



— CITY OF —
PORT ALBERNI

Consolidated Financial Statements of

CITY OF PORT ALBERNI

Year Ended December 31, 2022

CITY OF PORT ALBERNI
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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To Mayor and Council of the City of Port Alberni:

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, 2022, and the consolidated statements of operations and accumulated surplus, change in net financial assets 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2022, 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 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 Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are 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 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

May 15, 2023

Chartered Professional Accountants



CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021
		<i>(Restated – Note 3)</i>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 7,991,832	\$ 12,720,513
Investments (Note 4)	22,523,849	20,240,566
Accounts receivable (Note 5)	6,523,388	6,344,112
Inventory for resale	48,064	68,959
Investment in government business enterprise (Note 6)	2,741,214	1,200,374
	39,828,347	40,574,524
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	11,702,153	8,454,469
Deferred revenue (Note 8)	6,927,513	5,487,474
Refundable deposits	1,250,752	1,052,203
Long-term debt (Note 9, Schedule 3)	12,999,838	13,479,858
	32,880,256	28,474,004
NET FINANCIAL ASSETS	6,948,091	12,100,520
Commitments and Contingencies (Note 15)		
NON-FINANCIAL ASSETS		
Inventory of supplies	648,291	518,079
Prepaid expenses	237,277	139,175
Tangible Capital Assets (Note 12, Schedule 1)	152,396,484	143,828,035
	153,282,052	144,485,289
ACCUMULATED SURPLUS (Note 13)	\$ 160,230,143	\$ 156,585,809

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 AND ACCUMULATED SURPLUS
As at December 31, 2022

	Budget (Note 17)	2022	2021 <i>(Restated – Note 3)</i>
REVENUE			
Taxation (Schedule 4)	\$ 25,807,573	\$ 25,801,595	\$ 24,818,993
Sale of services	10,895,776	12,702,238	11,318,533
Other revenue from own sources	1,215,805	1,325,296	1,230,103
Investment income	280,000	623,066	257,138
Grants and transfers (Note 14)	1,289,287	3,989,808	3,722,439
Recognition of development cost charges (Note 8)	-	-	165,907
Gain (loss) on disposal of tangible capital assets	-	(121,662)	(145,806)
Income (loss) from investment in government business enterprise (Note 6)	-	1,840,840	(11,949)
	<u>39,488,441</u>	<u>46,161,181</u>	<u>41,355,358</u>
EXPENSES			
General government services	\$ 4,120,603	\$ 4,942,535	\$ 3,942,558
Protective services	13,151,470	13,741,231	13,855,830
Transportation services	4,688,694	6,589,825	6,375,826
Environmental health services	1,561,354	1,419,096	1,226,059
Environmental and economic development	1,806,952	1,910,139	1,456,896
Recreation and cultural services	6,428,759	7,910,255	6,846,620
Water utility	1,926,171	2,836,808	2,480,389
Sewer utility	1,847,201	3,165,385	2,166,413
Other	-	1,573	21,736
	<u>35,531,204</u>	<u>42,516,847</u>	<u>38,372,327</u>
ANNUAL SURPLUS	3,957,237	3,644,334	2,983,031
Accumulated surplus, beginning of year	<u>156,585,809</u>	<u>156,585,809</u>	<u>153,602,778</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 160,543,046</u>	<u>\$ 160,230,143</u>	<u>\$ 156,585,809</u>

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

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
As at December 31, 2022

	Budget (Note 17)	2022	2021 <i>(Restated – Note 3)</i>
ANNUAL SURPLUS	\$ 3,957,237	\$ 3,644,334	\$ 2,983,031
Acquisition of tangible capital assets	(9,801,296)	(14,443,697)	(16,436,118)
Amortization of tangible capital assets	-	5,615,585	4,598,806
Loss (gain) on disposal of tangible capital assets	-	121,662	145,806
Proceeds from sale of tangible capital assets	-	138,000	15,000
	<u>(5,844,059)</u>	<u>(4,924,116)</u>	<u>(8,693,475)</u>
Acquisition of supply inventory	-	(648,291)	(475,837)
Acquisition of prepaid expenses	-	(237,277)	(273,226)
Consumption of inventory of supplies	-	518,079	490,306
Use of prepaid expenses	-	139,176	242,899
	<u>-</u>	<u>(228,313)</u>	<u>(15,858)</u>
CHANGE IN NET FINANCIAL ASSETS	(5,844,059)	(5,152,429)	(8,709,333)
Net financial assets, beginning of year	12,100,520	12,100,520	20,809,853
NET FINANCIAL ASSETS - END OF YEAR	<u>\$ 6,256,461</u>	<u>\$ 6,948,091</u>	<u>\$ 12,100,520</u>

