



**STANDING COMMITTEE ON FINANCE AND AUDIT
AGENDA**

May 8, 2024, 12:00 p.m.
Council Chambers of City Hall
1100 Patricia Boulevard, Prince George, BC

*We respectfully acknowledge the unceded ancestral lands of the Lheidli T'enneh,
on whose land we live, work, and play.*

Pages

A. COMMENCEMENT

B. ADOPTION OF THE AGENDA

RECOMMENDATION:

**That the agenda for the May 8, 2024 Standing Committee on Finance and Audit meeting,
BE ADOPTED.**

C. ADOPTION OF MINUTES

C.1 Minutes of the Finance and Audit Committee Meeting held

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RECOMMENDATION:

**That the minutes Standing Committee on Finance and Audit meeting held [DATE],
BE ADOPTED**

D. REPORTS

RECOMMENDATION:

That the Standing Committee on Finance and Audit:

1. **RECEIVE FOR INFORMATION** the presentation from KPMG LLP with respect to the 2023 Financial Statements; and
2. **ACCEPT** the 2023 Financial Statements as attached to the report dated May 3, 2024 from the Director of Finance and IT Services titled “2023 Financial Statements and Audit”.

D.2 Prince George Public Library Financial Statements, Year Ended December 31, 2023

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RECOMMENDATION:

That the Standing Committee on Finance and Audit **RECEIVES FOR INFORMATION** the presentation regarding the 2023 Financial Statements for the Prince George Public Library.

D.3 Tourism Prince George Society Financial Statements, Year Ended December 31, 2023

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RECOMMENDATION:

That the Standing Committee on Finance and Audit **RECEIVES FOR INFORMATION** the presentation regarding the 2023 Financial Statements for the Tourism Prince George Society.

D.4 Standing Committee on Finance and Audit - Work Plan Year 2024

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RECOMMENDATION:

That the Standing Committee on Finance and Audit **APPROVE** the Work Plan Year 2024.

E. ADJOURNMENT**RECOMMENDATION:**

That there being no further business, the meeting of the Standing Committee on Finance and Audit **BE ADJOURNED**.



Minutes of the Standing Committee on Finance and Audit

February 28, 2024

12:00 pm

Council Chambers of City Hall

1100 Patricia Boulevard, Prince George, BC

PRESENT: Councillor Cori Ramsay <Chair>
Councillor Tim Bennett
Councillor Ron Polillo

IN ATTENDANCE: Walter Babicz, City Manager
Kris Dalio, Director of Finance and IT Services
Blake McIntosh, Director of Civic Operations <12:27 p.m. to
Ethan Anderson, Manager of Legislative Services/Corporate Officer
Elisha Leclair, Legislative Services Assistant

A. COMMENCEMENT

The meeting of the Standing Committee on Finance and Audit was called to order at 12:10 p.m.

B. ADOPTION OF THE AMENDED AGENDA

Moved By Councillor Polillo
Seconded By Councillor Bennett

That the agenda for the February 28, 2024 Standing Committee on Finance and Audit meeting, be amended by adding a verbal update on bike lanes as item D.4, and that the agenda, BE ADOPTED AS AMENDED.

Carried Unanimously

C. ADOPTION OF MINUTES

C.1 Minutes of the Finance and Audit Committee Meeting held December 4, 2023

Moved By Councillor Bennett
Seconded By Councillor Polillo

That the minutes of the Standing Committee on Finance and Audit meeting held December 4, 2023 be adopted as read on this day and that such minutes as read set out all the business before Standing Committee on Finance and Audit at that meeting and fully and properly record all of the resolutions passed by the Standing Committee on Finance and Audit at that meeting.

Carried Unanimously

D. REPORTS

D.1 Standing Committee on Finance and Audit - 2023 Year End Audit Plan

Corey Naphtali, Audit Engagement Partner for KPMG provided a presentation to the Committee on the Audit Planning Report for the Year Ending December 31, 2023.

C. Naphtali took questions from Council.

Moved By Councillor Bennett

Seconded By Councillor Polillo

That the Standing Committee on Finance and Audit RECEIVES FOR INFORMATION the presentation provided by KPMG LLP regarding the "City of Prince George Audit Planning Report for the year ended December 31, 2023."

Carried Unanimously

Chair Ramsay called for a recess at 12:28 p.m.

Chair Ramsay recalled the meeting at 12:30 p.m.

D.2 Standing Committee on Finance and Audit - 2024 Tax Rate Structure and Options

Moved By Councillor Bennett

Seconded By Councillor Polillo

That the Standing Committee on Finance and Audit RECOMMENDS to Council a 2024 tax rate structure for approval based on Tax Rate Option #1 as described in the report dated February 21, 2024 from the Director of Finance and IT Services titled "2024 Tax Rate Structure and Options."

Carried Unanimously

D.3 Standing Committee on Finance and Audit - 2024 Work Plan

Moved By Councillor Polillo

Seconded By Councillor Bennett

That the Standing Committee on Finance and Audit APPROVES the 2024 Work Plan as attached to the February 28, 2024 meeting agenda.

Carried Unanimously

Document Number: 709683

D.4 Verbal Update - Bike Lane Capital Project

Moved By Councillor Polillo

Seconded By Councillor Bennett

That the Standing Committee on Finance and Audit DIRECTS Administration to add bike lanes as a Capital Project line item in the 2025 Capital Plan.

Carried Unanimously

The meeting adjourned at 1:09 p.m.

Councillor Cori Ramsay, Chair

Certified Correct

STAFF REPORT TO FINANCE AND AUDIT COMMITTEE

1100 Patricia Blvd. | Prince George, BC, Canada V2L 3V9 | www.princegeorge.ca

DATE: May 3, 2024

TO: **STANDING COMMITTEE ON FINANCE AND AUDIT**

NAME AND TITLE: Kris Dalio, Director of Finance and IT Services

SUBJECT: 2023 Financial Statements and Audit

ATTACHMENT(S): 2023 Financial Statements
KPMG Presentation for the City of Prince George's 2023 Financial Statements
KPMG Audit Findings Report for the Year Ended December 31, 2023

RECOMMENDATION(S):

That the Standing Committee on Finance and Audit:

1. RECEIVE FOR INFORMATION the presentation from KPMG LLP with respect to the 2023 Financial Statements; and
2. ACCEPT the 2023 Financial Statements as attached to the report dated May 3, 2024 from the Director of Finance and IT Services titled "2023 Financial Statements and Audit".

PURPOSE:

The purpose of this report is to present information related to the 2023 Year End Audit and results of that audit and to obtain approval of the 2023 Financial Statements by the Finance and Audit Committee before the May 15th statutory deadline. Committee members are encouraged to discuss and comment on any of the items included in the recommendations.

STRATEGIC PRIORITIES:

The City's Financial Statements and Audit support Council's Priorities of "Sustainable Fiscal Management" and "Organizational Excellence".

BACKGROUND:

The 2023 Year End Audit commenced with interim fieldwork in late 2023 and continued with audit work and the final review until the date of this report. This timeframe reflects the considerable effort that is required across all City departments in order to complete the financial statements.

The financial statements contain the City's consolidated financial statements and notes to those statements which represent the operations of the City for 2023 and the overall financial position as of December 31, 2023. The supplementary information provides results by fund for segment disclosure, as well as details of tangible capital assets, balances in reserves and trust funds and debt.

Management is responsible for decisions relating to the form and content of these statements and for the treatment and reporting of transactions. The City consults with and receives guidance from its auditors with respect to the treatment and presentation of the financial information.

I would like to acknowledge the commitment of the KPMG staff in the completion of the audit and for their advice and expertise.

OTHER CONSIDERATIONS:

2023 Management Letter and Audit Findings Report

A management letter from the auditor results from observations made during the course of the audit and discloses certain matters that came to the auditors' attention that they believe warrant the Committee's consideration. KPMG LLP has not issued a management letter this year and the auditors identified no significant control deficiencies. KPMG has also issued an Audit Findings Report, attached to this report, which summarizes their areas of audit focus, adjustments and other observations.

2023 Audit Results Presentation

The City's financial statements are produced in accordance with the accounting standards set by the Public Sector Accounting Board. The consolidated statements include the Prince George Public Library and Tourism Prince George. Our audit firm of KPMG LLP has audited the statements and prepared an opinion of these statements in presentation form to present to the Committee.

2023 Financial Statements

The *Community Charter* (section 167) requires that the municipality submit its audited financial statements and financial information to the Ministry of Municipal Affairs before May 15th each year. Council has delegated the authority to review the financial statements to the Standing Committee on Finance and Audit and they have been presented to the Committee for acceptance.

Asset Retirement Obligations (AROs)

AROs are a mandatory new accounting standard established by the Public Sector Accounting Board. The new standard required a significant undertaking of Finance and other departments to record all legal obligations associated with the retirement of a tangible capital asset as a liability on our financial statements. Examples of legal obligations to record as AROs would be:

- Removing and disposing of hazardous materials (asbestos, lead paint, etc.)
- Returning a property under lease to its pre-existing conditions at the end of the lease
- Complying with legislation such as the Environmental Management Act

Adopting this new standard recognized a liability of \$15.594 million on the 2023 Financial Statements.

SUMMARY AND CONCLUSION:

The 2023 Audit Results opinion presentation and the 2023 Financial Statements have been prepared for acceptance by the Committee. Upon acceptance by the Committee, the financial statements will be submitted to the Province.

RESPECTFULLY SUBMITTED:

Kris Dalio, Director of Finance and IT Services

APPROVED:

Walter Babicz, City Manager
Meeting date: May 8, 2024

City of Prince George

Consolidated Financial Statements

For the Year Ended December 31, 2023

CITY OF PRINCE GEORGE

December 31, 2023

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FINANCIAL SERVICES

Finance Department & IT Services

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**MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL
STATEMENTS**

The accompanying consolidated financial statements of the City of Prince George (the "City") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Walter Babicz

City Manager



Kris Dalio

Director of Finance & IT Services



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the City of Prince George

Opinion

We have audited the consolidated financial statements of the City of Prince George (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

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, 2023 and its consolidated results of operations, its consolidated changes in 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 auditor's 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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 the 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.



City of Prince George

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group 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.

Chartered Professional

Accountants Prince George,

Canada

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CITY OF PRINCE GEORGE

Consolidated Statement of Financial Position

as at December 31
(in thousands of dollars)

	2023	2022
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 3)	\$ 225,149	\$ 196,340
Receivables (Note 4)	27,466	26,688
Investments (Note 5)	24,310	23,695
Property Held for Resale	1,069	1,069
Deposits - Municipal Finance Authority (Note 6)	1,650	1,713
	<u>279,644</u>	<u>249,505</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 7)	48,874	52,252
Deferred Revenues (Note 8)	16,664	14,956
Deferred Development Cost Charges (Note 9)	8,257	7,537
Reserves - Municipal Finance Authority (Note 6)	1,029	1,138
Debt (Schedule 5)	104,359	112,350
Asset Retirement Obligations (Note 10)	15,594	-
	<u>194,777</u>	<u>188,233</u>
NET FINANCIAL ASSETS	<u>84,867</u>	<u>61,272</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	2,510	2,054
Inventories	1,712	1,429
Tangible Capital Assets (Note 11)	809,078	780,358
	<u>813,300</u>	<u>783,841</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 898,167</u>	<u>\$ 845,113</u>

Commitments and Contingencies (Note 15)

K. Dalio, Director of Finance & IT Services

To be read in conjunction with the Notes to the Consolidated Financial Statements

CITY OF PRINCE GEORGE

Consolidated Statement of Operations

for the year ended December 31 (in thousands of dollars)	2023 Original Budget Bylaw (Note 1(a)(v))	2023 Actual	2022 Actual
REVENUES			
Taxation and Grants in Lieu, net (Note 16)	\$ 137,023	\$ 138,829	\$ 127,915
Sales of Services, User Rates and Rentals	50,889	56,639	51,826
Investment Income and Actuarial Earnings	1,512	13,263	6,509
Development Cost Charges Contributions	802	729	635
Contributions from Other Governments and Agencies (Note 17)	20,729	26,307	15,549
Other Revenue	7,866	9,410	11,594
Loss on Disposal of Tangible Capital Assets	-	(1,283)	(75)
Contribution of Tangible Capital Assets	-	4,639	6,192
	<u>218,821</u>	<u>248,533</u>	<u>220,145</u>
EXPENSES (Note 18)			
General Government	23,760	21,276	18,994
District Energy	1,100	1,082	1,424
Protective Services	61,567	63,184	59,212
Transportation Services	43,729	45,573	40,267
Water and Sewer	19,868	19,190	18,720
Sanitation and Waste Removal	3,040	2,998	2,975
Public Health and Welfare	623	743	712
Planning and Environmental Development	2,482	2,636	2,559
Parks, Recreation and Cultural Services	26,813	31,856	27,163
Other Controlled Entities	4,041	6,941	6,222
	<u>187,023</u>	<u>195,479</u>	<u>178,248</u>
ANNUAL SURPLUS (Note 14)	31,798	53,054	41,897
ACCUMULATED SURPLUS, Beginning of Year	<u>845,113</u>	<u>845,113</u>	<u>803,216</u>
ACCUMULATED SURPLUS, End of Year (Note 12)	<u>\$ 876,911</u>	<u>\$ 898,167</u>	<u>\$ 845,113</u>

To be read in conjunction with the Notes to the Consolidated Financial Statements

CITY OF PRINCE GEORGE

Consolidated Statement of Change in Net Financial Assets

for the year ended December 31 (in thousands of dollars)	2023 Original Budget Bylaw (Note 1 (a)(v))	2023 Actual	2022 Actual
Annual Surplus	\$ 31,798	\$ 53,054	\$ 41,897
Amortization of Tangible Capital Assets	26,030	30,861	28,173
Proceeds on Disposal of Tangible Capital Assets	-	367	954
Change in Inventories and Prepaid Expenses	-	(738)	(37)
Transfer of Property Held	-	-	342
Loss on Disposal of Tangible Capital Assets	-	1,283	75
	57,828	84,827	71,404
Tangible Capital Asset Additions			
Acquisition of Tangible Capital Assets	(50,015)	(42,513)	(48,179)
Contribution of Tangible Capital Assets	-	(4,639)	(6,192)
Addition of Financial Asset Retirement Obligations	-	(14,080)	-
	(50,015)	(61,232)	(54,371)
Change in Net Financial Assets	7,813	23,595	17,033
Net Financial Assets, Beginning of Year	61,272	61,272	44,239
Net Financial Assets, End of Year	\$ 69,085	\$ 84,867	\$ 61,272

