

Regional District of Alberni-Clayoquot

Financial Statements

Year Ended December 31, 2024

Regional District of Alberni-Clayoquot

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Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Alberni-Clayoquot Regional District

Opinion

We have audited the financial statements of Alberni-Clayoquot Regional District (the "District"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2024, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants

April XX, 2025

Victoria, Canada

Regional District of Alberni-Clayoquot

Statement of Financial Position

Year Ended December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 20,771,949	\$ 25,419,384
Short term investments (Note 3)	8,536,659	3,003,769
Accounts receivable (Note 4)	2,581,685	2,033,413
Term receivables from municipalities (Note 5)	32,121,571	22,978,798
Municipal Finance Authority debt reserve deposit (Note 6)	556,220	439,820
Inventories for resale	64,819	82,351
	64,632,903	53,957,535
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	2,289,427	2,250,864
Short term borrowing	110,810	-
Deferred revenue	2,005,519	2,137,583
Deposits (Note 7)	5,050	5,050
Restricted revenues (Note 8)	738,823	665,392
Asset retirement obligation (Note 10)	16,392,335	18,558,062
Municipal Finance Authority debt reserve	539,265	425,912
Other liability (Note 21)	868,121	-
Debt (Note 11, Schedule 1)	37,929,300	29,011,259
	60,878,650	53,054,122
NET FINANCIAL ASSETS	3,754,253	903,413
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12, Schedule 2)	50,927,365	52,158,737
Inventories of supplies	127,850	103,139
Deposit security	10,000	-
Prepaid expenses	158,013	116,321
	51,223,228	52,378,197
ACCUMULATED SURPLUS	\$ 54,977,481	\$ 53,281,610

Contingent liabilities and commitments (Notes 5, 6, 15 and 17)

Contractual rights (Note 18)

Teri Fong

Teri Fong, CPA, CGA
Chief Financial Officer

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

Regional District of Alberni-Clayoquot

Statement of Operations

Year Ended December 31, 2024

	2024 Budget (Note 19)	2024 Actual	2023 Actual
REVENUE			
Tax requisitions	\$ 10,008,221	\$ 10,008,223	\$ 8,876,368
Grants in lieu of taxes	75,380	180,476	181,853
Services provided to other governments	424,255	130,697	161,382
Sales of services	6,065,144	6,658,207	6,273,697
Miscellaneous revenue	1,888,583	2,381,705	2,257,438
Government transfers			
Conditional	6,686,980	3,697,040	7,494,097
Unconditional	190,000	210,100	190,000
	25,338,563	23,266,448	25,434,835
EXPENSES (Note 20)			
Administrative services	5,013,425	3,534,998	3,246,001
Planning & development services	2,410,327	1,827,829	1,490,516
Recreational & cultural services	1,382,032	1,183,913	1,081,016
Solid waste services	5,211,329	5,733,650	5,574,134
Transportation Services	5,054,153	4,352,913	3,324,017
Water & sewer services	1,903,793	1,767,249	1,658,775
Protective services	3,908,554	2,843,594	2,556,301
Grant-in-aids	325,460	307,357	340,152
Other services	39,287	19,074	19,176
	25,248,360	21,570,577	19,290,088
ANNUAL SURPLUS	\$ 90,203	\$ 1,695,871	\$ 6,144,747

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

Regional District of Alberni-Clayoquot
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2024

	2024 Budget (Note 19)	2024 Actual	2023 Actual
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 53,281,610	\$ 53,281,610	\$ 47,136,863
ANNUAL SURPLUS	90,203	1,695,871	6,144,747
ACCUMULATED SURPLUS - END OF YEAR	\$ 53,371,813	\$ 54,977,481	\$ 53,281,610

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

Regional District of Alberni-Clayoquot

Statement of Changes in Net Financial Assets

Year Ended December 31, 2024

	2024 Budge (Note 19)	2024 Actual	2023 Actual
ANNUAL SURPLUS	\$ 90,203	\$ 1,695,871	\$ 6,144,747
(Acquisition)/ use of prepaids	-	(41,692)	(24,785)
Acquisition of inventory of supplies	-	(24,711)	(11,294)
Reduction in ARO asset change in estimate	-	2,920,437	2,585,534
Addition of assets held in trust	-	(10,000)	-
Loss on disposal of tangible capital assets	-	10,662	-
Acquisition of tangible capital assets	-	(3,912,403)	(6,569,101)
Contributed tangible capital assets	-	(965,843)	-
Amortization	2,685,700	3,178,519	2,741,975
	2,685,700	1,154,969	(1,277,671)
CHANGE IN NET FINANCIAL ASSETS	2,775,903	2,850,840	4,867,076
NET FINANCIAL ASSETS - BEGINNING OF YEAR	903,413	903,413	(3,963,663)
NET FINANCIAL ASSETS - END OF YEAR	\$ 3,679,316	\$ 3,754,253	\$ 903,413