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, 2022

	2022	2021
	<i>(Restated – Note 3)</i>	
Cash provided by (used in):		
OPERATING ACTIVITIES		
Annual surplus	\$ 3,644,334	\$ 2,983,031
Non-cash items		
Amortization of tangible capital assets	5,615,585	4,598,806
Loss on disposal of tangible capital assets	121,662	145,806
Loss (income) from investment in government business enterprise	(1,840,840)	11,949
Actuarial adjustment	(115,769)	(99,821)
Inventory of supplies	(130,212)	(42,242)
Prepaid expenses	(98,103)	134,050
Changes in working capital balances		
Accounts receivable	(179,276)	212,058
Inventory for resale	20,895	(16,100)
Accounts payable and accrued liabilities	3,247,684	2,318,950
Deferred revenue	1,440,039	994,603
Refundable deposits	198,549	737,871
	11,924,548	11,978,961
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(14,443,697)	(16,436,118)
Proceeds from sale of tangible capital assets	138,000	15,000
	(14,305,697)	(16,421,118)
INVESTING ACTIVITIES		
Dividend from government business enterprise	300,000	300,000
Change in investments	(2,283,283)	6,246,582
	(1,983,283)	6,546,582
FINANCING ACTIVITIES		
Repayment of long-term debt	(364,249)	(364,249)
CHANGE IN CASH AND CASH EQUIVALENTS		
	(4,728,681)	1,740,176
Cash and cash equivalents - beginning of year	12,720,513	10,980,337
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,991,832	\$ 12,720,513

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

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

1. General

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.

In December 2009 the City of Port Alberni incorporated a company known as Alberni Valley Community Forest Corporation. The City retains full ownership of the company. Alberni Valley Community Forest Corporation general operations include forestry and business activities associated with forestry including harvesting and selling timber and non-timber forest products.

2. Significant Accounting Policies

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:

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 financial statements.

Basis of Presentation

The consolidated financial statements include various Funds, which 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 Funds 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. Balances are described in Note 13, including General Funds held for Operations and for Capital.

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

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.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

2. Significant Accounting Policies *(continued from previous page)*

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. Balances are described in Note 13, including Water and Sewer Funds held for Operations and for Capital.

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.

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.

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 statement of operations as the stipulation liabilities are settled.

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

Investments

Investments are recorded at cost, adjusted for amortization of premiums or discounts over the term of the investments on a straight-line basis. Provisions for losses are recorded when they are considered to be other than temporary. 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.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

2. Significant Accounting Policies *(continued from previous page)*

Cash equivalents

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

Debt

Debt is recorded net of principal repayments and actuarial adjustments.

Employee future benefits

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

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.

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.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

2. Significant Accounting Policies *(continued from previous page)*

Inventory

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

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 and estimating the useful lives of tangible capital assets. 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.

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.

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, 2022.

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.

In 2021, the City purchased multiple lots related to a former mill site (the Somass lands). The City is in the early stages of engaging environmental engineers to assess the amount of potential contamination on those lots and any required remediation associated with those lots. Any liability for contaminated sites is not currently estimable. When a reasonable estimate can be obtained, the City will record a liability at that time.

Reserve accounts

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

Financial instruments

The City's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, refundable deposits, and long-term debt. Unless otherwise indicated, it is management's opinion that the City is not exposed to any significant interest, credit, or currency risks arising from these financial instruments.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

2. Significant Accounting Policies *(continued from previous page)*

Recent Accounting Pronouncements

PS 3280 *Asset Retirement Obligations*, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective for the City as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

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

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the City's financial results.

3. Change in accounting policy

Prior to December 31, 2022, the City recognized Federal gas tax revenue from the Community Building Reserve fund as funds were used on eligible projects and reported the unused funds as deferred revenue.

However, the City has changed the basis of recognition of the revenue from the Federal gas tax fund and is recognizing the revenue as received and accounting for the unused funds in a reserve. This accounting policy change has been made as the recognition of revenue as received better reflects the financial position of the City. The change in accounting policy is applied retrospectively and affected the consolidated statement of financial position as at December 31, 2021 and the consolidated statement of operations of the City of the fiscal year.

	Previously stated 2021	Adjustment	Restated 2021
<u>Consolidated Statement of Financial Position</u>			
Deferred revenue	\$ 9,299,524	\$ (3,812,050)	\$ 5,487,474
Accumulated surplus	152,773,759	3,812,050	156,585,809
<u>Consolidated Statement of Operations</u>			
Accumulated surplus, beginning of year	\$ 150,949,886	\$ 2,652,892	\$ 153,602,778
Grants and transfers	2,565,914	1,156,525	3,722,439
Investment income	254,505	2,633	257,138

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

4. Investments

Investments include funds invested in Guaranteed Investment Certificates and Money Market Funds with Raymond James and the Municipal Finance Authority of B.C. The investments are carried at market value which is equal to the carrying value. The investments have various maturity dates between April 2023 and October 2023 with a range of interest rates between 3.60% and 4.70%.