To be read in conjunction with the Notes to the Consolidated Financial Statements

CITY OF PRINCE GEORGE

Consolidated Statement of Cash Flows

for the year ended December 31
(in thousands of dollars)

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
Operating		
Annual Surplus	\$ 53,054	\$ 41,897
Non-cash Charges to Operations		
Amortization	30,861	28,173
Non Capital Asset Retirement Obligation	1,514	-
Loss on Disposal of Tangible Capital Assets	1,283	75
Contribution of Tangible Capital Assets	(4,639)	(6,192)
Actuarial Earnings on Debt	(1,285)	(1,105)
	<u>80,788</u>	<u>62,848</u>
Increase in Receivables	(778)	(4,301)
Decrease (Increase) in Deposits	63	(376)
(Increase) Decrease in Prepaid Expenses	(455)	138
Increase in Inventories	(283)	(175)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(3,378)	1,572
Increase (Decrease) in Deferred Revenues	1,708	(645)
Increase in Deferred Development Cost Charges	720	1,442
	<u>78,385</u>	<u>60,503</u>
Capital		
Acquisition of Tangible Capital Assets	(42,513)	(48,179)
Proceeds on Disposal of Tangible Capital Assets	367	954
	<u>(42,146)</u>	<u>(47,225)</u>
Investing		
Increase in Investments	(615)	(570)
Financing		
Debt Proceeds	1,560	34,899
Repayment of Debt	(8,375)	(7,423)
	<u>(6,815)</u>	<u>27,476</u>
Increase in Cash and Cash Equivalents	28,809	40,184
Cash and Cash Equivalents, Beginning of Year	196,340	156,156
Cash and Cash Equivalents, End of Year (Note 3)	\$ 225,149	\$ 196,340

To be read in conjunction with the Notes to the Consolidated Financial Statements

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

General

The Notes to the Consolidated Financial Statements are an integral part of these statements. They explain the significant accounting and reporting policies and the principles that form the basis for these financial statements. The Notes also provide important supplementary information and explanations which cannot be conveniently integrated into the Consolidated Financial Statements.

1. Significant Accounting Policies

a) Basis of Presentation

The Consolidated Financial Statements of the City of Prince George (the "City") are prepared by management in accordance with Canadian Public Sector Accounting Standards. The Consolidated Financial Statements reflect the combined results and activities of the reporting entity which comprises all organizations that are accountable for the administration of their financial affairs and resources to the Council and are controlled or owned by the City. The Controlled entities are Prince George Public Library and Tourism Prince George Society. The City's general classification of funds and the purpose of those funds are shown below:

i) Operating Funds

These Funds include the General, District Energy, Water, and Sewer operations of the City. Operating Funds are used to record the costs associated with providing City services.

ii) Capital Funds

These Funds include General, District Energy, Water, Sewer, and Land Capital Funds. These Funds track the acquisition costs of various capital assets and the funding of these assets including related debt.

iii) Reserve Funds

Under the Community Charter of British Columbia, City Council may by bylaw establish special Reserve Funds for specific purposes. Money in a Reserve Fund and interest earned thereon must be used only for the purpose for which the Fund was established. If the amount in a Reserve Fund is greater than required, City Council may, by bylaw, transfer all or part of the balance to another Reserve Fund.

iv) Trust Funds

These Funds have been created to hold cash assets that must be used for specific purposes and/or beneficiaries and according to certain agreements. In accordance with Canadian Public Sector Accounting Standards, Trust Funds administered by the City are not to be included in the City's Consolidated Financial Statements. These Trust Funds are presented in Schedule 4.

v) Original Budget Bylaw

The original budget bylaw, stated in the Consolidated Statements of Operations and Changes in Net Financial Assets, represents the budget bylaw adopted in May 2023. Any budget amendments subsequently adopted by Council have not been included.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

1. Significant Accounting Policies, continued

b) **Basis of Accounting**

The City follows the accrual method of accounting for revenues and expenses. Revenues are 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 and services and/or the creation of a legal obligation to pay.

c) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and highly liquid money market investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

d) **Investments**

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

e) **Property Held for Resale**

Property held for resale are those expected to be sold within one year. They are valued at the lower of cost or expected net realizable value. Cost includes amounts for improvements to prepare the property for sale.

f) **Deferred Revenues**

Deferred revenues includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs or in the completion of specific work. 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 or services performed.

g) **Financial Instruments**

The City's financial instruments consist of cash and cash equivalents, receivables, investments, deposits and reserves with the Municipal Finance Authority, accounts payable and accrued liabilities and debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

1. Significant Accounting Policies, continued

h) 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. The change in non-financial assets during the year, together with the annual surplus, provides the Change in Net Financial Assets for the year.

i) Asset Retirement Obligations

On January 1, 2023, the City adopted Canadian Public Sector Accounting Standard 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of tangible capital assets. The standard was adopted using the prospective transitional provisions.

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

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

The estimated asset retirement costs are capitalized only if the related tangible capital asset is in productive use and recognized in the City's books. The increase to the tangible capital assets is amortized in accordance with the amortization accounting policy outlined in Note 1.j.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

1. Significant Accounting Policies, continued

j) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development, or betterment of the asset, excluding interest costs.

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 that fair value is also recorded as revenue.

The cost, less residual value, of tangible capital assets (except for Tourism Prince George Society's tangible capital assets) are amortized on a straight-line basis over their estimated useful lives as follows:

Land	Not amortized
Building & Improvements	15 - 35 years
Vehicles, Machinery, & Equipment	3 - 20 years
Other	5 - 20 years
Infrastructure	
Roads	17 - 100 years
Parks	10 - 75 years
Water	10 - 80 years
Sanitary Sewer	12 - 140 years
Storm Drainage	25 - 140 years
Energy & Communication	35 - 40 years

Tourism Prince George Society uses the following methods and rates to amortize its assets:

Vehicles, Machinery, & Equipment	20 - 55%	Declining Balance
Other	3 - 7 years	Straight-Line

k) Works of Arts and Culture

Works of art and cultural and historical assets are not recognized as assets in the financial statements.

l) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the City are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, ie. insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the City's rate for incremental borrowing or the interest rate implicit in the lease.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

1. Significant Accounting Policies, continued

m) Inventories

Inventories consist of supplies, repair parts and materials consumed in operations and capital projects. Inventory is recorded at cost which is determined on a weighted average basis.

n) Debt

Debt is recorded net of repayments and actuarial earnings. Principal debt repayment is recorded in operating funds in the year that it is repaid.

o) Revenue Recognition

Taxation revenues are recognized when levied in May of each year as this is when taxation revenues are authorized and the taxable event occurs. Taxation revenue is initially measured at realizable value. At year end, the City evaluates the ultimate collectability of taxation receivables and adjusts any valuation allowance. Interest and operating grants are recognized as earned.

Government transfers without stipulations are recognized as revenues in the period in which the transfer is authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized as the liability is settled. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

p) Expenses

Expenses are generally recognized as they are incurred and when the goods and services are received and/or a legal obligation to pay is established.

q) Accumulated Surplus

Accumulated surplus is the amount by which all financial and non-financial assets exceed all liabilities and indicates the net economic resources available to provide future services. Accumulated surplus is represented by various fund balances and equity in capital assets.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

1. Significant Accounting Policies, continued

r) Post-Employment Benefits

The City accrues expenses for post-employment benefits when they exist as specified in the collective agreements such as a one month retirement allowance and sick gratuity for International Association of Fire Fighters (IAFF). The City accrues a percentage of compensated absences (sick leave) as obligated for Canadian Union of Public Employees (CUPE) employees as the employees render services necessary to earn future benefits. City employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. CUPE sick benefits are vested at 25% and are also accrued. Management sick benefits do not accrue and are not vested. The City recognizes an expense for all other compensated absences (sick leave) and benefits as incurred.

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

s) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists,
- (ii) contamination exceeds the environmental standard,
- (iii) the organization is directly responsible or accepts responsibility for the liability,
- (iv) future economic benefits will be given up, and
- (v) a reasonable estimate of the liability can be made.

t) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian 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 consolidated financial statements and the reported amount of revenues and expenses during the period. Items requiring estimates include the collectability of accounts receivable, accrued liabilities, useful lives of tangible capital assets, rates for amortization, employee benefits, existence of contaminated sites and impairment of investments, tangible capital assets and property held for resale.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements.

In addition, the City's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs. Actual results could differ from these estimates.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

1. Significant Accounting Policies, continued

u) Future Accounting Standards

In June 2018, PSAB issued PS 3400 Revenue. PS 3400 proposes a framework describing two categories of revenue – transactions with performance obligations and transactions with no performance obligations. PS 3400 applies to fiscal years beginning on or after April 1, 2023. Management is in the process of assessing the impact of adoption of PS 3400 on the financial statements of the Authority.

Draft

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

2. Change in Accounting Policies

a) **PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation**

On January 1, 2023, the City adopted Public Accounting Standards PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the consolidated statement of financial position, and are measured either at fair value or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see Note 5 investments)

Financial instruments are classified into two categories: fair value or cost.

(i) Fair value category: Includes investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets would be recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus. There are no unrealized gains or losses as of December 31, 2023. As a result, the City does not have a statement of remeasurement gains and losses.

(ii) Cost category: Gains and losses are recognized in the statement of operations and accumulated surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

Foreign currency translation:

The City's functional currency is the Canadian dollar. Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date.

Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the consolidated statement of remeasurement gains and losses. There are no unrealized gains or losses as of December 31, 2023. As a result, the City does not have a statement of remeasurement gains and losses.

In accordance with the provisions of these new standards, the City was not materially impacted.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

2. Change in Accounting Policies, continued

b) PS 3280 – Asset Retirement Obligations

On January 1, 2023, the City also adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted using the prospective transitional provisions.

On January 1, 2023, the City recognized an additional asset retirement obligation relating to several buildings owned by the City that contain asbestos. The City also recognized a legal environmental obligation relating to the removal and post care of the land work sites. In both cases the liability was measured as of the date of adoption of Public Accounting Standard PS3280 - Asset Retirement Obligations when the liability was assumed.

In accordance with the provisions of this new standard, the City reflected the following adjustments on January 1, 2023:

Asbestos Obligation:

An increase of \$11,412,000 to the Buildings capital asset account and \$56,000 to the Parks capital asset account, representing the estimate of the obligation as of the date of adoption, and an accompanying increase of \$761,000 to Building Accumulated Amortization and \$2,100 to Parks Accumulated Amortization, representing the amortization for the current.

Other Hazardous Material:

An asset retirement obligation to Land asset account in the amount of \$2,611,500 with no accompanying accumulated amortization or current year amortization.

An asset retirement obligation to an operational lease expense account in the amount of \$1,025,500, representing a current operational expense.

An asset retirement obligation to a non-tangible capital assets expense account in the amount of \$489,000, representing a current operational expense.

3. Cash and Cash Equivalents

	2023 (000's)	2022 (000's)
Cash	\$ 112,105	\$ 89,017
Cash Equivalents	110,448	104,901
	222,553	193,918
Other Controlled Entities	2,596	2,422
	<u>\$ 225,149</u>	<u>\$ 196,340</u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

4. Receivables

	2023 (000's)	2022 (000's)
<u>General Operating Fund</u>		
Property Taxes	\$ 7,842	\$ 5,128
Federal Government	1,435	1,643
Provincial Government	3,027	1,278
Regional District of Fraser-Fort George	70	426
NDIT Grant Recipient Program	2,313	2,803
Accounts Receivable	6,845	5,739
Refuse Rates	481	460
	<u>22,013</u>	<u>17,477</u>
<u>Water Operating Fund</u>		
Water Utility Rates	<u>2,405</u>	<u>2,345</u>
<u>Sewer Operating Fund</u>		
Sewer Utility Rates	<u>1,825</u>	<u>1,743</u>
<u>General Capital Fund</u>		
Provincial Government	718	3,606
Miscellaneous	74	1,051
	<u>792</u>	<u>4,657</u>
<u>Other Controlled Entities</u>		
Prince George Public Library	18	19
Tourism Prince George Society	413	447
	<u>431</u>	<u>466</u>
Total	<u><u>\$ 27,466</u></u>	<u><u>\$ 26,688</u></u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

5. Investments

	2023 (000's)	2022 (000's)
MFA Intermediate Funds	\$ 21,905	\$ 21,363
MFA Bond Funds	2,167	2,100
	24,072	23,463
Other Controlled Entities	238	232
	<u>\$ 24,310</u>	<u>\$ 23,695</u>

Investments are recorded at cost. As at December 31, 2023, the fair market value of the investments is \$20,282,000 (2022 - \$22,198,000).

6. Municipal Finance Authority Debt Reserve Fund

The City issues its debt instruments through the Municipal Finance Authority ("MFA"). As a condition of the borrowing, the City is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The deposits are included in the City's financial statements as MFA cash deposits. If the debt is repaid without default, the deposits are refunded to the City. The notes as disclosed in note 15(e), 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 the maturity of a debt issue, the demand notes are released and deposits refunded to the City.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

7. Accounts Payable and Accrued Liabilities

	2023 (000's)	2022 (000's)
<u>General Operating Fund</u>		
Federal Government	\$ 15,283	\$ 15,416
Provincial Government	2,840	2,714
Regional District of Fraser-Fort George	442	706
Trade Accounts Payables and Accrued Liabilities	17,621	21,344
Payroll Statutory Liabilities	4,049	3,377
Vacation, Sick Leave, and Firefighters Gratuities	7,169	7,263
Accrued Interest on Capital Lease	125	162
Accrued Interest on Debt	780	774
	<u>48,309</u>	<u>51,756</u>
<u>District Energy Operating Fund</u>		
<u>Water Operating Fund</u>		
Accrued Interest on Debt	<u>94</u>	<u>96</u>
<u>Sewer Operating Fund</u>		
Accrued Interest on Debt	<u>20</u>	<u>24</u>
<u>Other Controlled Entities</u>		
Prince George Public Library	325	226
Tourism Prince George Society	126	150
	<u>451</u>	<u>376</u>
Total	<u><u>\$ 48,874</u></u>	<u><u>\$ 52,252</u></u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

8. Deferred Revenues

The City records deferred revenue for funds received in advance on services not yet rendered and is recognized into revenue during the period when service is provided. The City also records deferred revenue when a contract specifies how the resources are to be used and therefore funds received in advance are deferred until the period when the requirement is met. Because these funds are restricted in nature they are shown as a liability.