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

Regional District of Alberni-Clayoquot

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 1,695,871	\$ 6,144,747
Item not affecting cash:		
Amortization of tangible capital assets	3,178,519	2,741,975
Loss on disposal of tangible capital assets	10,662	-
Contributed tangible capital asset	(965,843)	-
Other Liability	868,121	-
Contribution to Municipal Finance Authority debt reserve deposit	(3,047)	(2,639)
Accretion Expense	754,709	704,566
Actuarial adjustments of debt	(45,748)	(38,904)
	5,493,244	9,549,745
Changes in non-cash working capital (Note 13)	(627,213)	2,736,996
	4,866,031	12,286,741
FINANCING ACTIVITIES		
Proceeds (conversion) of short-term debt financing	110,810	-
Repayment of debt	(178,983)	(178,982)
	(68,173)	(178,982)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,912,403)	(6,569,101)
INVESTING ACTIVITIES		
Purchase of short-term investments	(5,500,105)	6,320,113
Proceeds on short-term investment	(32,785)	-
	(5,532,890)	6,320,113
(DECREASE)/INCREASE IN CASH FLOW	(4,647,435)	11,858,771
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	25,419,384	13,560,613
CASH AND CASH EQUIVALENTS - END OF YEAR	20,771,949	25,419,384
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Bank balances	\$ 20,771,949	\$ 25,419,384

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

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

1. Summary of Significant Accounting Policies

Basis of presentation

The financial statements of the Regional District of Alberni-Clayoquot (the "District") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Budget reporting

The budget information reported in the statement of operations, the statement of changes in accumulated surplus and the statement of changes in net financial assets represents the 2024 budget as adopted by the District's Board on March 27, 2024.

Inventory

- a) Inventories for resale - Fuel inventory is valued at the lower of cost or net realizable value.
- b) Inventories of supplies - Supplies inventory is valued at the lower of cost and net realizable value with the cost being determined on a first in, first out basis.

Revenue and expenditure recognition

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

Amounts that have been received in advance of services being rendered or performance obligations being met are recorded as deferred revenue until the District discharges the obligations that led to the collection of funds

Revenues from other levels of governments, classified as grants in lieu of taxes, are recorded in the District's records when amounts are known and collectability is reasonably assured.

Each Municipality, Treaty First Nation and Electoral Area within the Regional District is requisitioned for their portion of each service in which they participate. These funds are then levied by the Municipalities, Treaty First Nations and the Province (for Electoral Areas) to individual taxpayers. Instead of levying individual taxpayers, the Treaty First Nations also have the option of paying for the requisition from their consolidated revenue fund. The requisitioned amounts are turned over to the District by August 1 of each year.

Expenditures are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due. Expenditures include the accrued interest payable on debt to the end of the fiscal period.

Government transfers without stipulations are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Government transfers with stipulations restricting their use are recognized in the financial statements as revenues in the period in which the eligible expenditures are incurred, providing they are authorized and eligibility criteria are met.

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Deferred and restricted revenues

- a) Deferred revenue includes amounts received related grants for projects in progress, lease revenue, building permits, rezoning applications, transit passes, parking passes, and to the curbside garbage program but not yet earned. These amounts will be recognized as revenue in the next or future fiscal year.
- b) Restricted revenue include amounts received for specified projects that are unspent. These amounts will be recognized as revenue when stipulations are met and the related expenditures are incurred, services performed or tangible capital assets acquired, thereby extinguishing the related liability.

Financial instruments

Financial instruments are designated at cost. Financial instruments are adjusted by transaction costs incurred on acquisition and amortized using the effective interest rate method. Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the District determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the District expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Accrued Employee Benefits

Based on obligations as determined by collective agreements and contractual arrangements, employee benefit accruals, which include an allowance for vacation entitlement and overtime benefits, are recorded in the year in which they are earned.

