,942
Information services	854,216	764,727	1,006,839
Appraisals	-	3,661	23,000
Personnel	402,423	367,916	381,117
Training and development	221,527	222,854	181,502
Damage claims	21,000	4,986	9,091
Grants and grant funded programs	11,000	-	21,000
Office equipment supplies and printing	503,140	674,729	510,866
Public liability insurance	392,878	371,126	373,708
Other general services	45,000	87	443,923
Administration recoveries	(503,000)	(527,004)	(517,200)
Asset Management Plan	-	16,976	-
Debt servicing	17,100	82,394	21,798
Total	\$ 5,084,377	\$ 4,722,611	\$ 4,942,527

CITY OF PORT ALBERNI
SCHEDULE 6: PROTECTIVE SERVICES EXPENSES
For the Year Ended December 31, 2023
 (UNAUDITED)

	Budget (Note 19)	2023	2022
Police protection	\$ 8,289,494	\$ 9,510,952	\$ 8,293,318
Fire protection	4,394,297	4,579,843	4,374,692
Emergency measures	585	7,134	8,457
Building and plumbing inspections	299,213	249,745	169,359
Animal pound operations	149,328	137,778	161,252
Bylaw enforcement	470,142	504,697	652,867
Debt servicing	83,777	83,777	81,287
Total	\$ 13,686,838	\$ 15,073,926	\$ 13,741,231

CITY OF PORT ALBERNI
SCHEDULE 7: TRANSPORTATION SERVICES EXPENSES
For the Year Ended December 31, 2023
(UNAUDITED)

	Budget (Note 19)	2023	2022
Common Services			
Engineering administration	\$ 891,113	\$ 760,357	\$ 769,991
Engineering consulting services	132,007	511,348	199,781
Public works supervision	455,616	534,152	377,557
Equipment and supplies	43,212	116,497	104,113
Building and yard maintenance	374,398	263,879	278,322
Equipment maintenance	801,400	1,272,217	1,373,670
	2,697,746	3,458,450	3,103,434
Road and Street Maintenance			
Roadway surfaces maintenance	1,200,334	1,826,908	1,626,901
Snow and ice removal	205,347	194,737	370,452
Parking	16,597	14,055	18,094
Gravel	116,676	130,062	95,616
Bridges and retaining walls	27,496	47,538	44,773
Street lighting	516,539	467,138	457,235
Traffic control	280,816	297,879	326,235
	2,363,805	2,978,317	2,939,306
Other			
Ditch and dyke maintenance	89,294	125,628	82,017
Storm sewers	332,714	652,060	630,927
Public transit	1,077,555	1,078,198	997,974
Other	94,418	183,535	169,829
Recoveries	(1,724,600)	(463,854)	(1,333,661)
	(130,619)	1,575,567	547,086
	\$ 4,930,933	\$ 8,012,334	\$ 6,589,824

CITY OF PORT ALBERNI
SCHEDULE 8: RECREATION AND CULTURAL SERVICES
For the Year Ended December 31, 2023
 (UNAUDITED)

	2023				2022		
	Budget Revenue	Actual Revenue	Budget Expense	Actual Expense	Budget Operating Deficit	Actual Operating Deficit	Actual Operating Deficit
Recreation Services							
Administration	\$ -	\$ -	\$ 585,207	\$ 615,537	\$ (585,207)	\$ (615,537)	(520,183)
Leisure Centre	235,970	270,634	437,801	700,798	(201,831)	(430,164)	(332,359)
Swimming pool	221,000	233,601	497,259	586,134	(276,259)	(352,533)	(299,903)
Arena	537,500	859,618	1,172,721	2,005,645	(635,221)	(1,146,027)	(1,079,715)
Parks, Playgrounds, and other Programs	18,000	15,080	2,074,853	2,388,891	(2,056,853)	(2,373,811)	(2,309,159)
	308,900	514,698	2,571,959	1,941,270	(2,263,059)	(1,426,572)	(1,079,024)
	1,321,370	1,893,631	7,339,800	8,238,275	(6,018,430)	(6,344,644)	(5,620,343)
Cultural Services							
Museum services	39,200	48,160	468,359	619,428	(429,159)	(571,268)	(428,873)
McLean Mill	-	29,900	216,079	310,249	(216,079)	(280,349)	(246,114)
	39,200	78,060	684,438	929,677	(645,238)	(851,617)	(674,987)
	\$ 1,360,570	\$ 1,971,691	\$ 8,024,239	\$ 9,167,954	\$ (6,663,668)	\$ (7,196,261)	(6,295,330)

CITY OF PORT ALBERNI
SCHEDULE 9: SALES OF SERVICES
For the Year Ended December 31, 2023
(UNAUDITED)

	Budget (Note 19)	2023	2022
General Revenue			
General services	\$ 2,772,974	\$ 3,399,465	\$ 2,767,927
Arena	537,500	859,618	601,595
Leisure Center	235,970	272,095	235,126
Parks, playgrounds and other	18,000	15,080	14,468
Swimming Pool	221,000	233,601	225,799
Programs	308,900	514,698	473,732
Museum	39,200	48,160	34,305
McLean Mill	-	29,900	29,900
	4,133,544	5,372,617	4,382,852
Miscellaneous Revenue	-	1,007,237	1,181,869
Services Provided to Other Governments	50,000	72,509	83,969
Water Revenue			
Sale of water	3,668,474	4,010,229	3,897,074
Connections and sundry charges	105,886	140,144	3,675
	3,774,360	4,150,373	3,900,749
Sewer Revenue			
Sale of sewer services	3,076,894	3,167,634	2,878,349
Connections and sundry charges	182,875	119,470	274,450
	3,259,769	3,287,104	3,152,799
	\$ 11,217,673	\$ 13,889,841	\$ 12,702,238

CITY OF PORT ALBERNI
SCHEDULE 10: OTHER REVENUE FROM OWN SOURCES
For the Year Ended December 31, 2023
 (UNAUDITED)

	Budget (Note 19)	2023	2022
Licenses and permits	\$ 585,000	\$ 333,327	\$ 513,113
Fines and costs	17,000	11,321	13,297
Land and building rentals	186,090	163,230	153,874
Penalties and interest	446,467	379,770	307,565
Miscellaneous revenue	263,500	241,693	221,679
Other revenue from own sources - Capital Fund	-	132,296	115,769
	\$ 1,498,057	\$ 1,261,637	\$ 1,325,297

CITY OF PORT ALBERNI
SCHEDULE 11: SEWER AND WATER UTILITIES
For the Year Ended December 31, 2023
 (UNAUDITED)

	Budget (Note 19)	2023	2022
Water Utility			
Administration	\$ 640,655	\$ 901,468	\$ 799,113
Service of supply	109,947	369,165	260,952
Pumping	252,530	330,376	346,551
Transmission and distribution	934,197	1,197,971	1,476,683
Debt servicing	44,000	44,737	44,518
	<u>\$ 1,981,329</u>	<u>\$ 2,843,718</u>	<u>\$ 2,927,816</u>
Sewer Utility			
Administration	717,607	1,012,999	1,738,230
Sewage treatment and disposal	357,427	6,087,341	292,976
Sewage collection system	267,815	729,795	556,702
Sewage pump stations	330,099	284,332	529,818
Other	1,000	-	-
Debt servicing	452,305	541,035	47,658
	<u>\$ 2,126,253</u>	<u>\$ 8,655,501</u>	<u>\$ 3,165,384</u>