	2023 (000's)	2022 (000's)
<u>Operating Funds</u>		
Taxes	\$ 10,914	\$ 9,818
Fees and charges		
General	2,434	2,560
Water	45	104
Sewer	28	65
<u>Capital Funds</u>		
Fees and Charges	38	43
Contributions Received for Land	25	28
Grants		
Other	2,647	2,304
	<u>16,131</u>	<u>14,922</u>
<u>Other Controlled Entities</u>		
Prince George Public Library	443	14
Tourism Prince George Society	90	20
	<u>533</u>	<u>34</u>
Total	<u><u>\$ 16,664</u></u>	<u><u>\$ 14,956</u></u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

9. Deferred Development Cost Charges (DCC)

The City collects DCCs to pay for a proportionate share of infrastructure related to new growth. In accordance with the Community Charter of British Columbia, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue. Because these funds are restricted in nature they are shown as a liability.

	2023 (000's)	2022 (000's)
<u>Deferred DCC by Type</u>		
Roads	\$ 1,915	\$ 1,738
Drainage	1,035	865
Parkland	724	680
Sewer	2,765	2,673
Water	1,818	1,581
	<u>\$ 8,257</u>	<u>\$ 7,537</u>
<u>Deferred DCC</u>		
Balance, Beginning of Year	\$ 7,537	\$ 6,095
Investment Income	407	181
DCCs Levied in the Year	1,041	1,895
	<u>1,448</u>	<u>2,076</u>
Transfers to General Capital	(462)	(311)
Transfers to Water Capital	(48)	(32)
Transfers to General Asset Maintenance	(44)	(66)
Transfers to Water Asset Maintenance	(174)	(225)
	<u>(728)</u>	<u>(634)</u>
Balance, End of Year	<u><u>\$ 8,257</u></u>	<u><u>\$ 7,537</u></u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

10. Asset Retirement Obligation

The City's Asset retirement obligation consists of the obligations as follows:

a) Asbestos Obligation

The City owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. In the 2023 initial recognition year, the City recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at December 31, 2023 in the undiscounted amount of \$11,412,000 for building capital assets and \$56,000 for the parks capital assets see note 2(b).

b) Hazardous Material

The City owns and operates several operational snow disposal and yard works sites which are known to have hazardous material which represents a legal environmental remediation obligation. In the 2023 initial recognition year, the City recognized an obligation relating to the removal and post care of the land work sites as estimated at December 31, 2023 in the undiscounted amount of \$2,611,500 see note 2(b) for land capital assets and a non capital expense for \$1,514,000 in the current years expenses see note 18.

11. Tangible Capital Assets

	2023 (000's)	2022 (000's)
Land	\$ 107,295	\$ 103,979
Buildings & Improvements	151,633	141,641
Vehicles, Machinery & Equipment	22,634	23,868
Other	407	514
Infrastructure		
Roads	176,953	173,369
Parks	29,870	28,047
Water	132,517	129,270
Sanitary Sewer	85,507	86,271
Storm Drainage	68,503	65,923
Energy & Communication	13,443	14,111
Assets Under Construction	20,316	13,365
	<u>\$ 809,078</u>	<u>\$ 780,358</u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule 3).

Assets contributed to the City totaled \$4,639,000 (2022 - \$6,192,000) and were capitalized at their fair value at the time of receipt.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

12. Accumulated Surplus

	2023 (000's)	2022 (000's)
Operating - Surplus	\$ 24,473	\$ 31,165
Reserves	168,975	145,940
Investment in Tangible Capital Assets	704,719	668,008
	<u>\$ 898,167</u>	<u>\$ 845,113</u>

13. Contractual Rights

a) Fortis BC

In 2021, the City entered into an operating agreement with FortisBC to receive an annual fee based on 3% of gross revenues from the sale of natural gas within the municipal boundaries. The agreement has a 20 year term and will continue indefinitely after the initial term until terminated by either party.

b) Regional District of Fraser-Fort George

The City entered into a contract with the Regional District of Fraser-Fort George to provide personnel and facility space for the purposes of operating the Fire Operations Communication Centre portion of the centralized fire dispatch service. The term of the contract commenced on January 1, 2022 and terminates December 31, 2027. The annual fees to be received by the City for the provision of fire dispatch services during the remaining term of the agreement is as follows:

2024	\$ 2,150
2025	2,250
2026	2,350
2027	2,450
	<u>\$ 9,200</u>

14. Budgeted Surplus

The planned surplus of \$31,798,000, reflected in the Original Budget Bylaw Column on the Consolidated Statement of Operations was approved by Council in May 2023 upon finalization of the 2023 Annual Budget Bylaw. The approved annual budget bylaw has been adjusted for presentation in these financial statements to conform with Canadian Public Sector Accounting Standards. These adjustments included removing the purchase of tangible capital assets, debt servicing and deferred revenue and including amortization expense.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

15. Commitments and Contingencies

- a) The City is jointly and severally liable, as a member of the Regional District of Fraser-Fort George for any actuarial earnings deficiencies, and capital debt issued through the Regional District.
- b) The City and its employees contribute to the Municipal Pension Plan (a jointly trustees 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local government.

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 paid \$5,656,000 (2022 - \$5,405,000) for employer contributions while employees contributed \$4,885,000 (2022 - \$4,633,000) to the plan in fiscal 2023.

The Prince George Public Library paid \$196,000 (2022 - \$177,000) for employer contributions while employees contributed \$181,000 (2022 - \$763,000) to the plan in fiscal 2023.

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

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

- c) The City has been named as a defendant in various legal actions. No reserve or liability has been recorded regarding any of these legal actions or possible claims because the amount of the loss, if any, is undeterminable. Settlement, if any, made with respect to these actions would be accounted for as a charge to expenditures in the period in which it is likely that a future event will confirm the existence of a liability and the amount can be reasonably estimated.
- d) The City is committed to a third party under an agreement for the supply and operation of an off-street parking facility. The City's annual payment in respect of this commitment is \$183,208 for a period of 30 years commencing August 1, 1997.
- e) The City has issued a Demand Note to the Municipal Finance Authority (the "Authority") in the amount of \$3,235,000 (2022 - \$3,424,000). This Demand Note together with the cash deposit, as disclosed in Note 6, comprise an amount equal to one-half of the average annual installment of principal and interest for repayment of debenture debt issued by the Authority on behalf of the City, and is a requirement of the Authority.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

15. Commitments and Contingencies, continued

- f) The City is responsible for the payment of an annual operating contribution to Northern Sport Centre of not more than \$300,000. The term commenced January 1, 2007 and continues 30 years ending January 1, 2037.

16. Taxation and Grants in Lieu, net

The City collects taxes on behalf of and transfers these amounts to other the government authorities listed below.

	2023 (000's)	2022 (000's)
<u>Taxes and Grants in Lieu Collected</u>		
Property Taxes	\$ 130,928	\$ 120,528
Special Assessments	2,001	2,004
Grants in Lieu of Taxes	3,964	3,634
Province of B.C. - School Taxes	34,512	32,375
Regional Hospital District Taxes	15,123	12,731
Regional District of Fraser - Fort George	8,541	8,271
B.C. Assessment Authority	855	815
Municipal Finance Authority	4	4
Business Improvement Areas - Gateway	100	-
Business Improvement Areas - Downtown	348	338
Tourism Prince George Society - Hotel Tax	1,936	1,749
	198,312	182,449
<u>Taxes and Grants in Lieu Transferred</u>		
Province of B.C. - School Taxes	34,512	32,375
Regional Hospital District Taxes	15,123	12,731
Regional District of Fraser - Fort George	8,541	8,271
B.C. Assessment Authority	855	815
Municipal Finance Authority	4	4
Business Improvement Areas - Gateway	100	-
Business Improvement Areas - Downtown	348	338
	59,483	54,534
	\$ 138,829	\$ 127,915

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

17. Contributions from Other Governments and Agencies

Federal Government

	2023 (000's)	2022 (000's)
Capital	\$ 591	\$ 1,051
Canada Community Building Fund	3,457	3,315
Other	348	172
	<u>4,396</u>	<u>4,538</u>

Provincial Government

Capital	1,606	4,473
Gaming Revenues	3,134	3,018
Revenue Sharing	1,081	1,158
Other	15,323	1,319
	<u>21,144</u>	<u>9,968</u>

Other Government and Agencies

Capital	20	58
Regional District Library Grant	419	402
Other	328	583
	<u>767</u>	<u>1,043</u>
	<u>\$ 26,307</u>	<u>\$ 15,549</u>

18. Expenses by Object

	2023 (000's)	2022 (000's)
Labour and Benefits	\$ 76,095	\$ 71,536
Materials and Supplies	6,965	6,394
City Fleet Expense	4,336	4,269
Contracted Services	20,904	18,488
Electricity and Natural Gas	5,197	5,184
RCMP Contract	26,877	24,275
Professional Services and Insurance	4,070	3,058
Grants	1,818	2,196
Miscellaneous	5,405	4,909
Debt Interest and Fiscal Services	4,887	3,934
Amortization	30,861	28,173
Asset Retirement Obligation	1,514	-
Other Controlled Entities	6,550	5,832
	<u>\$ 195,479</u>	<u>\$ 178,248</u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

19. Segmented Information

The City is a government institution that provides a wide range of services to its citizens, including police, fire, recreation and culture, transportation and public transit, development planning, sanitation, water and sewer. For management reporting purposes the City's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. City services are provided by departments and their activities are reported by these funds and are disclosed in the segmented information.

The accounting policies used in these segments are consistent with those followed in the preparation of the Consolidated Financial Statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 1).

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Certain division and departments that have separately disclosed in the segmented information along with the services they provide are as follows:

Protective Services

Protective Services includes Police Protection, Fire Protection, Emergency Measures and Bylaw Enforcement. Police Protection is provided to the City by the Royal Canadian Mounted Police (RCMP) through a police services contract with the Province of British Columbia (BC). Together the RCMP and the municipal employees at the detachment are committed to optimizing public safety through the community policing concept. Fire Protection includes fire suppression and protection, first responder medical services and emergency rescue, and fire dispatch within the City and Regional District. Emergency Measures provides a comprehensive emergency plan for coordinating response to emergencies and disasters. Bylaw Enforcement provides animal and parking control and other enforcement as required to support the bylaws in place within the community for the purpose of health, safety and security.

Community Services

Community Services provides public services that support recreation, sport and leisure activities in the aquatic and arena facilities, convention, entertainment, meeting, events and sport activities in the CN Centre and Prince George Conference and Civic Centre, the development of partnerships for health and social solutions at the community level and the provision of civic facilities for the community.

Transportation Services

This segment includes the provision of Street Maintenance which includes pavement repair, line painting, street cleaning, dust control, sidewalk maintenance, traffic sign and street light installation and maintenance. Transit services are provided in partnership with BC Transit; parking lots and parkades provide for off-street parking for downtown businesses; fleet vehicles service the organization's operational requirements; storm drainage controls drainage through open and piped systems; and snow and ice control provides snow removal and salt and sanding applications to the road network.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

19. Segmented Information, continued

Planning and Environmental Development

Planning includes both short and long-term development planning and application processing and permits as well as inspections, planning for neighbourhoods, parks, open spaces and pathways, and infrastructure planning and management. Environmental Development includes services and planning related to community forest, wildfire hazards, air quality, climate change, natural environment, ecosystem and habitat protection.

Sanitation and Waste Removal

This segment provides residential and (limited) commercial solid waste collection service and annual spring clean-up operations.

Public Health and Welfare

This segment provides for the Memorial Park Cemetery service and maintenance of the grounds.

Administration

The Administration of the City is captured under this section which includes Council, Office of the City Manager, Legislative Services, Communications, Human Resources and Corporate Safety, Civic Initiatives and Partnerships, Capital Program Management Office, Finance, Service Centre, Risk and Procurement and IT Services.

District Energy

This segment provides energy for space heating and domestic water heating to buildings located within a service area. The infrastructure and operations are funded through a combination of user fees and contributions from General Operating Fund.

Water Services

Water Services provides potable water to the community which includes the pumping, treatment and distribution system and the wells and reservoirs. The infrastructure and operations are funded through a combination of user fees, grants, and special levies.

Sewer Services

Sewer Services provides for the collection and treatment of sewage which includes operation of the lift stations and wastewater treatment centre. The infrastructure and operations are funded through a combination of user fees, grants, and special levies.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2023

19. Segmented Information, continued

Asset Maintenance

This segment provides the investment in asset maintenance funded through transfers from reserves, DCCs, levies and fees. The costs represent amounts incurred for capital asset maintenance that do not meet the capitalization threshold as established for financial reporting purposes.

Reserves and Other Funds

Reserve funds have been created to hold financial assets for specific future requirements. Reserve funds are generally used for tangible capital asset acquisition and reinvestment.

Other Controlled Entities

Other controlled entities include the Prince George Public Library and Tourism Prince George Society.

20. Comparative Figures

Certain 2022 figures have been reclassified to conform to the 2023 financial statement presentation.