Post Employment Benefits

Leave benefits such as vacation, along with retirement allowance benefits, are also available to the District's employees. The costs of these benefits are determined based on service and best estimates of retirement ages and expected future salary and benefit increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

The District and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred. The costs of the plan are the employer's contributions due to the plan in the period.

Debt

Debt is recorded net of any related repayments and actuarial additions. Interest expense is recorded in the period incurred. The debt schedule indicates the amount of debt payable in accordance with schedules received from the Municipal Finance Authority.

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Tangible capital assets

Tangible capital assets (TCAs) are recorded at cost and amortized on a straight-line basis, based on their expected useful life. The expected useful life of the District's TCAs are as follows:

Airport	10 to 50 years
Fire department	5 to 50 years
Office and administration	5 to 40 years
Land	not amortized
Landfills	Projected closures - 2070 and 2091, 10 to 40 years
Parks	5 to 25 years
Salmon beach	10 to 50 years
Water systems	25 years
Beaver Creek water system	5 to 60 years

Capital projects under construction are not amortized until the asset is put into use. TCA's contributed to the Regional District are recorded at fair value at the time of contribution.

TCA's are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services or when the value of the future economic benefits associated with the asset is less than the book value of the asset.

Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met: 1) There is a legal obligation to incur retirement costs in relation to tangible capital assets 2) The past transaction or event giving rise to the liability has occurred 3) It is expected that the future economic benefit will be given up 4) A reasonable estimate of the amount can be made. The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos and septic tank remediation in several locations owned by the ACRD has also been recognized based on estimated future expenses on closure of the site and post closure care. The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the associated asset retirement obligation policy and remaining useful life of the related tangible capital asset.

Measurement uncertainty

The preparation of financial statements in conformity with Public Sector Accounting Standards 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, expenses, gains, and losses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Since a precise

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Measurement uncertainty (continued)

determination of many assets and liabilities depends on future events, actual results may differ from such estimates and approximations. Key areas requiring the use of estimates include the amortization of tangible capital assets, asset retirement obligation, expected retirement costs, as well as the timing and duration of retirement costs.

2. Changes in Accounting Policy

On January 1, 2024, Public Accounting Standard PS 3400 Revenue was adopted. The standard was adopted prospectively from the date of adoption. Under the new accounting standard, there are two categories of revenue – exchange and non-exchange. If the transaction gives rise to one or more performance obligations, it is an exchange transaction. If no performance obligations are present, it is a non-exchange transaction. The new standards provide comprehensive requirements for all recognition and measurement of revenue transactions, excluding voluntary and nonreciprocal transactions, transactions recorded under PS 3410, PS3510, PS 3100, PS 3450, PS 3430, PS 3060, PS 3707, PS 3380, PS 3390. Management has assessed the impact of adopting PS 3400 on the financial statements and have identified a \$92,783 reduction to miscellaneous revenue in 2024.

3. Short Term Investments

The guaranteed investment certificates balance is inclusive of \$1,000,000 at 5.90% maturing on February 15, 2025, \$150,000 at 4.60% maturing on August 16, 2025, \$3,000,000 at 5.40% maturing on December 5, 2025, \$2,350,000 at 5.65% maturing on February 15, 2026, and \$1,000,000 at 3.40% maturing on December 13, 2026.

	2024	2023
Alberni District Co-op Association equity shares	\$ 3,874	\$ 3,769
Guaranteed investment certificates	7,500,000	3,000,000
MFA - Money Market Fund Investments	1,032,785	-
	\$ 8,536,659	\$ 3,003,769

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

4. Accounts Receivable

	2024	2023
Trade and other receivables	\$ 1,651,955	\$ 1,588,482
Goods and services tax recoverable	138,492	98,794
Government of Canada	115,279	8,809
Province of British Columbia	136,742	246,705
Local governments	546,434	101,557
Subtotal	2,588,902	2,044,347
Less allowance for doubtful accounts	(7,217)	(10,934)
Accounts receivable - net	\$ 2,581,685	\$ 2,033,413

5. Term Receivables from Municipalities

Pursuant to the Local Government Act, the District acts as the agency through which its member municipalities borrow funds from the Municipal Finance Authority of British Columbia ("MFA"). The annual cost of servicing this municipal debt is recovered entirely from the borrowing member municipality. However, in the event of default the District is contingently liable to the MFA for this debt.