5. Accounts Receivable

	2022	2021
Property taxes	\$ 1,032,844	\$ 960,065
Federal government	270,485	139,540
General	5,220,059	5,244,507
	\$ 6,523,388	\$ 6,344,112

6. Investment in Government Business Enterprise

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

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, 2022:

	2022	2021
Financial position		
Assets	\$ 3,371,404	\$ 1,515,587
Liabilities	621,446	306,469
Equity	2,749,958	1,209,118
	3,371,404	1,515,587
Operations		
Revenue	3,809,975	1,950,627
Expenses	1,969,135	1,962,576
Net income (loss)	1,840,840	(11,949)
 Summary of investment in GBE		
	2022	2021
AVCFC shares	\$ 1	\$ 1
Accumulated earnings to date	2,741,213	1,200,373
	\$ 2,741,214	\$ 1,200,374

During the year the City received a dividend from AVCFC of \$300,000 (2021 - \$300,000)

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

7. Accounts Payable and Accrued Liabilities

	2022	2021
Other local governments	1,393,922	903,604
Trade accounts	7,667,583	5,002,228
Salaries and wages	238,966	269,467
Accrued debenture interest	82,071	82,071
Accrued employee benefits	2,319,611	2,197,099
	\$ 11,702,153	\$ 8,454,469

Employee future benefits

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

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.

	2022	2021
Benefit liability – beginning of year	\$ 765,800	\$ 757,700
Add: current service costs	97,600	52,900
Interest on accrued benefit obligations	26,500	21,200
Amortization of actuarial loss	14,100	16,300
Less: Benefits paid	(135,500)	(82,300)
Benefit liability – end of year	768,500	765,800
Unamortized actuarial loss (gain)	112,700	126,800
Accrued benefit obligation – end of year	\$ 881,200	\$ 892,600

The retirement liability requires no contribution from the employees.

b) Accrued vacation liability

	2022	2021
Accrued vacation liability – end of year	\$ 1,160,211	\$ 1,165,399

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, 2022, this liability is estimated at \$278,200 (2021 - \$139,100).

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

7. Accounts Payable and Accrued Liabilities (continued from previous page)

d) Employee benefit obligations	2022	2021
Accrued benefit obligation	\$ 881,200	\$ 892,600
Accrued vacation payable	1,160,211	1,165,399
Accumulated sick leave liability	278,200	139,100
Total employee benefit obligations	\$ 2,319,611	\$ 2,197,099

8. Deferred Revenue

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

	2022	2021
		(Restated – Note 3)
Capital grants, opening balance	\$ 579,177	\$ 27,997
Capital grants, receipts	1,364,796	551,180
Capital projects recognized into revenue	(1,106,526)	-
Capital grants, ending balance	837,447	579,177
Property taxes	1,993,570	1,954,557
Other	918,695	1,064,621
Development cost charges (DCC's)	3,177,801	1,889,119
Total	\$ 6,927,513	\$ 5,487,474

Development cost charges (DCCs)

Opening balance	\$ 1,889,119	\$ 1,763,639
Add: DCCs received during the year	1,258,272	284,232
Less: Amount recognized as revenue	-	(165,907)
Add: Interest	30,410	7,155
Total	\$ 3,177,801	\$ 1,889,119

9. 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.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

9. Debt *(continued from previous page)*

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, 2022, there are contingent demand notes of \$258,452 (2021 - \$258,452) that are not recorded in the City's financial statements.

Long-term Debt

All debenture debt is owed to the MFA and is reported at the 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, 2022, for the next five years are as follows:

Long-term Debt	
2023	364,249
2024	364,249
2025	364,249
2026	364,249
2027	364,249
Total	\$ 1,821,245

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 (2021 - 364,249). Total interest expense during the year was \$376,757 (2021 - \$380,470). Included in revenue is \$115,771 (2021 - \$99,821) 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.

10. Trust Funds

The City operates the 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, 2022, the balance of funds held in trust was \$147,824 (2021 - \$158,296).

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

11. 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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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 million funding surplus for basic pension benefits on a going concern basis.

The City of Port Alberni paid \$1,284,120 (2021 - \$1,315,157) for employer contributions while employees contributed \$1,125,857 (2021 - \$1,100,705) to the plan in fiscal 2022.

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.

12. Tangible Capital Assets

Tangible capital assets are stated at their net book value.