City of Prince George

Schedule 1 - Segment Disclosure - 2023

for the year ended December 31 (in thousands of dollars)	General Operating Fund				
	Protective Services	Community Services	Transportation Services	Planning & Environment Development	Sanitation & Waste Removal
REVENUES					
Taxation and Grants in Lieu, net	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of Services, User Rates and Rentals	2,741	8,803	3,759	17	5,121
Investment Income and Actuarial Earnings	-	30	33	-	-
Development Cost Charges Contributions	-	-	-	-	-
Contributions from Other Governments and Agencies	425	1,434	-	75	-
Other Revenue	885	567	914	2,565	56
Loss on Disposal of Tangible Capital Assets	-	-	-	-	-
Asset Contributions	-	-	-	-	-
	<u>4,051</u>	<u>10,834</u>	<u>4,706</u>	<u>2,657</u>	<u>5,177</u>
EXPENSES					
Labour and Benefits	28,165	13,241	10,202	1,900	1,073
Goods and Services	30,267	8,761	17,682	320	1,685
Debt Interest and Fiscal Services	1,489	1,198	996	-	6
Asset Retirement Obligation	-	-	-	-	-
Amortization	2,960	6,606	12,261	-	218
Prince George Public Library	-	-	-	-	-
Tourism Prince George Society	-	-	-	-	-
	<u>62,881</u>	<u>29,806</u>	<u>41,141</u>	<u>2,220</u>	<u>2,982</u>
NET SURPLUS (DEFICIT) BEFORE TRANSFERS	<u>(58,830)</u>	<u>(18,972)</u>	<u>(36,435)</u>	<u>437</u>	<u>2,195</u>
Transfers	(1,483)	(1,815)	3,341	(55)	(2,425)
ANNUAL SURPLUS (DEFICIT)	<u>\$ (60,313)</u>	<u>\$ (20,787)</u>	<u>\$ (33,094)</u>	<u>\$ 382</u>	<u>\$ (230)</u>

City of Prince George

Schedule 1 - Segment Disclosure - 2023

General Operating Fund								
Public Health & Welfare	Administration	District Energy	Water	Sewer	Asset Maintenance	Reserves & Other Funds	Other Controlled Entities	Consolidated 2023
\$ -	\$ 136,672	\$ -	\$ -	\$ 221	\$ -	\$ -	1,936	\$ 138,829
849	469	606	18,098	16,097	-	-	79	56,639
-	4,173	2	473	259	-	8,199	94	13,263
-	-	-	48	98	44	539	-	729
-	21,242	-	-	-	570	2,217	344	26,307
-	3,352	-	206	140	(303)	896	132	9,410
-	-	-	-	-	-	(1,283)	-	(1,283)
-	-	-	494	485	-	3,660	-	4,639
849	165,908	608	19,319	17,300	311	14,228	2,585	248,533
447	11,393	41	2,262	2,865	4,506	-	-	76,095
192	6,688	360	1,836	1,676	6,105	-	-	75,572
4	622	2	455	115	-	-	-	4,887
-	1,514	-	-	-	-	-	-	1,514
81	1,990	661	2,973	2,720	-	-	391	30,861
-	-	-	-	-	-	-	4,148	4,148
-	-	-	-	-	-	-	2,402	2,402
724	22,207	1,064	7,526	7,376	10,611	-	6,941	195,479
125	143,701	(456)	11,793	9,924	(10,300)	14,228	(4,356)	53,054
(122)	(30,161)	(5)	(6,820)	(9,745)	10,300	38,990	-	-
\$ 3	\$ 113,540	\$ (461)	\$ 4,973	\$ 179	\$ -	\$ 53,218	\$ (4,356)	\$ 53,054

Asset Maintenance

Expenses by Fund

General	\$ 6,304
District Energy	19
Water	2,762
Sewer	1,526
	<u>\$ 10,611</u>

City of Prince George

Schedule 1 - Segment Disclosure - 2022

for the year ended December 31 (in thousands of dollars)	General Operating Fund				
	Protective Services	Community Services	Transportation Services	Planning & Environment Development	Sanitation & Waste Removal
REVENUES					
Taxation and Grants in Lieu, net	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of Services, User Rates and Rentals	2,358	6,824	3,439	14	4,983
Investment Income and Actuarial Earnings	-	10	15	-	-
Development Cost Charges Contributions	-	-	-	-	-
Contributions from Other Governments and Agencies	152	1,208	-	-	-
Other Revenue	571	360	541	3,754	43
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	-	-	-
Asset Contributions	-	-	-	-	-
	<u>3,081</u>	<u>8,402</u>	<u>3,995</u>	<u>3,768</u>	<u>5,026</u>
EXPENSES					
Labour and Benefits	27,417	11,461	8,731	2,202	1,103
Goods and Services	27,250	8,045	15,865	216	1,675
Interest	1,471	762	791	-	3
Amortization	2,906	5,147	11,827	-	178
Prince George Public Library	-	-	-	-	-
Tourism Prince George Society	-	-	-	-	-
	<u>59,044</u>	<u>25,415</u>	<u>37,214</u>	<u>2,418</u>	<u>2,959</u>
NET SURPLUS (DEFICIT) BEFORE TRANSFERS	(55,963)	(17,013)	(33,219)	1,350	2,067
Transfers	(1,099)	(1,683)	2,331	(279)	(2,274)
ANNUAL SURPLUS (DEFICIT)	<u>\$ (57,062)</u>	<u>\$ (18,696)</u>	<u>\$ (30,888)</u>	<u>\$ 1,071</u>	<u>\$ (207)</u>

City of Prince George

Schedule 1 - Segment Disclosure - 2022

General Operating Fund								
Public Health & Welfare	Administration	District Energy	Water	Sewer	Asset Maintenance	Reserves & Other Funds	Other Controlled Entities	Consolidated 2022
\$ -	\$ 125,824	\$ -	\$ 22	\$ 320	\$ -	\$ -	\$ 1,749	\$ 127,915
771	571	204	17,404	15,206	-	-	52	51,826
-	2,563	(7)	506	263	-	3,134	25	6,509
-	-	-	32	159	66	378	-	635
-	8,124	-	-	-	(18)	5,583	500	15,549
74	4,012	-	223	118	52	1,719	127	11,594
-	-	-	-	-	-	(75)	-	(75)
-	-	-	876	847	-	4,469	-	6,192
845	141,094	197	19,063	16,913	100	15,208	2,453	220,145
442	10,920	37	2,332	2,654	4,237	-	-	71,536
178	5,851	725	1,753	1,651	5,564	-	-	68,773
4	290	9	465	139	-	-	-	3,934
78	1,607	646	2,817	2,576	-	-	391	28,173
-	-	-	-	-	-	-	3,704	3,704
-	-	-	-	-	-	-	2,128	2,128
702	18,668	1,417	7,367	7,020	9,801	-	6,223	178,248
143	122,426	(1,220)	11,696	9,893	(9,701)	15,208	(3,770)	41,897
(117)	(15,608)	1,303	(11,380)	(8,423)	9,701	27,528	-	-
\$ 26	\$ 106,818	\$ 83	\$ 316	\$ 1,470	\$ -	\$ 42,736	\$ (3,770)	\$ 41,897

Asset Maintenance

Expenses by Fund

General	\$ 5,462
District Energy	7
Water	2,673
Sewer	1,659
	<u>\$ 9,801</u>

City of Prince George

Schedule 2 - Reserve Funds - 2023

for the year ended December 31 (in thousands of dollars)	General Capital (a)	Water Capital	Sewer Capital	Downtown Off- Street Parking	Computers & Equipment (b)
Reserve Funds					
Equity, Beginning of Year	\$ 20,625	\$ 20,852	\$ 19,551	\$ 6,999	\$ 3,435
Investment Income	1,086	1,136	1,111	356	181
MFA Debt Reserve Refund	-	28	41	1	-
	<u>1,086</u>	<u>1,164</u>	<u>1,152</u>	<u>357</u>	<u>181</u>
Transfers from (to)					
General Operating Fund	9,680	-	-	1,327	(9)
General Capital	(3,514)	-	-	(390)	(347)
Water Operating Fund	-	8,445	-	-	-
Water Capital	-	(10,157)	-	-	-
Sewer Operating Fund	-	-	8,314	-	-
Sewer Capital	(15)	-	(5,287)	-	-
Land Capital	-	(70)	-	-	-
Other Reserves	(758)	-	-	-	672
	<u>5,393</u>	<u>(1,782)</u>	<u>3,027</u>	<u>937</u>	<u>316</u>
Equity, End of Year	\$ 27,104	\$ 20,234	\$ 23,730	\$ 8,293	\$ 3,932

City of Prince George

Schedule 2 - Reserve Funds

Land Development	Northern Capital & Planning	Snow Control	Road Rehabilitation	Safe Restart Grant	BC Growing Community Fund	Other Statutory & Regulated (c)	Total 2023
\$ 51	\$ 8,595	\$ 3,040	\$ 2,794	\$ 3,070	\$ -	\$ 56,928	\$ 145,940
2	421	189	213	158	496	2,850	8,199
-	-	-	-	-	-	90	160
2	421	189	213	158	496	2,940	8,359
-	(171)	(993)	6,088	-	12,498	4,698	33,118
-	(2,221)	-	(5,956)	-	-	(7,129)	(19,557)
-	-	-	-	-	-	-	8,445
-	-	-	-	-	-	-	(10,157)
-	-	-	-	-	-	-	8,314
-	-	-	-	-	-	-	(5,302)
(139)	-	-	-	-	-	24	(185)
86	-	-	-	-	-	-	-
(53)	(2,392)	(993)	132	-	12,498	(2,407)	14,676
\$ -	\$ 6,624	\$ 2,236	\$ 3,139	\$ 3,228	\$ 12,994	\$ 57,461	\$ 168,975

- (a) Gaming Reserve
Endowment Fund
Capital Expenditure Reserve
General Infrastructure Reinvestment Reserve
- (b) Mobile Equipment Reserve
Computer Equipment Reserve
- (c) Storm Drainage Reserve
Debt Reduction Reserve
Southwest Sector Recreation Reserves
Parkland Acquisition Reserve
Lease-in Lease-out Legacy Reserve
Extension - Ospika / Marleau Reserve
EVP Crown Land Forestry Reserve
Solid Waste Reserve
Transit Operating Reserve
Canada Community-Building Fund Reserve
Climate Action Revenue Reserve
Major Events Reserve
Miscellaneous Reserve
Performing Arts Reserve
Community Fibre Optic Reserve

City of Prince George

Schedule 3 - Tangible Capital Assets - 2023

for the year ended December 31 (in thousands of dollars)	Assets Under Construction	Land	Buildings & Improvements	Vehicles, Machinery & Equip	Other
Cost					
Opening costs	\$ 13,365	\$ 103,979	\$ 302,851	\$ 65,970	\$ 1,794
Additions during the year	13,882	744	1,442	3,291	189
Asset Retirement Obligations	-	2,611	11,412	-	-
Transfers to tangible capital assets	(6,931)	-	6,352	-	-
Disposals	-	(39)	(1,795)	(1,591)	-
Closing costs	20,316	107,295	320,262	67,670	1,983
Accumulated Amortization					
Opening accumulated amortization	-	-	161,210	42,102	1,280
Amortization	-	-	9,196	4,494	296
Disposals	-	-	(1,777)	(1,560)	-
Closing accumulated amortization	-	-	168,629	45,036	1,576
Net Book Value of Tangible Capital Assets	\$ 20,316	\$ 107,295	\$ 151,633	\$ 22,634	\$ 407

City of Prince George
Schedule 3 - Tangible Capital Assets - 2023

Infrastructure						
Roads	Parks	Water	Sanitary Sewer	Storm Drainage	Energy & Comm	Total 2023
\$ 352,180	\$ 48,320	\$ 195,434	\$ 147,750	\$ 88,676	\$ 20,188	\$ 1,340,507
12,637	3,287	6,145	2,031	3,504	-	47,152
-	56	-	-	-	-	14,079
86	107	386	-	-	-	-
(4,757)	(24)	(485)	(254)	-	-	(8,945)
360,146	51,746	201,480	149,527	92,180	20,188	1,392,793
178,811	20,273	66,164	61,479	22,753	6,077	560,149
7,963	1,627	2,973	2,720	924	668	30,861
(3,581)	(24)	(174)	(179)	-	-	(7,295)
183,193	21,876	68,963	64,020	23,677	6,745	583,715
\$ 176,953	\$ 29,870	\$ 132,517	\$ 85,507	\$ 68,503	\$ 13,443	\$ 809,078

City of Prince George

Schedule 3 - Tangible Capital Assets - 2022

for the year ended December 31 (in thousands of dollars)	Assets Under Construction	Land	Buildings & Improvements	Vehicles, Machinery & Equip	Other
Cost					
Opening costs	\$ 55,517	\$ 100,784	\$ 264,880	\$ 62,802	\$ 1,602
Additions during the year	9,251	3,582	14,298	3,968	192
Asset Retirement Obligations	-	-	-	-	-
Transfers to tangible capital assets	(51,403)	23	30,404	102	-
Property held for resale	-	(342)	-	-	-
Disposals	-	(68)	(6,731)	(902)	-
Closing costs	<u>13,365</u>	<u>103,979</u>	<u>302,851</u>	<u>65,970</u>	<u>1,794</u>
Accumulated Amortization					
Opening accumulated amortization	-	-	160,480	38,456	994
Amortization	-	-	7,308	4,547	286
Disposals	-	-	(6,578)	(901)	-
Closing accumulated amortization	<u>-</u>	<u>-</u>	<u>161,210</u>	<u>42,102</u>	<u>1,280</u>
Net Book Value of Tangible Capital Assets	<u>\$ 13,365</u>	<u>\$ 103,979</u>	<u>\$ 141,641</u>	<u>\$ 23,868</u>	<u>\$ 514</u>

City of Prince George
Schedule 3 - Tangible Capital Assets - 2022

Infrastructure						
Roads	Parks	Water	Sanitary Sewer	Storm Drainage	Energy & Comm	Total 2022
\$ 345,592	\$ 45,876	\$ 181,099	\$ 137,100	\$ 83,587	\$ 19,566	\$ 1,298,405
9,015	1,719	4,314	3,617	4,053	362	54,371
-	-	-	-	-	-	-
1,731	793	10,021	7,033	1,036	260	-
-	-	-	-	-	-	(342)
(4,158)	(68)	-	-	-	-	(11,927)
<u>352,180</u>	<u>48,320</u>	<u>195,434</u>	<u>147,750</u>	<u>88,676</u>	<u>20,188</u>	<u>1,340,507</u>
174,567	18,822	63,346	58,903	21,881	5,424	542,873
7,594	1,519	2,818	2,576	872	653	28,173
(3,350)	(68)	-	-	-	-	(10,897)
<u>178,811</u>	<u>20,273</u>	<u>66,164</u>	<u>61,479</u>	<u>22,753</u>	<u>6,077</u>	<u>560,149</u>
<u>\$ 173,369</u>	<u>\$ 28,047</u>	<u>\$ 129,270</u>	<u>\$ 86,271</u>	<u>\$ 65,923</u>	<u>\$ 14,111</u>	<u>\$ 780,358</u>

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City of Prince George

Schedule 4 - Statement of Financial Position - Trust Funds

as at December 31
(in thousands of dollars)

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 3,141	\$ 3,011
ACCUMULATED SURPLUS		
Winter Games	110	105
Cemetery Care	3,019	2,896
Discovery Place	11	10
Elections Campaign	1	-
	<u>\$ 3,141</u>	<u>\$ 3,011</u>

Statement of Operations - Trust Funds

for the year ended December 31 (in thousands of dollars)	Winter Games	Cemetery Care	Discovery Place	Elections Campaign	2023 Total	2022 Total
Trust Funds						
Accumulated Surplus - Beginning of Year	\$ 105	\$ 2,896	\$ 10	\$ -	\$ 3,011	\$ 2,922
Investment Income and Actuarial Earnings	5	152	1	-	158	74
Third Party Contributions	-	122	-	-	122	110
Transfers to/from						
General Operations to	-	(151)	-	1	(150)	(95)
	<u>5</u>	<u>123</u>	<u>1</u>	<u>1</u>	<u>130</u>	<u>89</u>
Accumulated Surplus - End of Year	<u>\$ 110</u>	<u>\$ 3,019</u>	<u>\$ 11</u>	<u>\$ 1</u>	<u>\$ 3,141</u>	<u>\$ 3,011</u>

NOTE:

As described in Note 1.a.iv of the Notes to the Consolidated Financial Statements, Trust Funds are not included in the City of Prince George Consolidated Financial Statements.