	2024	2023
City of Port Alberni	\$ 20,230,709	\$ 20,919,025
District of Tofino	10,458,659	518,820
District of Ucluelet	1,432,203	1,540,953
	\$ 32,121,571	\$ 22,978,798

6. Municipal Finance Authority Debt Reserve Fund

MFA provides capital financing for Regional Districts and their member Municipalities. The MFA is required to establish a Debt Reserve Fund into which each Regional District and member Municipality, who share in the proceeds of a debt issue through the District, are required to pay certain amounts set out in the debt agreements. Interest earned on these funds (less administrative expenses) becomes an obligation of the MFA to the District. If at any time insufficient funds are provided by the District or member Municipalities, MFA will then use these funds to meet payments on its obligations. When this occurs, the District may be called upon to restore the fund. The balance of the District's Debt Reserve Fund deposits at December 31, 2024 is \$556,220 (2023 - \$439,820).

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

6. Municipal Finance Authority Debt Reserve Fund (continued)

As a condition of the borrowing, the District is also obligated to lodge security by means of demand notes based on the amount of the borrowing. The notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon maturity of a debt issue, the demand notes are released. As of December 31, 2024, there are contingent demand notes of \$832,356 (2023 - \$643,999). Of these amounts, \$701,031 (2023 - \$512,674) relate to borrowing of member municipalities.

7. Deposits

Performance deposits are funds collected from various property developers and held as security to ensure the completion of specified agreed on works. These funds will be released once the related works are completed, or used by the District to complete the works for which they are held.

	2024	2023
Performance deposits	\$ 5,050	\$ 5,050

8. Restricted Revenues

	2024	2023
Development cost charges	\$ 279,208	\$ 252,589
Parkland deferred contributions	459,615	412,803
	\$ 738,823	\$ 665,392

- a) The regional district receives contributions from developers for the development of the water and sewer infrastructure. These restricted contributions are recognized as revenue in the years in which the capital projects are undertaken. Developer contributions paid in advance of infrastructure works are recorded as restricted revenue. Developer contributions received during the year were \$145,676 (2023 - \$23,814). Interest earned on developer contributions is restricted and deferred; interest earned during the year was \$12,612 (2023 - \$11,350). Developer contributions expended on capital projects during the year was \$131,670 (2023 - \$nil).
- b) The District receives contributions from developers for the future acquisition of parkland. These restricted contributions are recognized as revenue in the years in which the parkland is subsequently acquired. Developer contributions received during the year were \$26,700 (2023 - \$7,578). Interest earned on parkland contributions is restricted and deferred; interest earned during the year was \$20,114 (2023 - \$20,282). Parkland acquired during the year was \$nil (2023 - \$nil).

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

9. Community Works Funds

The Canada Community-Building Fund is provided by the Government of Canada. The Community Works Fund stream provides funding to local governments for eligible expenditures of eligible projects in accordance with an agreement between the Regional District and the Union of British Columbia Municipalities. The following amounts are unspent funds held within accumulated surplus of the District:

	2024	2023
Opening balance of unspent funds	\$ 4,029,309	\$ 4,277,079
Add amount received during the year	549,713	503,977
Add interest earned	216,973	213,735
Less eligible expenditures made during the year	(411,424)	(965,482)
Closing balance of unspent funds	\$ 4,384,571	\$ 4,029,309

10. Asset Retirement Obligation

The asset retirement obligation consists of several obligations as follows:

a) Landfill Obligation

The District operates the Alberni Valley Landfill and the West Coast Landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under *PS 3280 – Asset Retirement Obligation*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites. This obligation has been discounted to the present value using 4.17% in 2023 and 4.53% in 2024. Post closure care is estimated to be required for 200 years from the date of site closure for the Alberni Valley and for 100 years from the date of site closure for the West Coast. It is estimated that the life of the Alberni Valley Landfill is 64 (2023 - 65) years and the West Coast Landfill is 46 (2023 - 47) years.

b) Building Obligation

The ACRD owns and operates several buildings that are known to have asbestos and lead paint, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of *PS3280 – Asset retirement obligations*, the District recognized an obligation relating to the removal and post-removal care of the asbestos and paint in these building as estimated at December 31, 2024.