	2022	2021
Land	\$ 10,083,413	9,800,514
Land Improvements	4,423,954	4,782,113
Buildings	16,220,457	15,946,183
Machinery and Equipment	6,615,726	5,240,978
Engineering Structures	2,937,959	2,987,771
Storm Drain Systems	16,224,163	16,953,329
Transportation Systems	7,315,290	7,546,554
Water Systems	24,060,860	22,556,290
Sewer Systems	57,179,718	21,287,124
Leased assets	68,889	68,889
	14,130,429	106,160,745
Work-in-progress: Assets under construction not being amortized	7,266,055	37,667,290
	\$ 152,396,484	143,828,035

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

12. Tangible Capital Assets *(continued from previous page)*

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

There were no write-downs of tangible capital assets in 2022 (2021 - \$ nil). Contributed assets recognized in 2022 were nil (2021 \$ nil). Interest capitalized in 2022 was \$206,695 (2021 \$204,205). No amortization has been recorded on assets not in use in 2022.

13. Accumulated Surplus

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

	2022		2021 <i>(Restated – Note 3)</i>
Operations			
General	\$ (21,169,541)	\$	(25,320,729))
Water	988,991		1,590,523
Sewer	(2,873,658)		(1,540,624)
	\$ (23,054,208)	\$	(25,270,830)
Capital			
General	\$ 26,772,224	\$	28,289,990
Water	(1,547,745)		(591,048)
Sewer	(11,101,367)		(6,692,843)
	\$ 14,123,112	\$	21,006,099
Equity in tangible capital assets			
General	\$ 64,848,542	\$	61,165,297
Water	23,045,696		22,088,999
Sewer	51,502,409		47,093,885
	\$ 139,396,647	\$	130,348,181
Reserves			
Reserve funds – statutory			
Parkland acquisition	\$ 300,029	\$	293,368
Land Sale	90,937		90,400
	390,966		383,768
Reserve funds – restricted			
Equipment replacement	6,127,642		7,515,548
Carbon fund	352,066		305,119
Parks and recreation capital	2,511,997		2,373,963
Capital works	264,307		691,868
Community Building Reserve fund	3,115,328		3,812,050
Alberni Valley Community Forest Corporation reserve	598,452		297,868
	12,969,792		14,996,416
Reserve funds – unrestricted			
General fund – projects and purchases	2,789,069		3,354,050
Museum purchases	62,968		62,040
RCMP – contract surplus	1,149,327		2,408,962
McLean Mill projects	334,300		334,300
Water fund – projects and purchases	8,878,370		7,177,145
Sewer fund – projects and purchases	3,189,802		1,785,678
	16,403,834		15,122,175
Total reserves	29,764,592		30,502,359
	\$ 160,230,143	\$	156,585,809

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

13. Accumulated Surplus (continued from previous page)

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 in 2020 and reports the balance in the General fund – projects and purchases reserve.

	2022	2021
Opening balance	721,385	2,241,022
COVID-19 Safe restart grant received	-	-
Deductions:		
Parks and recreation revenue shortfall	(500,000)	(582,472)
Parks and recreation expenditures	-	(318,219)
COVID-19 costs	-	(493,930)
Technical upgrading and improvements	(81,856)	
BC transit revenue (net) shortfall (excess)	-	106,950
Community gaming funds shortfall	-	(231,966)
Closing balance of unspent funds	139,529	721,385

Community Building Reserve fund (Federal Gas Tax funds)

			<i>(Restated – Note 3)</i>
Opening balance	\$	3,812,050	\$ 2,652,892
Add: Funding received during the year		835,923	1,989,899
Less: Amount spent on projects		(1,573,570)	(833,374)
Add: Interest		40,925	2,633
	\$	3,115,328	\$ 3,812,050

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.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

14. Grants and Transfers

The City recognizes the transfer of government funding as revenue in the period received and when all related eligibility criteria and stipulations have been satisfied. The government transfers reported on the Consolidated Statement of Operations are:

	2022	2021
		<i>(Restated – Note 3)</i>
Operating Grants		
Provincial	1,810,600	1,699,488
Local	8,978	8,500
Capital		
Federal	2,165,480	1,989,899
Provincial	-	-
Total Government Grants and Transfers	3,985,058	3,697,887
Other Grants – Non-Government	4,750	24,552
Total Grants and Transfers	\$ 3,989,808	\$ 3,722,439

15. 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 2023 estimated cost of this contract is \$7,069,521 (2021 - \$6,898,403).

16. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

17. 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 11, 2022, with the adoption of the Five-Year Financial Plan (2022-2026) Bylaw No 5045, 2022. The chart below reconciles the approved budget per the Financial Plan to the budget reported in these consolidated financial statements.

	2022 Budget
Consolidated Budgeted Surplus, per City of Port Alberni Financial Plan Bylaw No. 5023	\$ -
Add	
Acquisition of tangible capital assets	9,801,296
Contingency	200,000
Debt repayments	371,427
Transfers to reserves	3,170,118
Less	
Proceeds of borrowing	8,500,000
Transfers from surplus	1,085,604
Consolidated Budgeted Surplus, per Statement of Operations	\$3,957,237

18. 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, City Clerk's 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.