City of Prince George

Schedule 5 - Debt

as at December 31
(in thousands of dollars)

Bylaw SI/LA	Issue No.	Date of Issue	Purpose	Date of Maturity	Rate	Principal Outstanding December 31	Principal Outstanding Dec. 31, 2022
General Capital Fund Debt							
7489/7361A	81	Apr 22/04	Snow Disposal	Apr 22/24	2.85	\$ 4	\$ 7
0112/7361	93	Apr 06/05	Snow Disposal	Apr 06/25	5.10	124	184
0112/7486	93	Apr 06/05	Road Rehabilitation	Apr 06/25	5.10	254	376
0112/7506	93	Apr 06/05	City Yard	Apr 06/25	5.10	58	85
2005/7361	95	Oct 13/05	Snow Disposal	Oct 13/25	4.77	57	84
2005/7486	95	Oct 13/05	Exhibition Grounds	Oct 13/25	4.77	124	183
2005/7598	95	Oct 13/05	Exhibition Grounds	Oct 13/25	4.77	16	23
2006/7486	97	Apr 19/06	Road Rehabilitation	Apr 19/26	1.53	213	279
2006/7748/1	99	Oct 19/06	Exhibition Grounds	Oct 19/26	1.53	17	22
2007/7505G	101	Aug 01/07	RCMP New Facility	Aug 01/27	3.39	748	921
2516/7970	105	Apr 21/09	Cameron Street Bridge	Jun 03/29	2.25	964	1,104
2516/8011	105	Apr 21/09	Cemetery Redevelopment	Jun 03/29	2.25	50	57
2592/7970	110	Apr 08/10	Cameron Street Bridge	Apr 08/30	1.28	1,515	1,703
2697/8284	118	Apr 11/12	River Rd. Reconstruction	Apr 11/32	3.39	2,111	2,313
2477/7505	121	Apr 04/12	RCMP New Facility	Apr 04/32	3.39	5,343	5,841
2760/8011	121	Apr 04/12	RCMP New Facility	Apr 04/32	3.39	719	786
2760/8011	129	Jul 31/14	RCMP New Facility	Jul 31/34	2.00	5,500	6,000
2948/8329	133	Oct 02/15	18th Ave Admin Bldg	Oct 02/35	2.75	2,040	2,175
2948/8316	133	Oct 02/15	RCMP New Facility	Oct 02/35	2.75	9,397	10,019
3044/8674	142	Oct 04/17	Foreman Road Landslide	Oct 04/37	3.15	759	802
3072/8748	145	Apr 23/18	Kin 3 Arena Floor	Apr 23/38	3.15	798	840
3136/8846	149	Oct 09/19	Nechako Riverside Park	Oct 09/39	2.24	532	558
3153/8953	150	Apr 09/20	Kelly Rd North Culvert	Apr 09/40	1.99	587	615
3208/8745	153	Apr 15/21	Second Ave Parkade	Apr 15/41	2.41	2,504	2,616
3208/8889	153	Apr 15/21	Fire Hall #1 Replacement	Apr 15/41	2.41	13,782	14,398
3248/8888	157	Apr 08/22	FSLP Replacement	Apr 08/42	3.36	24,502	25,500
3248/9008	157	Apr 08/22	Mausoleum Exp Ph 2	Apr 08/42	3.36	1,268	1,320
3248/9011	157	Apr 08/22	Masich Stdm Amenities	Apr 08/42	3.36	2,595	2,701
3248/9012	157	Apr 08/22	Ron Brent Prk Redevelop	Apr 08/42	3.36	1,609	1,675
3248/9013	157	Apr 08/22	14th Ave Upgrades	Apr 08/42	3.36	985	1,025
3248/9014	157	Apr 08/22	Dmno/StLwrnc Signalizatio	Apr 08/42	3.36	480	500
3248/9015	157	Apr 08/22	Hwy 16 West Frontage	Apr 08/42	3.36	769	800
3248/9015	157	Apr 08/22	Goose Ctry Rd Culvert Rplc	Apr 08/42	3.36	404	420
						80,828	85,932
Capital Lease - Concert Realty Services Ltd (Westel)					9.50	1,424	1,846
Equipment Loans - Municipal Finance Authority					(b)	13,775	14,184
Total General Capital Fund Debt						\$ 96,027	\$ 101,962
General Operating Fund Debt							
3100/8758	146	Sep 19/18	PG Pulpmill Road Erosion	Sep 19/38	3.20	326	343
Downtown Incentives - Northern Development Initiative Trust				2029	0.00	2,313	2,803
Total General Operating Fund Debt						\$ 2,639	\$ 3,146

(a) Future payments do not include actuarial amounts.

(b) The rate of interest on the equipment loans varied from 4.77% to 5.63% (2022 - 0.90% to 4.51%).

City of Prince George

Schedule 5 - Debt

FUTURE PAYMENTS (a)					
(Including Principal and Interest)					
	2024	2025	2026	2027	2028
\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -
66	64	-	-	-	-
135	132	-	-	-	-
31	30	-	-	-	-
37	37	-	-	-	-
81	81	-	-	-	-
10	10	-	-	-	-
51	51	43	-	-	-
4	4	4	-	-	-
212	212	212	165	-	-
140	140	140	140	140	140
7	7	7	7	7	7
171	171	171	171	171	171
286	286	286	286	286	286
692	692	692	692	692	692
93	93	93	93	93	93
608	598	588	578	568	568
189	189	189	189	189	189
869	869	869	869	869	869
69	69	69	69	69	69
68	68	68	68	68	68
38	38	38	38	38	38
41	41	41	41	41	41
175	175	175	175	175	175
964	964	964	964	964	964
1,855	1,855	1,855	1,855	1,855	1,855
96	96	96	96	96	96
196	196	196	196	196	196
122	122	122	122	122	122
75	75	75	75	75	75
36	36	36	36	36	36
58	58	58	58	58	58
31	31	31	31	31	31
7,508	7,490	7,118	7,014	6,839	
585	585	502		-	
2,762	2,645	2,502	2,095	1,661	
\$ 10,855	\$ 10,720	\$ 10,122	\$ 9,109	\$ 8,500	
28	28	28	28	28	
453	453	339	315	300	
\$ 481	\$ 481	\$ 367	\$ 343	\$ 328	

City of Prince George

Schedule 5 - Debt

as at December 31
(in thousands of dollars)

Bylaw SI/LA	Issue No.	Date of Issue	Purpose	Date of Maturity	Rate	Principal Outstanding December 31	Principal Outstanding Dec. 31, 2022
District Energy Capital Fund Debt							
7746/2638	125	May 30/13	District Energy System	May 30/23	2.00	\$ -	\$ 200
Total District Energy Capital Fund Debt						\$ -	\$ 200
Water Capital Fund Debt							
7425/7037	79	Jun 03/03	Water System	Jun 03/23	2.25	-	70
7425/7212	79	Jun 03/03	Water System	Jun 03/23	2.25	-	17
7489/7212	81	Apr 22/04	Water System	Apr 22/24	2.85	4	8
7489/7361	81	Apr 22/04	Water System-Hart Nech	Apr 22/24	2.85	11	22
0112/7361	93	Apr 06/05	Hart Nechako Supply	Apr 06/25	5.10	124	184
2005/7361A	95	Oct 13/05	Hart Nechako Supply	Oct 13/25	4.77	488	721
2005/7598A	95	Oct 25/05	Hart Nechako Supply	Oct 25/25	4.77	189	280
2006/7598	97	Apr 19/06	Hart Nechako Supply	Apr 19/26	1.53	32	42
2006/7748	97	Apr 19/06	Hart Nechako Supply	Apr 19/26	1.53	803	1,050
2006/7361	99	Oct 19/06	Cranbrook Hill Reservoir	Oct 19/26	1.53	236	308
2006/7748	99	Oct 19/06	Cranbrook Hill Reservoir	Oct 19/26	1.53	4	6
2007/7361W	101	Aug 01/07	Foothills Blvd Main	Aug 01/27	3.39	221	272
2007/7486W	101	Aug 01/07	Foothills Blvd Main	Aug 01/27	3.39	298	367
2008/7924	104	Nov 20/08	PW805 to Ferry	Nov 20/28	4.30	215	253
2697/8287	118	Apr 11/12	Simon Fraser Bridge Pipe	Apr 11/32	3.39	413	453
Total Water Capital Fund Debt						\$ 3,038	\$ 4,053

(a) Future payments do not include actuarial amounts.

City of Prince George

Schedule 5 - Debt

FUTURE PAYMENTS (a) (Including Principal and Interest)				
2024	2025	2026	2027	2028
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
2	-	-	-	-
7	-	-	-	-
66	64	-	-	-
319	319	-	-	-
124	124	-	-	-
8	8	6	-	-
192	192	162	-	-
56	56	56	-	-
1	1	1	-	-
63	63	63	49	-
84	84	84	65	-
41	41	41	41	41
56	56	56	56	56
\$ 1,019	\$ 1,008	\$ 469	\$ 211	\$ 97

City of Prince George

Schedule 5 - Debt

as at December 31
(in thousands of dollars)

Bylaw SI/LA	Issue No.	Date of Issue	Purpose	Date of Maturity	Rate	Principal Outstanding December 31	Principal Outstanding Dec. 31, 2022
Sewer Capital Fund Debt							
7425/7036	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	\$ -	\$ 73
7425/7089	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	-	51
7425/7211	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	-	14
7425/7213	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	-	20
7425/7361	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	-	8
7489/7211	81	Apr 22/04	Sanitary Sewer	Apr 22/24	2.85	14	27
2006/7361/1	99	Oct 19/06	Blackburn Treatment Plant	Oct 19/26	1.53	16	21
2007/7361S	101	Aug 01/07	Blackburn Treatment Plant	Aug 01/27	3.39	63	78
2975/8515	137	Apr 19/16	Sanitary Sewer	Apr 19/36	2.60	1,095	1,160
3136/8722	149	Oct 09/19	Sanitary Sewer	Oct 09/39	2.24	1,337	1,402
3270/8911	158	Sep 23/22	Dunbar PI Sewer Extn	Apr 09/40	4.09	130	135
Total Sewer Capital Fund Debt						\$ 2,655	\$ 2,989
TOTAL DEBT						\$ 104,359	\$ 112,350

(a) Future payments do not include actuarial amounts.

City of Prince George

Schedule 5 - Debt

FUTURE PAYMENTS (a) (Including Principal and Interest)				
2024	2025	2026	2027	2028
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8	-	-	-	-
4	4	4	-	-
18	18	18	14	-
93	93	93	93	93
94	94	94	94	94
10	10	10	10	10
\$ 227	\$ 219	\$ 219	\$ 211	\$ 197
\$ 10,236	\$ 9,976	\$ 9,533	\$ 9,370	\$ 8,022



City of Prince George

December 31, 2023

Financial statement presentation to Council

May 8, 2024

Agenda

01

Auditor's Report

02

Consolidated financial
statements

03

Highlights

04

Questions

Auditor's Report

Independent Auditor's Report

- Clean audit report issued in respect of the consolidated financial statements in accordance with Canadian public sector accounting standards

Audited Consolidated Financial Statements

Statement of Financial Position:

Financial assets (in thousands)

	2023	2022
Cash and Cash Equivalents	\$225,149	\$196,340
Receivables	27,466	26,688
Invesments	24,310	23,695
Property Held for Resale	1,069	1,069
Deposits – Municipal Finance Authority	1,650	1,713
Total Financial Assets	\$279,644	\$249,505

Statement of Financial Position:

Financial liabilities (in thousands)

	2023	2022
Accounts Payable and Accrued Liabilities	\$48,874	\$52,252
Deferred Revenue	16,664	14,956
Deferred Development Cost Charges	8,257	7,537
Reserves – Municipal Finance Authority	1,029	1,138
Debt	104,359	112,350
Asset Retirement Obligations	15,594	-
Total Financial Liabilities	\$194,777	\$188,233
Net Financial Assets	\$84,867	\$61,272

Statement of Financial Position:

Non-financial assets (in thousands)

	2023	2022
Prepaid Expenses	\$2,510	\$2,054
Inventories	1,712	1,429
Tangible Capital Assets	809,078	780,358
Total Non-Financial Assets	\$813,300	\$783,841

Statement of Operations and Accumulated Surplus (in thousands)

	Budget	2023	2022
Revenue	\$218,821	\$248,533	\$220,145
Expenses	187,023	195,479	178,248
Annual Surplus	\$31,798	\$53,054	\$41,897
Accumulated surplus, begining of year	\$845,113	\$845,113	\$803,216
Accumulated surplus, end of year	\$876,911	\$898,167	\$845,113