In accordance with the provisions of this standard, the District reflected the following adjustments at December 31, 2024:

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

10. Asset Retirement Obligation (continued)

a) Landfill Obligation Adjustments

i.) A accretion expense increase to the landfill asset retirement obligation liability of \$704,566 and estimated liability decrease to the landfill asset retirement obligation liability of \$2,920,437 has been recorded in 2024. This obligation has been discounted to the present value using 4.53% (2023 – 4.17%)

ii.) A reduction in asset estimation has reduced the landfill asset retirement obligation asset by \$2,920,437..

b) Building Obligation Adjustment

i.) Amortization of \$13,382 has been recorded to building asset retirement obligation accumulated amortization and there has been no change to the estimated liability or asset value.

	2023	ARO Additions	ARO Settlements	Revisions to Estimates	Accretion Expense	2024
Hazardous materials	\$ 1,897,817	-	-	-	-	\$ 1,897,817
Landfill closure and post-closure costs	16,660,245	-	-	(2,920,436)	754,709	14,494,518
	\$ 18,558,062	-	-	\$ (2,920,436)	\$ 754,709	\$ 16,392,335

11. Debenture Debt

All borrowings for the District are with the MFA. Debt interest costs recognized as expense as incurred. The debenture debt "Schedule 1" reflects the amount of debenture debt payable.

Principal payments due within the next five years and thereafter are as follows:

2025	\$ 1,298,777
2026	1,343,094
2027	1,388,960
2028	1,436,431
2029	1,485,564
Thereafter	30,976,474
	<u>\$ 37,929,300</u>

Principal payments are invested by MFA and earn income which is expected to be sufficient to retire the debt at maturity.

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

12. Tangible Capital Assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Airport	\$ 29,878,290	\$ 12,232,008	\$ 17,646,282	\$ 14,751,312
Fire department	8,430,861	4,365,349	4,065,512	3,525,138
Office and administration	2,731,942	2,237,622	494,320	529,828
Land	6,519,253	-	6,519,253	6,519,253
Landfills	15,411,171	6,654,818	8,756,353	11,801,243
Parks	2,749,092	525,138	2,223,954	2,282,417
Salmon beach	1,277,953	589,036	688,917	512,102
Water systems	5,321,247	2,777,826	2,543,421	2,644,577
Beaver Creek water system	10,619,694	4,868,321	5,751,373	5,437,724
Under construction	2,237,980	-	2,237,980	4,155,143
	\$ 85,177,483	\$ 34,250,118	\$ 50,927,365	\$ 52,158,737

Land includes a right of way value of \$16,300 that relates to the land where the Bamfield Fire Department building is situated. For additional information about tangible capital assets, see Schedule 2.

During 2024, the ACRD evaluated all sites for which an environmental standard exists and for which it is directly responsible, and has concluded that no contamination exists that exceeds an environmental standard. Accordingly, no amount has been accrued in the financial statements as a liability for contaminated sites.

13. Change in Non Cash Working Capital and Cash Flow Supplementary Information

	2024	2023
Accounts receivable	\$ (548,272)	\$ 1,161,106
Inventories for resale	17,532	2,866
Inventories of supplies	(24,711)	(11,294)
Accounts payable and accrued liabilities	38,563	(11,206)
Deferred revenue	(132,064)	1,566,068
Prepaid expenses	(41,692)	(24,785)
Assets held in trust	(10,000)	-
Restricted revenues	73,431	63,024
Due to Alberni-Clayoquot Regional Hospital District	-	(8,779)
	\$ (627,213)	\$ 2,736,996

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

14. Financial Risk and Concentration of Risk

a) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The District is subject to credit risk with respect to the accounts receivable, cash and cash equivalents, and short-term investments. The exposure is limited to their carrying amounts at the date of the statement of financial position.

Accounts receivable primarily consist of amounts receivable from government organizations, residents and financial institutions. To reduce the risk, the District regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2024 the amount of allowance for doubtful debts was \$7,217 (2023 – \$10,934). The District historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

b) Liquidity risk:

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

c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the District's income or the value of its holdings. The objective of market risk management is to control risk exposures within acceptable parameters while optimizing return on investment. The District manages its market risk by holding cash balances with top rated Canadian Schedule I financial institutions. The District periodically reviews its investments and is satisfied that the portfolio investments are being managed in accordance with the investment policy.

i.) Foreign exchange risk

The District does not enter into foreign exchange transactions and therefore is not exposed to foreign exchange risk.

ii.) Interest rate risk

The District is exposed to interest rate risk through its investments and debt instruments. The District's investments are disclosed in Note 3. It is management's opinion that the District is not exposed to significant interest rate risk due to size of its investment portfolio.