CITY OF PORT ALBERNI
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

18. Segmented Information (continued from previous page)

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.

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 2. For additional information see Segmented Information (Schedule 2).

CITY OF PORT ALBERNI
SCHEDULE 1: TANGIBLE CAPITAL ASSETS
As at December 31, 2022

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE 2022	NET BOOK VALUE 2021
	Balance			Balance	Balance			Balance		
	December 31, 2021	2022 Additions	2022 Disposals	December 31, 2022	December 31, 2021	2022 Additions	2022 Disposals	December 31, 2022		
Land	9,800,514	282,899	-	10,083,413	-	-	-	-	10,083,413	9,800,514
Land Improvements	12,992,671	7,646	-	13,000,317	8,210,558	365,805	-	8,576,363	4,423,954	4,782,113
Buildings	36,729,842	1,248,835		37,978,677	20,783,659	974,561		21,758,220	16,220,457	15,946,183
Machinery & Equipment	15,767,346	2,239,523	(455,337)	17,551,532	10,526,368	776,855	(367,417)	10,935,806	6,615,726	5,240,978
Engineered Structures	4,271,879	-	-	4,271,879	1,293,108	40,812		1,333,920	2,937,959	2,978,771
Storm Drains	24,998,092	616,429	-	25,614,521	9,044,763	345,595		9,390,358	16,224,163	15,953,329
Transportation	44,174,403	608,563	(44,028)	44,738,938	36,627,849	839,827	(44,028)	37,423,648	7,315,290	7,546,554
Water	40,256,851	2,425,634	(108,510)	42,573,975	17,700,561	907,908	(95,354)	18,513,115	24,060,860	22,556,290
Sewer	33,043,969	37,415,403	(679,493)	69,779,879	11,756,845	1,364,222	(520,906)	12,600,161	57,179,718	21,287,124
Leased assets	1,425,000	-	-	1,425,000	1,356,111	-		1,356,111	68,889	68,889
Work in progress	37,667,290	(30,401,235)	-	7,266,055	-	-	-	-	7,266,055	37,667,290
	261,127,857	14,443,697	(1,287,368)	274,284,186	117,299,822	5,615,585	(1,027,705)	121,887,702	152,396,484	143,828,035

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

CITY OF PORT ALBERNI
SCHEDULE 2: SEGMENTED INFORMATION
As at December 31, 2022

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental & Economic Development	Recreation and Cultural Services	Water Utility	Sewer Utility	Other Funds	Consolidated 2022	Budget (Note 17)
Revenue											
Taxes	\$ 25,801,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,801,595	\$ 25,807,573
Sales 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
Other revenue from own sources	445,414	526,410	-	14,349	153,874	-	37,038	32,442	115,769	1,325,296	1,215,805
Investment income	351,436	-	1,226	-	-	-	89,721	18,089	162,594	623,066	280,000
Grants	2,385,660	-	4,750	-	254,580	508,895	-	-	835,923	3,989,808	1,289,287
Recognition of development cost charges	-	-	-	-	-	-	-	-	-	-	-
Gain/loss on disposal of assets	-	-	-	-	-	-	-	-	(121,662)	(121,662)	-
Income (loss) from investment in Government Business Enterprise	-	-	-	-	1,840,840	-	-	-	-	1,840,840	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenue	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	46,161,181	39,488,441
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	18,344,843
Debt servicing	21,501	81,287	-	-	-	22,488	44,518	47,658	-	217,452	505,170
RCMP contract	-	6,043,880	-	-	-	-	-	-	-	6,043,880	6,053,092
Grants	21,000	235,599	-	-	283,013	-	-	-	-	539,612	238,500
Other contracts	170,376	-	998,778	-	50,920	-	-	-	-	1,220,074	1,323,539
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	9,066,060
	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	35,531,204
Amortization	181,790	347,286	1,647,633	2,183	69,332	1,095,231	907,908	1,364,222	-	5,615,585	-
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	42,516,847	35,531,204
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	3,644,334	3,957,237