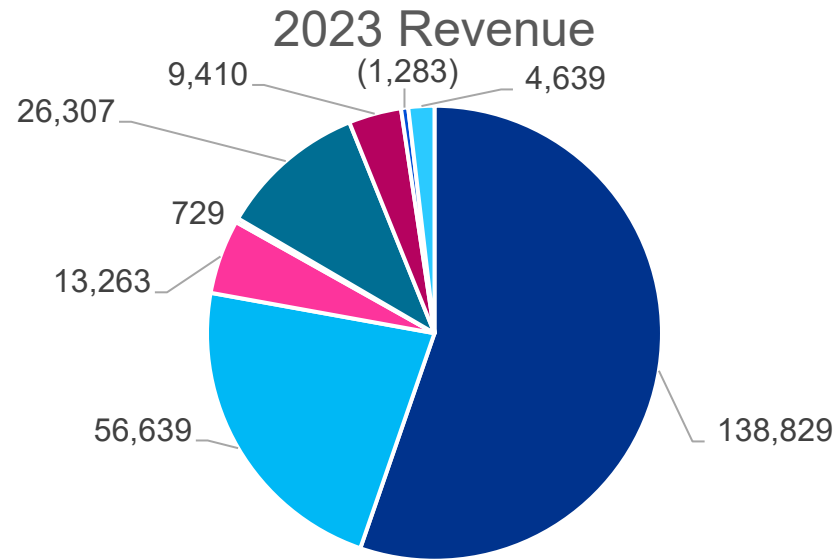
Statement of Changes in Net Financial Assets (in thousands)

	Budget	2023	2022
Annual Surplus	\$31,798	\$53,054	\$41,897
Net change in non-financial assets*	(23,985)	(29,459)	(24,864)
Net financial assets, beginning of year	61,272	61,272	44,239
Net financial assets, end of year	\$69,085	\$84,867	\$61,272

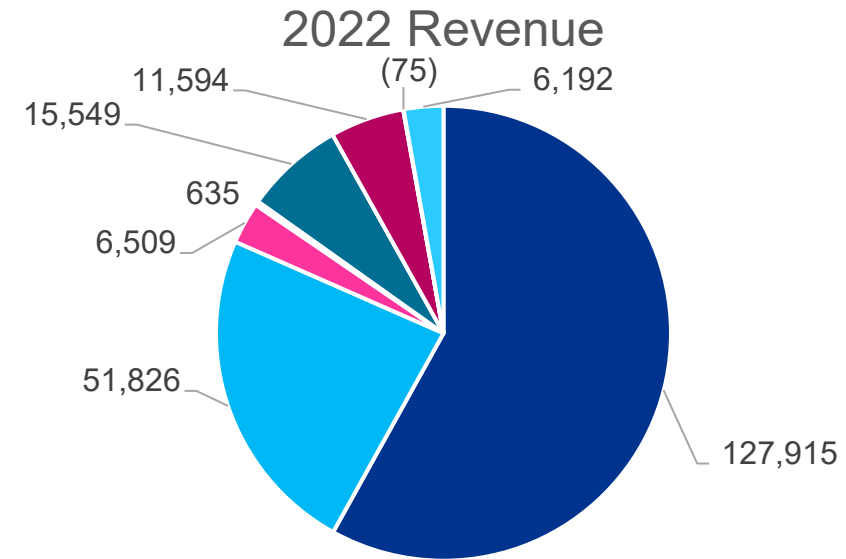
* Negative value represents an investment in non-financial assets

Highlights

Highlights – Revenue (in thousands)

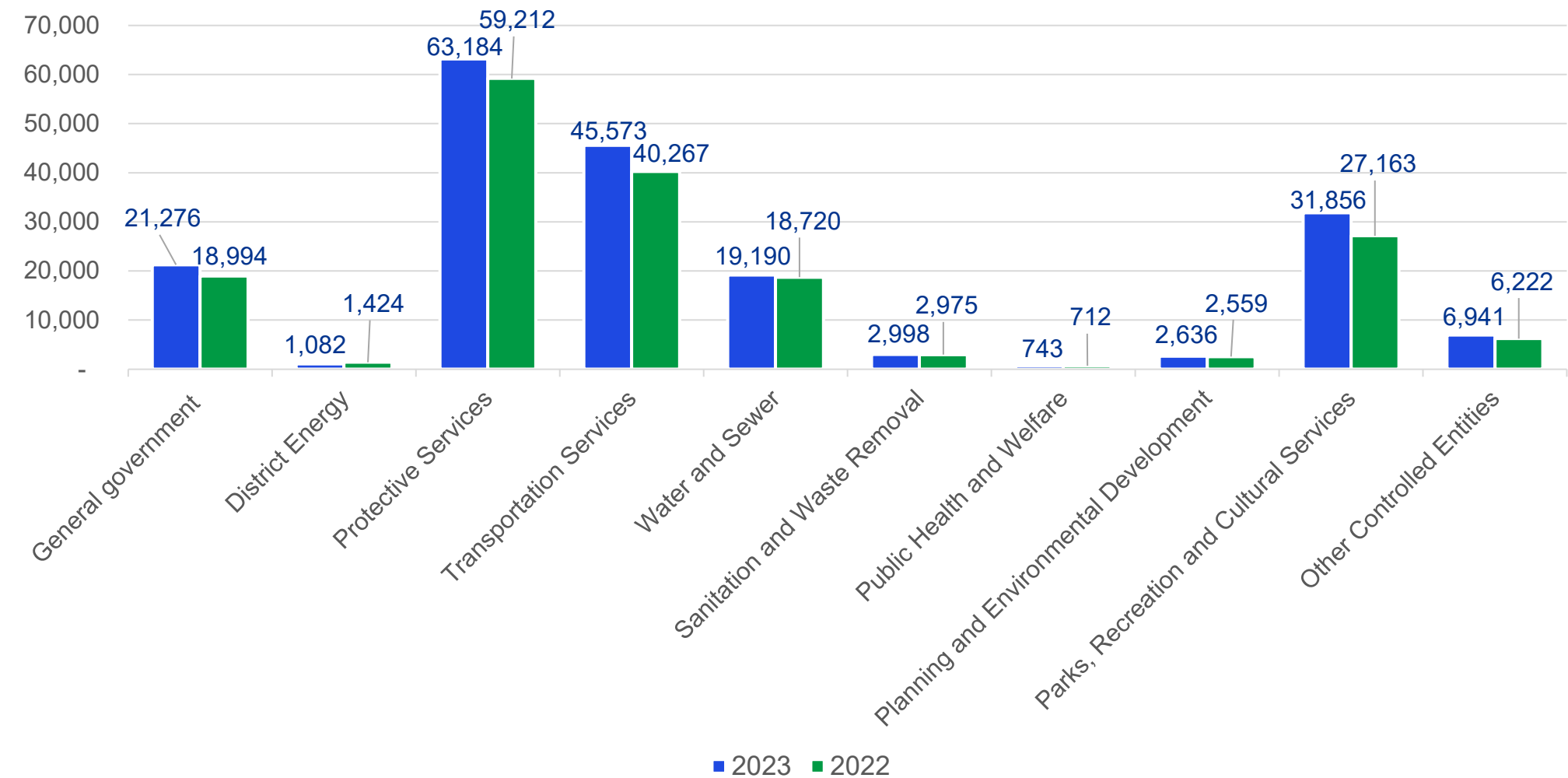


- Taxation and Grants in Lieu, net
- Sales of Services, User Rates and Rentals
- Investment Income and Actuarial Earnings
- Development Cost Charges Contributions
- Contributions from Other Governments and Agencies
- Other Revenue
- Loss on Disposal of Tangible Capital Assets
- Contribution of Tangible Capital Assets



- Taxation and Grants in Lieu, net
- Sales of Services, User Rates and Rentals
- Investment Income and Actuarial Earnings
- Development Cost Charges Contributions
- Contributions from Other Governments and Agencies
- Other Revenue
- Loss on Disposal of Tangible Capital Assets
- Contribution of Tangible Capital Assets

Highlights – Expenses (in thousands)



Highlights - Tangible Capital Assets (in thousands)

	2023	2022
Assets Under Construction	\$20,316	\$13,365
Land	107,295	103,979
Building & Improvements	151,633	141,641
Vehicles, Machinery & Equipment	22,634	23,868
Other	407	514

(continued on next page)

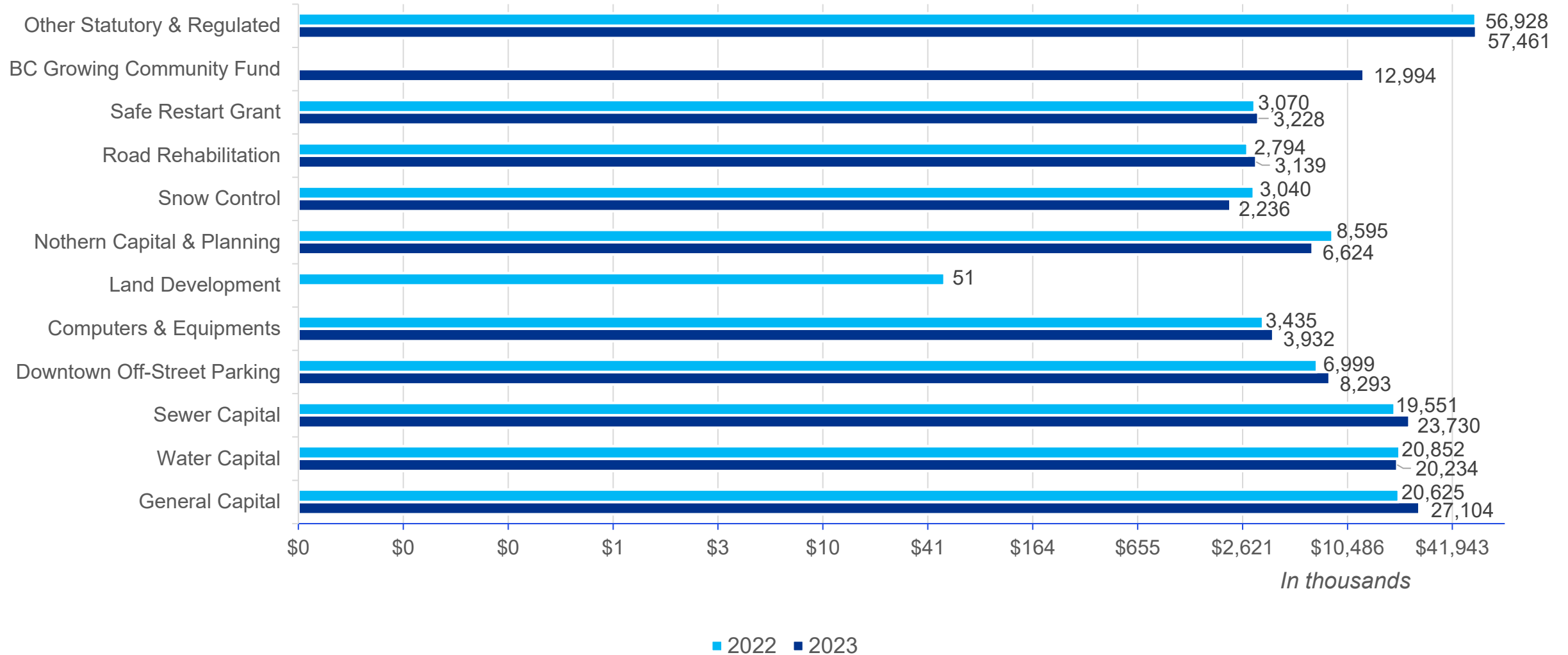
Highlights - Tangible Capital Assets (in thousands)

	2023	2022
Roads	\$176,953	\$173,369
Parks	29,870	28,047
Water	132,517	129,270
Sanitary Sewer	85,507	86,271
Storm Drainage	68,503	65,923
Energy & Communication	13,443	14,111
Total Tangible Capital Assets	\$809,078	\$780,358

Highlights - Accumulated surplus (in thousands)

	2023	2022
Operating Surplus	\$24,473	\$31,165
Reserves	168,975	145,940
Investment in Tangible Capital Assets	704,719	668,008
Total Accumulated Surplus	\$898,167	\$845,113

Highlights – Reserves (in thousands)



Questions?

Thank you



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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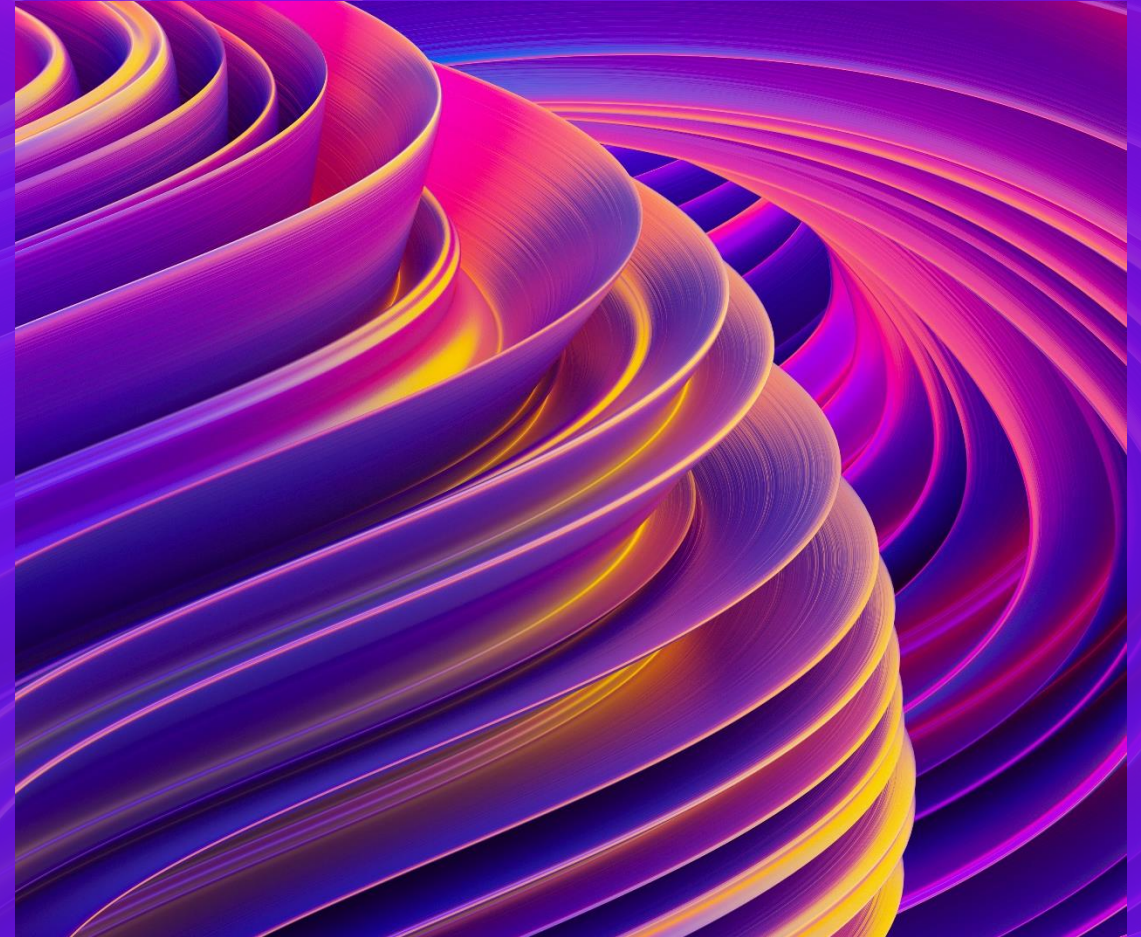
City of Prince George