The District's exposure to interest rate risk in relation to debt instruments is limited to long-term debt and short-term financing. The risk applies only to long-term debt when amortization periods exceed the initial locked-in term. Short-term financing is subject to daily float rates, which can result in variability over the course of short-term financing. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

15. The North Island 9-1-1 Corporation

A 9-1-1 emergency dispatch service is provided by the North Island 9-1-1 Corporation, which is owned by the Regional Districts of Comox Valley, Strathcona, Mount Waddington, Alberni Clayoquot, Nanaimo and Powell River. The shares in the corporation are owned as follows:

Alberni-Clayoquot - 3 shares	Mount Waddington - 1 share
Comox Valley - 6 shares	Nanaimo - 5 shares
Strathcona - 4 shares	Powell River - 2 shares

The District's investment in shares of the North Island 9-1-1 Corporation is recorded at cost. The District, through approval of the annual budget, is responsible for its share in funding ongoing operations. The District's share of the corporation is equal to 14.3% and the degree of control is proportionate to the ownership share. As no benefits are expected from the ownership, it has not been accounted for as an equity investment.

16. Due to/from Alberni-Clayoquot Regional Hospital District

The District is related to the Alberni Clayoquot Regional Hospital District (the "Hospital District"), as the same individuals are members of the Board of Directors of both organizations. As legislated by the Hospital District Act, the officers and employees of the District are the corresponding officers and employees of the Hospital District. Each of the District and the Hospital District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year, the Alberni Clayoquot Regional Hospital District purchased, at cost, \$46,200 (2023 - \$45,350) of administrative support services from the District.

At December 31, 2024, the Hospital District owes the District \$15,154 (2023 - \$5,350) related to these administrative support services.

17. Contingent Liabilities and Commitments

a) Claims

In the normal course of a year, the District is faced with lawsuits for damages of diverse natures. At year end the District's estimated exposure to each such liability is either not determinable or is not considered to be significant. Claims paid by the District as a result of litigation are reported as expenditures.

b) Environmental regulations

The District is subject to environmental regulations which cover different aspects of its operations. These regulations may require future expenditures to meet applicable standards and subject the District to possible penalties for past violations. Any amounts required to meet obligations will be charged to operations or capitalized, as appropriate. No amounts can be estimated at this time and therefore no liabilities have been recorded at December 31, 2024.

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

17. Contingent Liabilities and Commitments (continued)

c) Pension liability

The District 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 provided are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of 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 District paid \$398,072 for employer contributions to the plan in fiscal 2024 (2023 - \$339,637). Employees contributed \$368,142 to the plan in fiscal 2024 (2023 - \$313,754). 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 the individual employers participating in the Plan.

d) Sick leave entitlements

Based on obligations as determined by collective agreements and contractual arrangements for sick leave, employees' sick leave entitlements accumulate. However, as sick leave benefits are only payable for sick leave and are not payable upon leaving the District, the amounts are recognized as an expense only when a claim is made. As at December 31, 2024 accumulated sick leave amounted to \$833,849 (2023 - \$864,847).

e) Contractual obligations for leased premises

As a result of the conversion of the Beaver Creek Improvement District to an electoral area of the regional district, the District assumed the long-term lease previously entered into by the Beaver Creek Improvement District effective November 1, 1961 with respect to the land on which the Improvement District's Stamp River pump house facilities are located. The agreement has a 99-year term and provides for annual rent of \$1 per annum. In addition, as Lessee the District will pay all taxes, levies and assessments which may be assessed, charged or levied against the lands and leasehold improvements erected thereon.