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental & Economic Development	Recreation and Cultural Services	Water Utility	Sewer Utility	Other Funds	Consolidated 2021
										(Restated – Note 3)
Revenue										
Taxes	\$ 24,818,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,818,993
Sales of services	354,235	372,826	216,292	944,657	277,449	892,645	3,903,005	3,321,830	1,035,594	11,318,533
Other revenue from own sources	450,399	415,167	-	9,154	177,986	-	40,585	36,990	99,822	1,230,103
Investment income	90,957	-	-	-	-	-	67,309	68,968	29,904	257,138
Grants	852,775	-	17,347	-	198,004	664,414	-	-	1,989,899	3,722,439
Recognition of development cost charges	-	-	-	-	-	90,907	-	75,000	-	165,907
Gain/loss on disposal of assets	-	-	-	-	-	-	-	-	(145,806)	(145,806)
Income (loss) from investment in Government Business Enterprise	-	-	-	-	(11,949)	-	-	-	-	(11,949)
Other	-	-	-	-	-	-	-	-	-	-
Total revenue	26,567,359	787,993	233,639	953,811	641,490	1,647,966	4,010,899	3,502,788	3,009,413	41,355,358
Expenses										
Salaries, wages, and benefits	2,448,975	5,415,567	2,963,358	486,328	751,603	3,691,524	862,527	521,236	-	17,141,118
Debt servicing	9,123	83,515	-	-	-	7,874	44,388	47,107	-	192,007
RCMP contract	-	6,683,045	-	-	-	-	-	-	-	6,683,045
Grants	4,300	-	-	-	328,409	-	-	-	-	332,709
Other contracts	46,316	-	912,963	-	100,939	-	-	-	-	1,060,218
Goods and services	1,232,470	1,401,749	906,277	737,548	206,613	2,053,443	721,159	1,083,429	21,736	8,364,424
	3,741,184	13,583,876	4,782,598	1,223,876	1,387,564	5,752,841	1,628,074	1,651,772	21,736	33,773,521
Amortization	201,374	271,954	1,593,228	2,183	69,332	1,093,779	852,315	514,641	-	4,598,806
Total expenses	3,942,558	13,855,830	6,375,826	1,226,059	1,456,896	6,846,620	2,480,389	2,166,413	21,736	38,372,327
Annual surplus (deficit)	22,624,801	(13,067,837)	(6,142,187)	(272,248)	(815,406)	(5,198,654)	1,530,510	1,336,375	2,987,677	2,983,031

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

CITY OF PORT ALBERNI
SCHEDULE 3: DEBT
As at December 31, 2022

Security Issuing Bylaw	Purpose	Term in Years	Annual Interest Rate	Maturity Date	Original Issue	Balance Dec. 31, 2021	Principal Paid	Actuarial Recognized	Balance Dec. 31, 2022	Debt Reserve Cash Balance Dec. 31, 2021	Debt Reserve Income & Expenses	Debt Reserve Cash Balance Dec. 31, 2022
Long-term debt												
4575	General	25	1.75%	19-Apr-31	3,375,064	1,752,314	81,042	64,910	1,606,362	54,016	1,206	55,222
4807	General	30	3.00%	14-Oct-44	428,300	179,589	25,631	8,097	145,861	4,748	377	5,125
4846	General	20	2.20%	8-Apr-35	912,000	700,763	32,249	7,393	661,121	10,574	236	10,810
					<u>4,715,364</u>	<u>2,632,666</u>	<u>138,922</u>	<u>80,400</u>	<u>2,413,344</u>	<u>69,338</u>	<u>1,819</u>	<u>71,157</u>
4848	Water	30	2.20%	8-Apr-45	2,000,000	1,746,230	38,743	8,882	1,698,605	23,187	518	23,705
4807	Waste Water	30	3.00%	14-Oct-44	5,321,700	4,760,654	76,892	24,295	4,659,467	62,788	1,131	63,919
4939	Waste Water	30	1.45%	09-Apr-50	4,450,000	4,340,308	109,692	2,194	4,228,422	45,915	1,026	46,941
					<u>9,771,700</u>	<u>9,100,962</u>	<u>186,584</u>	<u>26,489</u>	<u>8,887,889</u>	<u>108,703</u>	<u>2,157</u>	<u>110,860</u>
					<u>16,487,064</u>	<u>13,479,858</u>	<u>364,249</u>	<u>115,771</u>	<u>12,999,838</u>	<u>201,228</u>	<u>4,494</u>	<u>205,722</u>

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

CITY OF PORT ALBERNI
SCHEDULE 4: TAX LEVIES AND GRANTS IN LIEU OF TAXES
As at December 31, 2022

	Budget (Note 17)	2022	2021
TAX LEVIES			
General purpose	\$ 24,812,227	\$ 24,788,520	\$ 23,849,068
Off-street parking	14,650	12,882	14,266
Utility	746,741	775,362	736,720
	<u>25,573,618</u>	<u>25,576,764</u>	<u>24,600,054</u>
Grants in lieu of taxes	233,955	224,831	218,939
Total Municipal Taxes	<u>25,807,573</u>	<u>25,801,595</u>	<u>24,818,993</u>
COLLECTIONS FOR OTHER GOVERNMENTS			
School Districts	5,040,892	6,637,778	6,003,287
Alberni Clayoquot Regional Hospital District	700,665	695,873	671,425
Alberni Clayoquot Regional District	1,372,574	1,595,707	1,462,475
B.C. Assessment	181,000	210,693	187,634
Vancouver Island Regional Library	804,622	839,444	804,622
Municipal Finance Authority	700	960	676
	<u>8,100,453</u>	<u>9,980,455</u>	<u>9,130,119</u>
Total Taxes Collected	<u>\$ 33,908,026</u>	<u>\$ 35,782,050</u>	<u>\$ 33,949,112</u>