Audit Findings Report for the
year ended December 31, 2023

KPMG LLP

Dated May 2, 2024 for presentation on May 8, 2024

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement

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Audit Manager

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tamarataylor@kpmg.ca

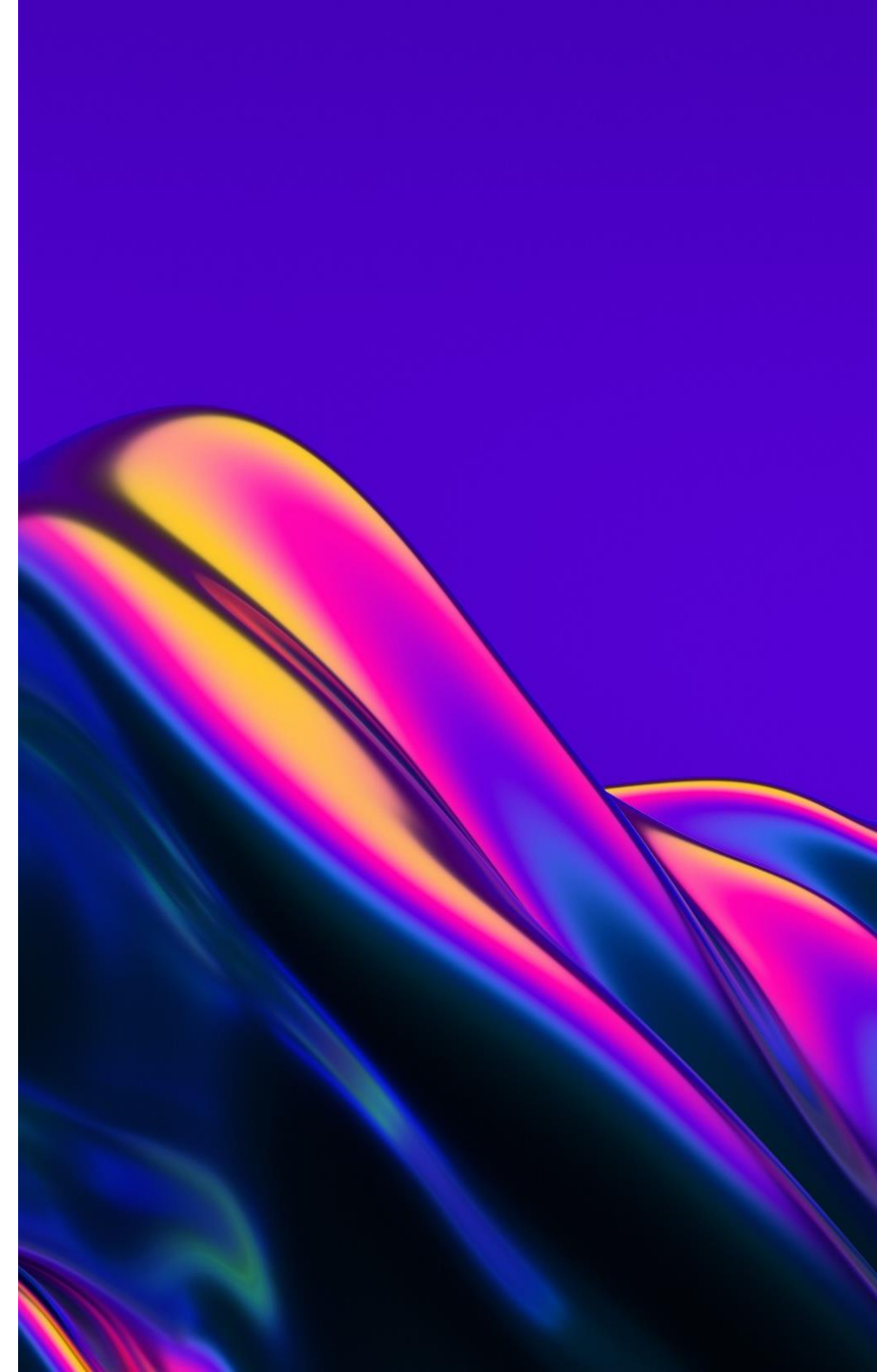


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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Audit Highlights	6	Risk and Results	12	Policies and Practices
13	Control Observations	14	Audit Quality	15	Appendices

The purpose of this report is to assist you, as a member of Mayor and Council (“Council”), in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, and Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of Mayor and Council (“Council”), in your review of the results of our audit of the consolidated financial statements (hereinafter referred to as the “financial statements”) of the City of Prince George (the “City”) as at and for the year ended December 31, 2023. Our audit has been performed in accordance with Canadian generally accepted auditing standards (CAS).

Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with Council.
- Obtaining the signed management representation letter.
- Obtaining evidence of Council’s acceptance of the financial statements.
- Completing subsequent event review procedures up to the date of Council’s acceptance of the financial statements.

We will update you and management on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditor’s report, a draft of which is enclosed with this report, will be dated upon the completion of any remaining procedures.

Risks and results



Significant risks



Other risks of material misstatement



Going concern matters



Audit highlights (continued)



No matters to report



Matters to report – see link for details

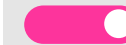
Uncorrected misstatements



Uncorrected misstatements

We noted one uncorrected audit misstatement with respect to MFA debt reserves as identified in the prior period audit. Management has represented that the misstatement is not material and we concur with their assessment.

Corrected misstatements



Corrected misstatements

We did not identify any corrected audit misstatements

Control deficiencies



Significant deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.



Other control deficiencies

We did not identify any new other control deficiencies in the current year.

Policies and practices



Significant unusual transactions



Accounting policies and practices



Quality control and Independence

We confirm that we are independent with respect to the City within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2023 up to the date of this report.



Significant risks and results



Presumption of the risk of fraud resulting from management override of controls

RISK OF
 
ERROR FRAUD

Significant risk

Estimate?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

No

Our response

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments.
- Performing a retrospective review of significant estimates and evaluating the business rationale of significant unusual transactions.
- Utilizing application software to evaluate the completeness of the journal entry population through a roll-forward of all accounts.
- Reviewing the accounting estimates and assessing whether management's estimates are reasonable and not indicative of management bias.

Significant findings

There were no issues noted in our audit testing described above.



Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



Asset Retirement Obligations (“ARO”) – new accounting standard

Background

PS 3280 Asset Retirement Obligations (“PS 3280”) is a new accounting standard effective for the City’s 2023 fiscal year. The new standard addresses the recognition, measurement, presentation, and disclosure of legal obligations. As at December 31 2023, due to the adoption of the new accounting standard, the City has recognized a liability for asset retirement obligations (“ARO”) of \$15,594,000. The initial cost was capitalized as part of the carrying amount of the related tangible capital asset for assets that are recognized and in productive use. For related tangible capital assets that are unrecognized or no longer in productive use, the asset retirement cost has been expensed. The City adopted this new accounting standard on a prospective basis.

Estimate?

Yes – Expenditures required to retire a tangible capital asset

Our response

- We obtained an understanding of management’s process for implementing PS 3280, including how in-scope Tangible Capital Assets “TCA” were identified, sources of information used, and significant measurement data, assumptions and decisions.
- We ensured the asset retirement obligations accounting policy set by management is in accordance with PS 3280.
- We obtained a list of TCA that reconciles to the general ledger and reviewed the listing to ensure management’s identification of TCA with potential in-scope retirement obligations is accurate and complete.
- We inquired with Management and confirmed that there were no additional legal agreements entered into by the City that contractually obligates the City to an asset retirement obligation.
- We obtained Management’s calculation of the ARO liability, and the incremental amortization expense. We verified the mathematical accuracy of the calculations and agreed a sample of inputs to supporting documentation and agreed the reasonableness of significant assumptions and judgments made to measure the liability.
- We reviewed the application of the provisions applied by management for the initial implementation of the accounting standard.
- We reviewed the financial statement presentation and note disclosures to ensure it is consistent with the guidance in PS 3280.



Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of **other risks of material misstatement**.



Asset Retirement Obligations (“ARO”) – new accounting standard (Continued)

Our response

- We discussed with management that the ARO liability will need to be monitored on an annual basis to keep track of any retirement of AROs or changes in rates used in the determination of the liability and make adjustments as necessary.

Our findings

There were no issues noted in our testing.



Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of **other risks of material misstatement**.



Tangible Capital Assets (“TCA”)

Background

TCA represent a significant portion of assets of the City. The assets owned by the City include land, buildings and building improvements, vehicles, machinery and equipment, road infrastructure, water and waste system infrastructure, and their useful lives require estimation.

Estimate?

Yes - the established useful lives of TCA

Our response

- We updated our understanding of the process activities and controls over TCA, including the year-end process around identifying assets for impairment.
- We obtained the TCA continuity schedule, verified its mathematical accuracy, and performed substantive procedures over additions, disposals, reclassifications, and other adjustments.
- We tested asset additions including inspection of supporting documentation to determine if additions are capital in nature and amounts recorded are accurate.
- We tested asset dispositions including inspection of supporting documentation and assessed appropriateness of the gain or loss recorded.
- We performed an analytical review of the amortization of TCA.
- We reviewed the financial statement note disclosure to ensure it is complete and accurate.

Our findings

There were no issues noted in our testing.



Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of **other risks of material misstatement**.



Revenue, deferred revenues, and accounts receivable

Background

Revenue is recorded on an accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, including government grants are reported as deferred revenue and recognized when earned.

Estimate?

No

Our response

- We updated our understanding of the process activities and controls over revenue, deferred revenue and accounts receivable.
- We inspected a sample of contracts and new grants to determine whether there were stipulations or restrictions impacting revenue recognition. We assessed whether revenue was appropriately recognized, or the amount was appropriately deferred. We also agreed the amounts recorded to cash receipts.
- We assessed whether the appropriate stipulations have been met by inspecting and recalculating expenses incurred for certain projects.
- Obtained approved bylaws, rates and requisitions to recalculate the taxation revenue for the fiscal year.

Our findings

There were no issues noted in our testing.



Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of **other risks of material misstatement**.



Expenses, including salaries and benefits expense

Background

Estimate?

Expenses are closely monitored against approved budgets. Salaries and expenses represent a significant portion of the City's expenses. There is a need to ensure that the expenses recognized are appropriate.

No

Our response

- We updated our understanding of the process activities and controls over expenses, including salaries and benefits expense.
- We developed an expectation for the current year salaries and benefits expense based on the prior year expense adjusted for changes in head count, pay rates and other non-recurring items. We compared our expectation to the actual salaries and benefits expense recorded and corroborated any significant variances noted.
- We performed substantive procedures over expenses, including reviewing and vouching a sample of expenses to underlying supporting documentation, ensuring the expenses are appropriately recognized.
- We selected a sample of payments made, trade payables recorded, and invoices received subsequent to year-end and ensured they were recorded in the appropriate fiscal year.

Our findings

There were no issues noted in our testing.



Accounting policies and practices



Significant accounting policies

- There have been no initial selections of, or changes to, significant accounting policies and practices, except for the adoption of Canadian public standard *PS 3280 Asset Retirement Obligations* (refer pages 7 to 8) and new financial instruments standards *PS 3450 Financial instruments*, *PS 2601 Foreign currency translation*.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the City's transactions in relation to the period in which they were recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



Significant accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the City's asset and liability carrying values.



Significant disclosures and financial statement presentation

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures, and uncertainties.



Control observations

Consideration of internal control over financial reporting (“ICFR”)



In planning and performing our audit, we considered ICFR relevant to the City’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.



Appendix: Audit quality - How do we deliver audit quality?

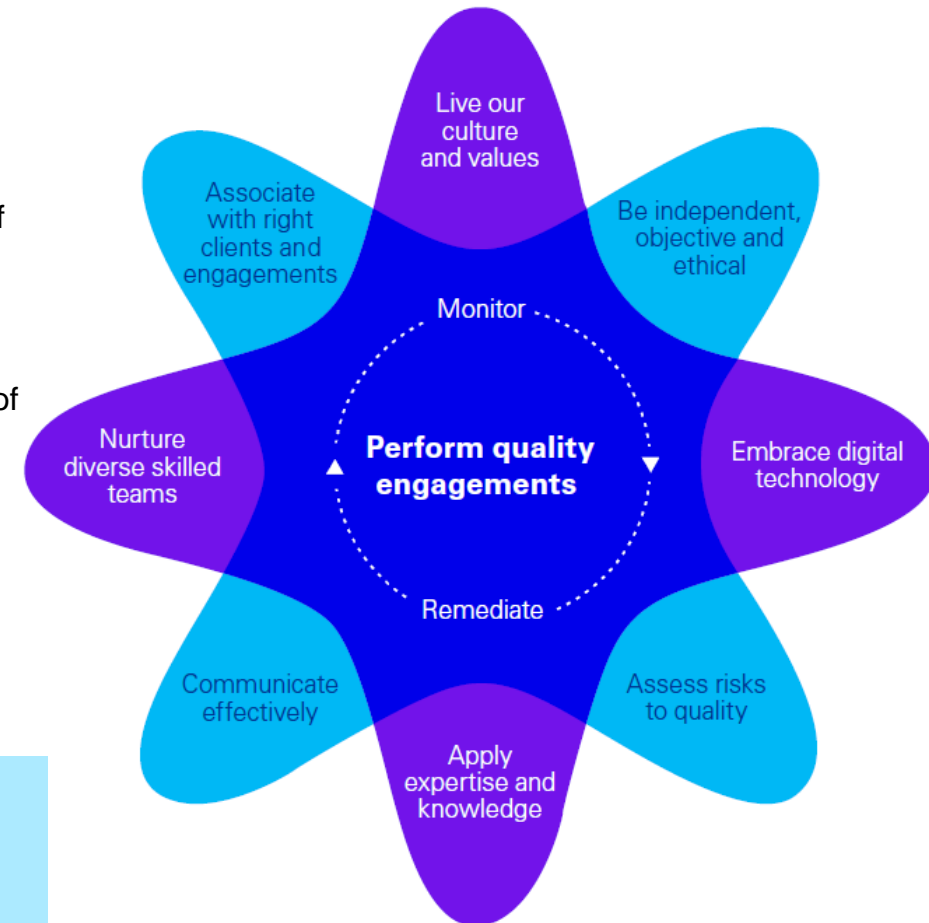
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG 2023 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.