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

17. Contingent Liabilities and Commitments (continued)

f) Commitments

At December 31, 2024, the District has outstanding commitments to capital projects for \$1,568,611 and operating contracts as follows:

2025	\$	3,895,976
2026		1,255,273
2027		1,065,191
2028		891,119
2029		360,976
		<u>360,976</u>
	\$	<u>7,468,535</u>

18. Contractual Rights

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

2025	\$	417,101
2026		299,434
2027		277,711
2028		242,570
2029		257,527
Thereafter		6,328,118
		<u>6,328,118</u>
	\$	<u>7,822,461</u>

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

19. Budget Reconciliation

Budget figures represent the Financial Plan Bylaw adopted by the Board on March 27, 2024. The financial plan budgeted for capital expenditures rather than amortization expense, and reflects the use of prior year operating surpluses as part of its annual budget. The carry forward of operating surpluses by department is a requirement under the Local Government Act of BC. The financial plan forms the basis for taxation and fees and charges rates which may be required for a particular year. The budget contains certain revenue and expense recognition principles that do not comply with Public Sector Accounting Standards, therefore, a reconciliation of the approved budget is presented below to conform to the general purpose financial statement presentation.

Adjustments to the 2024 budgeted annual surplus

Consolidated financial plan balanced cash budget as adopted March 27, 2024	\$	-
Add transfers to reserves		6,597,879
Add principal debt payments		207,250
Less surplus from prior years		(2,677,857)
Less committed surplus from prior years		(654,016)
Less transfers from reserves		(697,353)
Less amortization		(2,685,700)
Accrual budgeted annual surplus	\$	90,203

20. Expense by Object

	2024 Budget	2024 Actual	2023
Salaries, wages and benefits	\$ 6,412,482	\$ 6,197,547	\$ 5,483,276
Board remuneration	212,408	244,569	219,567
Operating goods and services	14,661,494	10,592,385	9,547,094
Grants to outside organizations	1,031,199	378,220	375,042
Interest on debt	245,077	224,628	218,567
Accretion of landfill asset retirement obligation	-	754,709	704,566
Amortization on tangible capital assets	2,685,700	3,178,519	2,741,975
	\$ 25,248,360	\$ 21,570,577	\$ 19,290,087

Regional District of Alberni-Clayoquot

Notes to Financial Statements

Year Ended December 31, 2024

21. Other Liability

The District has entered into rent credit lease agreements with a lessee at the Tofino Long Beach Airport. As the lessor of the airport lands, the District has agreed to compensate the lessee for the costs incurred of approved capital projects which vest in the District at the time of completion by giving the lessee an annual rent credit. Rent credits are only applied to the annual invoices as they come due. The rent credit owed at December 31, 2024 is \$868,121 (2023 - \$nil). The rent credit will automatically terminate in 15 years and may also be further reduced within 15 years if the lessee is reimbursed for capital project costs by future lessees.

22. Tariff Implications

Tariffs can impact the District in the following ways:

a) Revenue Generation

Tariffs can affect the number of grant opportunities offered due to economic pressures, consequently, increasing the tax revenue collected by the District or service level reduction.

b) Expenditure and Infrastructure Increases

The District may face higher costs for goods and services due to tariffs, leading to increased expenditures. This can impact budget allocations and financial planning. Higher costs due to tariffs may lead to reduced investment in infrastructure projects and other public services, as costs increase.

c) Economic Development

Tariffs can influence local economic development by affecting the competitiveness of local businesses. This can impact employment rates and overall economic growth within the District's jurisdiction

The District continuously evaluates these potential impacts and options to mitigate the risks arising from tariffs.

Regional District of Alberni-Clayoquot

Schedule of Debenture Debt

Year Ended December 31, 2024

(Schedule 1)

	By-law	MFA Issue	Maturity date	Term	Rate	Amount Borrowed	Total Instalments to date	Actuarial addition	2024 Balance	2023 Balance
Port Alberni F1062	1062	97	19 Apr 2031	25	1.53%	\$ 3,375,064	\$ 1,458,754	\$ 677,906	\$ 1,238,404	\$ 1,400,841
Port Alberni F1111	1111	130	14 Oct 2044	30	3.00%	5,750,000	1,025,230	215,537	4,509,233	4,655,770
Port Alberni F1114	F1114	131	08 Apr 2035	20	2.20%	912,000	290,243	52,695	569,062	612,636
Port Alberni F1114	F1114	131	08 Apr 2045	30	2.20%	2,000,000	348,684	63,304	1,588,012	1,640,359
Port Alberni F1143	F1143	150	09 Apr 2050	30	1.99%	4,450,000	438,769	19,929	3,991,302	4,109,419
Port Alberni F1158	F1158	159	05 Jun 2053	30	4.15%	8,500,000	161,965	3,339	8,334,696	8,500,000
Tofino F1167	F1167	162	27 Sep 2054	30	3.83%	10,000,000	-	-	10,000,000	-
Tofino F1062	1062	97	19 Apr 2031	25	1.53%	1,250,000	540,269	251,071	458,660	518,821
Ucluelet F1074	F1095	117	12 Oct 2036	25	1.47%	1,948,000	624,339	166,456	1,157,205	1,234,778
Ucluelet F1130	F1130	141	07 Apr 2032	15	2.80%	475,000	178,774	21,229	274,997	306,173
Salmon Beach F1079	F1096	117	12 Oct 2031	20	1.47%	939,800	419,247	112,224	408,329	459,948
AVRA F1120	F1120	142	04 Oct 2047	30	3.15%	6,000,000	882,809	90,536	5,026,655	5,178,349
BWS F1126	F1126	146	19 Sep 2038	20	3.20%	492,245	109,916	9,584	372,745	394,165
									\$ 37,929,300	\$ 29,011,259