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

CITY OF PORT ALBERNI
SCHEDULE 5: GENERAL GOVERNMENT EXPENSES
As at December 31, 2022
(UNAUDITED)

	Budget (Note 17)	2022	2021
Legislative	\$ 222,446	\$ 219,472	\$ 207,000
City manager's office	185,751	183,924	149,752
Municipal clerk's office	624,664	710,094	523,143
Legal fees	25,000	44,144	30,488
Financial management	945,599	867,926	850,477
Administration vehicle	10,100	25,895	16,553
External audit	34,500	27,650	28,358
Purchasing	137,845	148,844	150,521
Buildings	118,827	258,942	246,291
Information services	751,625	1,006,839	906,487
Appraisals	25,000	23,000	4,655
Personnel	395,059	381,117	324,431
Training and development	203,937	181,502	84,329
Damage claims	21,000	9,091	2,135
Grants and grant funded programs	11,000	21,000	4,300
Office equipment supplies and printing	462,500	510,866	387,971
Public liability insurance	376,750	373,708	413,533
Other general services	45,000	443,923	(32,172)
Administration recoveries	(493,000)	(517,200)	(507,492)
Asset Management Plan	-	-	142,675
Debt servicing	17,000	21,798	9,123
Total	\$ 4,120,603	\$ 4,942,535	\$ 3,942,558

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

CITY OF PORT ALBERNI
SCHEDULE 6: PROTECTIVE SERVICES EXPENSES
As at December 31, 2022
(UNAUDITED)

	Budget (Note 17)	2022	2021
Police protection	\$ 8,098,162	\$ 8,293,317	\$ 9,102,505
Fire protection	4,086,597	4,374,692	4,002,475
Emergency measures	570	8,457	8,436
Building and plumbing inspections	211,197	169,359	173,856
Animal pound operations	149,264	161,252	139,164
Bylaw enforcement	518,190	652,867	345,879
Debt servicing	87,490	81,287	83,515
	\$ 13,151,470	\$ 13,741,231	\$ 13,855,830

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

CITY OF PORT ALBERNI
SCHEDULE 7: TRANSPORTATION SERVICES EXPENSES
As at December 31, 2022
(UNAUDITED)

	Budget (Note 17)	2022	2021
COMMON SERVICES			
Engineering administration	\$ 794,065	\$ 769,991	\$ 706,430
Engineering consulting services	126,145	199,781	242,605
Public works supervision	456,659	377,557	395,298
Equipment and supplies	41,819	104,113	109,633
Building and yard maintenance	358,027	278,322	253,422
Equipment maintenance	713,966	1,373,670	1,088,391
	<u>2,490,681</u>	<u>3,103,434</u>	<u>2,795,779</u>
ROADS AND STREET MAINTENANCE			
Roadway surfaces maintenance	1,454,652	1,626,901	1,994,008
Snow and ice removal	198,088	370,452	202,391
Parking	14,500	18,094	10,959
Gravel	188,940	95,616	108,847
Bridges and retaining walls	80,400	44,773	47,776
Street lighting	314,181	457,235	335,086
Traffic control	252,935	326,235	293,351
	<u>2,503,696</u>	<u>2,939,306</u>	<u>2,992,418</u>
OTHER			
Ditch and dyke maintenance	68,543	82,016	139,312
Storm sewers	261,470	630,927	802,551
Public transit	1,016,832	997,974	910,373
Other	72,072	169,829	66,257
Recoveries	(1,724,600)	(1,333,661)	(1,330,864)
	<u>(305,683)</u>	<u>547,085</u>	<u>587,629</u>
	<u>\$ 4,688,694</u>	<u>\$ 6,589,825</u>	<u>\$ 6,375,826</u>

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

CITY OF PORT ALBERNI
SCHEDULE 8: RECREATION AND CULTURAL SERVICES
As at December 31, 2022
(UNAUDITED)