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

Regional District of Alberni-Clayoquot
Schedule of Tangible Capital Assets
Year Ended December 31, 2024

(Schedule 2)

	Cost						Accumulated	Accumulated	Accumulated	Accumulated	2024	2023	
	Opening	Change in	Acquisitions	Contributed	Transfers	Disposals	Amortization	Amortization	Amortization	Amortization			
	Balance	ARO		Tangible							Net Book	Net Book	
		Estimate		Capital			Closing	Opening		Disposals	Closing	Value	Value
				Assets			Balance	Balance	Amortization		Balance		
Airport	\$ 25,337,237	\$ -	\$ 2,083,044	\$ 965,843	\$ 1,492,166	\$ -	\$ 29,878,290	\$ (10,607,977)	\$ (1,624,031)	\$ -	\$ (12,232,008)	\$ 17,646,282	\$ 14,751,312
Fire department	7,812,681	-	454,610		430,142	(266,572)	8,430,861	(4,287,543)	(333,715)	255,909	(4,365,349)	4,065,512	3,525,137
Office and administration	2,641,846	-	47,596		42,500	-	2,731,942	(2,112,018)	(125,604)	-	(2,237,622)	494,320	529,827
Land	6,519,253	-	-		-	-	6,519,253	-	-	-	-	6,519,253	6,519,253
Landfills	17,943,333	(2,920,435)	330,637		57,636	-	15,411,171	(6,120,039)	(534,779)	-	(6,654,818)	8,756,353	11,801,242
Parks	2,724,930	-	34,813		(10,651)	-	2,749,092	(442,513)	(82,625)	-	(525,138)	2,223,954	2,282,417
West coast transit	-	-	3,581		(3,581)	-	-	-	-	-	-	-	-
Salmon beach	1,052,563	-	204,628		20,762	-	1,277,953	(540,460)	(48,576)	-	(589,036)	688,917	512,103
Water systems	5,278,363	-	184,373		(141,489)	-	5,321,247	(2,633,786)	(144,040)	-	(2,777,826)	2,543,421	2,644,578
Beaver Creek water system	10,020,896	-	569,120		29,678	-	10,619,694	(4,583,172)	(285,149)	-	(4,868,321)	5,751,373	5,437,725
Under construction	4,155,143	-	-		(1,917,163)	-	2,237,980	-	-	-	-	2,237,980	4,155,143
	\$ 83,486,245	\$(2,920,435)	\$ 3,912,402	\$ 965,843	\$ -	\$ (266,572)	\$ 85,177,483	\$ (31,327,508)	\$ (3,178,519)	\$ 255,909	\$ (34,250,118)	\$ 50,927,365	\$ 52,158,737

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

Regional District of Alberni-Clayoquot
Unaudited Schedule - Growing Communities Fund Grant
Year Ended December 31, 2024

(Schedule 3)

The Province of British Columbia distributed conditional Growing Communities Fund 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 Growing Communities fund provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia. The District received \$1,833,000 in funding and the following outlines how the funds were spent during 2024 to various regional and local services during the year:

Growing Communities Fund	2024
Balance, December 31, 2023	\$ 1,810,791
Interest earned during year	87,755
Eligible costs incurred:	
Alberni Valley Aquatics Proposed Service - feasibility study	(15,523)
Long Beach Airport - wastewater replacement and expansion	(116,712)
General Government - ACRD office building feasibility study	(34,950)
Balance, December 31, 2024	\$ 1,731,361

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