	2022				Budget Operating Deficit	Actual Operating Deficit	2021 Actual Operating Deficit
	Budget Revenue	Actual Revenue	Budget Expense	Actual Expense			
RECREATION SERVICES							
Administration	\$ -	\$ -	\$ 630,826	\$ 520,183	\$ (630,826)	\$ (520,183)	\$ (457,953)
Leisure Centre	254,811	235,126	413,989	567,485	(159,178)	(332,359)	(402,895)
Swimming pool	131,344	225,799	456,698	525,702	(325,354)	(299,903)	(419,418)
Arena	399,156	601,595	1,076,321	1,681,310	(677,165)	(1,079,715)	(1,194,626)
Parks, Playgrounds, and other Programs	29,683	14,468	1,996,941	2,323,627	(1,967,258)	(2,309,159)	(1,955,026)
	172,500	473,732	1,193,081	1,552,756	(1,020,581)	(1,079,024)	(803,852)
	<u>987,494</u>	<u>1,550,720</u>	<u>5,767,856</u>	<u>7,171,063</u>	<u>(4,780,362)</u>	<u>(5,620,343)</u>	<u>(5,233,770)</u>
CULTURAL SERVICES							
Museum services	38,600	34,305	436,629	463,178	(398,029)	(428,873)	(418,152)
McLean Mill	-	29,900	224,274	276,014	(224,274)	(246,114)	(302,053)
	<u>38,600</u>	<u>64,205</u>	<u>660,903</u>	<u>739,192</u>	<u>(622,303)</u>	<u>(674,987)</u>	<u>(720,205)</u>
	<u>\$ 1,026,094</u>	<u>\$ 1,614,925</u>	<u>\$ 6,428,759</u>	<u>\$ 7,910,255</u>	<u>\$ (5,402,665)</u>	<u>\$ (6,295,330)</u>	<u>\$ (5,953,975)</u>

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

CITY OF PORT ALBERNI
SCHEDULE 9: SALES OF SERVICES
As at December 31, 2022
(UNAUDITED)

	Budget (Note 17)	2022	2021
GENERAL REVENUE			
General Services	\$ 2,699,968	\$ 2,767,927	\$ 2,107,987
Arena	399,156	601,595	255,874
Leisure Centre	254,811	235,126	187,059
Parks, playgrounds and other	29,683	14,468	8,653
Swimming Pool	131,344	225,799	92,570
Programs	172,500	473,732	306,815
Museum	42,000	34,305	11,774
McLean Mill	-	29,900	29,900
	<u>3,729,462</u>	<u>4,382,852</u>	<u>3,000,632</u>
MISCELLANEOUS REVENUE	-	1,181,869	1,035,594
SERVICES PROVIDED TO OTHER GOVERNMENTS	100,000	83,969	57,472
WATER REVENUE			
Sale of water	3,549,814	3,897,074	3,885,851
Connections and sundry charges	105,886	3,675	17,154
	<u>3,655,700</u>	<u>3,900,749</u>	<u>3,903,005</u>
SEWER REVENUE			
Sale of sewer service	3,235,614	2,878,349	3,161,365
Connections and sundry charges	175,000	274,450	160,465
	<u>3,410,614</u>	<u>3,152,799</u>	<u>3,321,830</u>
	<u><u>\$ 10,895,776</u></u>	<u><u>\$ 12,702,238</u></u>	<u><u>\$ 11,318,533</u></u>

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

CITY OF PORT ALBERNI
SCHEDULE 10: OTHER REVENUE FROM OWN SOURCES
As at December 31, 2022
(UNAUDITED)

	Budget (Note 17)	2022	2021
Licences and permits	\$ 477,500	\$ 513,113	\$ 404,130
Fines and costs	17,000	13,297	10,038
Land and building rentals	153,500	153,874	177,986
Penalties and interest	336,030	307,564	279,179
Miscellaneous revenue	231,775	221,678	258,948
Other revenue from own sources - Capital Fund	-	115,770	99,822
	<u>\$ 1,215,805</u>	<u>\$ 1,325,296</u>	<u>\$ 1,230,103</u>

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

CITY OF PORT ALBERNI
SCHEDULE 11: SEWER AND WATER UTILITIES

As at December 31, 2022

(UNAUDITED)

	Budget (Note 17)	2022	2021
WATER UTILITY			
Administration	686,106	799,113	571,557
Service of supply	127,739	260,952	269,843
Pumping	249,045	346,551	315,820
Transmission and distribution	819,281	1,385,674	1,278,781
Debt servicing	44,000	44,518	44,388
	<u>\$ 1,926,171</u>	<u>\$ 2,836,808</u>	<u>\$ 2,480,389</u>
SEWER UTILITY			
Administration	\$ 569,367	\$ 764,743	\$ 489,252
Sewage treatment and disposal	351,615	1,266,464	561,957
Sewage collection system	298,461	556,702	560,517
Sewage pump stations	270,078	529,818	507,580
Other	1,000	-	-
Debt servicing	356,680	47,658	47,107
	<u>1,847,201</u>	<u>3,165,385</u>	<u>2,166,413</u>

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