Appendices

1

Required
communications

2

Management
representation
letter

3

Current
developments

4

Thought leadership
and insights



Appendix 1: Required communications

Draft auditor's report

The conclusion of our audit is set out in our draft auditor's report attached to the draft financial statements.

Audit findings report

Represented by this report.

Management representation letter



In accordance with professional standards, a copy of the management representation letter for the City is included in Appendix 2.

Internal control deficiencies



We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.
We did not identify any new other observations during the audit.

Independence



In accordance with professional standards, we have confirmed our independence on page 5.



Appendix 2: Management representation letter

CITY OF PRINCE GEORGE
1100 PATRICIA BOULEVARD
PRINCE GEORGE, BC V2L 3V9

KPMG LLP
177 Victoria Street, Suite 400
Prince George, BC V2L 5R8
Canada

May 8, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of City of Prince George ("the Entity") as at and for the period ended December 31, 2023.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated December 2, 2022, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

GOING CONCERN:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

OTHER INFORMATION:

- 10) We confirm that the final version of annual report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your audit procedures in accordance with professional standards.

MISSTATEMENTS:

- 11) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

ASSETS & LIABILITIES - GENERAL:

- 14) The City has satisfactory title to all owned assets.
- 15) We have no knowledge of any liens or encumbrances on assets and/or assets that have been pledged or assigned as security for liabilities, performance of contracts, etc., not disclosed in the financial statements.
- 16) We have no knowledge of any plans or intentions that may materially affect the carrying value of classification of assets and liabilities.
- 17) We have no knowledge of material unrecorded assets or liabilities or contingent assets or liabilities (such as claims related to patent infringements, unfulfilled contracts, etc., whose values depend on fulfillment of conditions regarded as uncertain or receivables sold or discounted, endorsements or guarantees, additional taxes for prior years, repurchase agreements, sales subject to renegotiation or price re-determination, etc.)
- 18) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortage in inventory, cash, negotiable instruments, etc.).
- 19) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance including violations or default of the covenants in the Entity's debt agreements.

- 20) Receivables reported in the financial statements represent valid claims against customers and other debtors for sales or other charges arising on or before the balance sheet date, and do not include amounts relating to goods shipped on consignment or approval. Receivables have been appropriately reduced to their net realizable value.
- 21) For financial statement purposes, taxation and user fee revenues are recognized in accordance with the provisions of the Community Charter. The City is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenue.
- 22) We confirm that the revenue unearned in the current period is reported on the Statement of Financial Position as deferred revenue or deposits.
- 23) The City has evaluated all owned properties under the PS 3260 - Liability for contaminated sites standard.
- 24) We have no knowledge of material liabilities resulting from the evaluation of owned properties under PS 3260 - Liability for contaminated sites.
- 25) The City has evaluated all transactions and relationship involving variable interest entities (and/or special purpose entities) to determine that the accounting for such transactions is in accordance with the relevant reporting framework. The evaluation did not result in the identification of variable interest entities.
- 26) We confirm that post-employment benefits, if any, for City employees have been fully accrued for in the consolidated financial statements.
- 27) We confirm that the final version of the annual report will be provided to you when available, and prior to the issuance by the City, to enable you to complete your audit procedures in accordance with professional standards.
- 28) We confirm that we have provided to you all the information we are aware of regarding the impact of PS 3280 Asset Retirement Obligation and believe the disclosure in the financial statements is appropriate.
- 29) Mayor and Council have approved the December 31, 2023 audited consolidated financial statements.

Yours very truly,

By: Mr. Walter Babicz, City Manager

By: Mr. Kris Dalio, Director of Finance

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Uncorrected Differences

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
SUAM 1	12/31/2023	Reserves - Municipal Finance Authority	2200		1,029,000.00			
SUAM 1	12/31/2023	Other Revenue	4000		109,000.00			
SUAM 1	12/31/2023	Accumulated Surplus	3000			1,138,000.00		
To reverse the MFA debt reserve liability as it doesn't meet the criteria for a liability as per PSAS.								
					1,138,000.00	1,138,000.00		



Appendix 3: Current developments

Changes in auditing standards

Effective for periods beginning on or after December 15, 2022

ISA/CAS 220

.....
(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

.....
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

.....
Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

.....
Revised special considerations – Audits of group financial statements

Refer to the next page for more information about CAS 600.



Appendix 3: Current developments (continued)

Changes in auditing standards (continued)

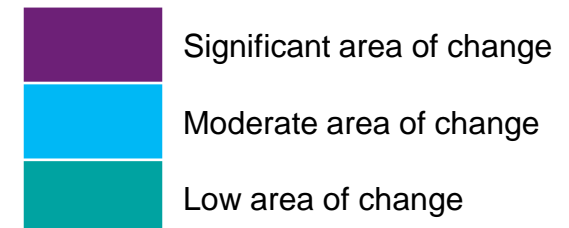
CAS 600 *Special Considerations – Audits of Group Financial Statements (including the work of component auditors)* (“CAS 600”) is an auditing standard that is currently applied by KPMG for the audit of the University’s financial statements. Effective for the University’s 2025 fiscal year, CAS 600 has been revised to include new and enhanced requirements that KPMG will be required to implement in the audit. A summary of the key changes in CAS 600 is as follows:

[Click here](#) for information about the revised CAS 600 from CPA Canada



Key changes include:

- Risk-based approach to group audit scoping.
- Increased direction and supervision of component auditors.
- Increased two-way communication through the audit.



KPMG is in the process of evaluating the impact of the revised CAS 600 for the City’s audit and will communicate with management and the Committee as more information is available.





Appendix 3: Current developments (continued)

Changes in accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> • The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with early adoption permitted. • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation	<ul style="list-style-type: none"> • The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted. • The proposed section includes the following: <ul style="list-style-type: none"> • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. • Separating liabilities into financial liabilities and non-financial liabilities. • Restructuring the statement of financial position to present total assets followed by total liabilities. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. • A new provision whereby an entity can use an amended budget in certain circumstances. • Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.



Appendix 3: Current developments (continued)

Changes in accounting standards (continued)

Standard	Summary and implications
Employee Future Benefit Obligations	<ul style="list-style-type: none"> • The Public Sector Accounting Board has initiated a review of sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. • The intention is to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard. • Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 <i>Employee benefits</i> will replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. • This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. • The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.



Appendix 4: Thought leadership and insights

Environmental, social and governance (“ESG”)

What is ESG?

ESG is a framework to integrate environmental, social and governance risks and opportunities into an organization’s strategy to build long term financial sustainability and create value. ESG includes a wide range of non-financial scoring categories, used by investors and other stakeholders to assess the impact of a Association’s products and business practices on sustainability and social causes.

Environmental

Our IMPACT on our planet

- Climate change
- Greenhouse gas (GHG) emissions
- Natural resource depletion
- Waste and pollution
- Deforestation
- Hazardous materials
- Biodiversity

Social

Our IMPACT in our communities

- Working conditions, including slavery and child labour
- Impact on local communities
- Conflict regions
- Health and safety
- Employee diversity, equity, and inclusion
- Product mis-selling
- Data protection

Governance

Our conduct

- Executive pay
- Bribery and corruption
- Political lobbying and donations
- Board diversity and structure
- Tax strategy
- Data breaches

ESG strategies can help entities deliver long-term value through effective engagement with all stakeholders – generating trust and a competitive advantage.



Appendix 4: Thought leadership and insights (continued)

Environmental, social and governance (“ESG”) (continued)

First IFRS Sustainability Disclosure Standards

The arrival of the first two IFRS Sustainability Disclosure Standards marks a key milestone in sustainability reporting and is a significant step towards creation of a global baseline for stakeholder-focused sustainability reporting that local jurisdictions can build on. **Although the standards are not required to be adopted by the University, the new IFRS sustainability standards provide key insights into what the future of sustainability reporting may look like for the University.**

Summary of the recently released standards

The standards build on the four-pillar structure of the **Task Force on Climate-related Financial Disclosures**.

The **general requirements standard (IFRS S1)** defines the scope and objectives of reporting and provides core content, presentation and practical requirements.

It requires disclosure of material information on all sustainability-related risks and opportunities – not just on climate.

The **climate standard (IFRS S2)** replicates the core content requirements and supplements them with climate-specific reporting requirements.



Visit KPMG’s Sustainability Reporting website for more information, including a comprehensive summary of the new requirements and KPMG’s insights and illustrative examples for the new standards.

[Click here](#) to access KPMG’s portal



Appendix 4: Thought leadership and insights (continued)

Thought leadership – Environmental, social and governance (“ESG”)

Note: Click on images to visit document link.



CoP26 made progress towards tackling climate change, but there is much more to do. At KPMG, we're committed to accelerating the changes required to fight climate change.



The Green City outlines the need of the cities and the buildings in them to reflect climate consciousness. The link provides guidance on what that looks like and the first steps to meeting those objectives.



This highlights a five-part framework to help organizations shape the total impact of strategy and operations on performance both externally, and internally.



This article outlines how ESG is impacting valuation and performance of the underlying companies institutional investors have a stake in.

KPMG's Climate Change Financial Reporting Resource Centre provides FAQs to help you identify the potential financial statement impacts for your business.

[Click here](#) to access KPMG's portal.



Appendix 4: Thought leadership and insights (continued)

General

Global Economic Outlook

We may be only part-way through 2023, but the phrase that has overwhelmingly dominated conversations – from board rooms to political chambers and Main Streets – has been the cost-of-living crisis. In recent years, the world has faced waves of challenges, from the pandemic to the invasion of Ukraine, to the unfolding bank liquidity challenges amidst skittish depositors. The impact of such a lengthy period of uncertainty is being felt by everyone and that's reflected in KPMG's latest Global Economic Outlook.

[Click here](#) to access KPMG's portal.

2023 CEO Outlook

While CEOs maintain confidence in the future of the global economy, their views on what constitutes a risk to their business have shifted significantly. The persistent flux in global politics, trade dynamics and international relations has required a new level of resilience from CEOs. They are reassessing their strategic priorities, focusing on the rise of generative AI, talent management and high stakeholder expectations in addressing environmental, social and government (ESG) issues.

[Click here](#) to access KPMG's portal.

Board Leadership Centre

KPMG in Canada Board Leadership Centre engages with directors, board members and business leaders to discuss timely and relevant boardroom challenges and deliver practical thought leadership on risk and strategy, talent and technology, globalization and regulatory issues, financial reporting and more.

[Click here](#) to access KPMG's portal.

Accelerate

Our annual article series, developed by KPMG subject matter experts, which tackles the most pressing risks and opportunities that face audit committees, boards and management teams across the country. The focus areas for 2024 include economic uncertainty, cyber risk, digital transformation, talent retention and mandatory ESG reporting.

[Click here](#) to access KPMG's portal.



Appendix 4: Thought leadership and insights (continued)

Information technology and digital transformation

Digital Transformation and Technology

Pre-COVID-19, private and public organizations were moving towards a digital business model, travelling at varying speeds. But the pandemic forced a dramatic acceleration, both in the speed of change and the required investment to digitally transform. According to Canadian insights from KPMG's recent global survey, organizations are investing heavily in technology to address immediate concerns, ranging from falling revenue and interrupted supply chains to building longer-term competitiveness and operational resilience.

[Click here](#) to access KPMG's portal.

Five Questions Boards Should Ask About Digital Transformation Projects

Boards and management committees alike have increasingly expressed interest in technology investments that improve operations, enable customer relationships, and support virtual workforces. Based on our experience working with organizations across many industries, five questions have been identified to help a Board understand and 'sponsor' a project successfully.

[Click here](#) to access KPMG's portal.

KPMG Global Tech Report 2023

Be determined, not deterred. Despite the headwinds of global economic uncertainty, digital transformation leaders that are committed to their innovation priorities continue to realize value at pace. In our latest survey – the KPMG global tech report 2023 – digital leaders are bullish in their belief that embracing technology across all facets of their business is bringing productivity gains.

[Click here](#) to access KPMG's portal.

Maintaining Cyber Vigilance and Staying Resilient

Cyber resilience is vital to maintain business operational capabilities, safeguard customer trust, and reduce the impact of future attacks. Regulators worldwide are also increasingly focused on cyber resilience, obligating organizations to be more transparent about their ability to respond to breaches before, during and after an incident. KPMG's eBook shares hard-won lessons which are intended to help organizations confidently and proactively address cyber threats, recover from cyber incidents and emerge stronger.

[Click here](#) to access KPMG's portal.

Asset management

Asset Management in the Age of Uncertainty

Most asset managers seem to recognize that their business is in the midst of a significant disruption. The fundamentals of the asset management industry are changing and there is need for new ideas and new models.

[Click here](#) to access KPMG's portal.

Converging Trends 2033: The Long View

We asked KPMG's global infrastructure leaders to use their experience and insight to put themselves in the year 2033. We had them tell us what they saw, pick some winners and losers, and provide insights and ideas to help readers in the mid-2020s prepare for the world of 2033. To make this report practical, we focused on three key yet interdependent themes – cities, sustainable development and innovation.

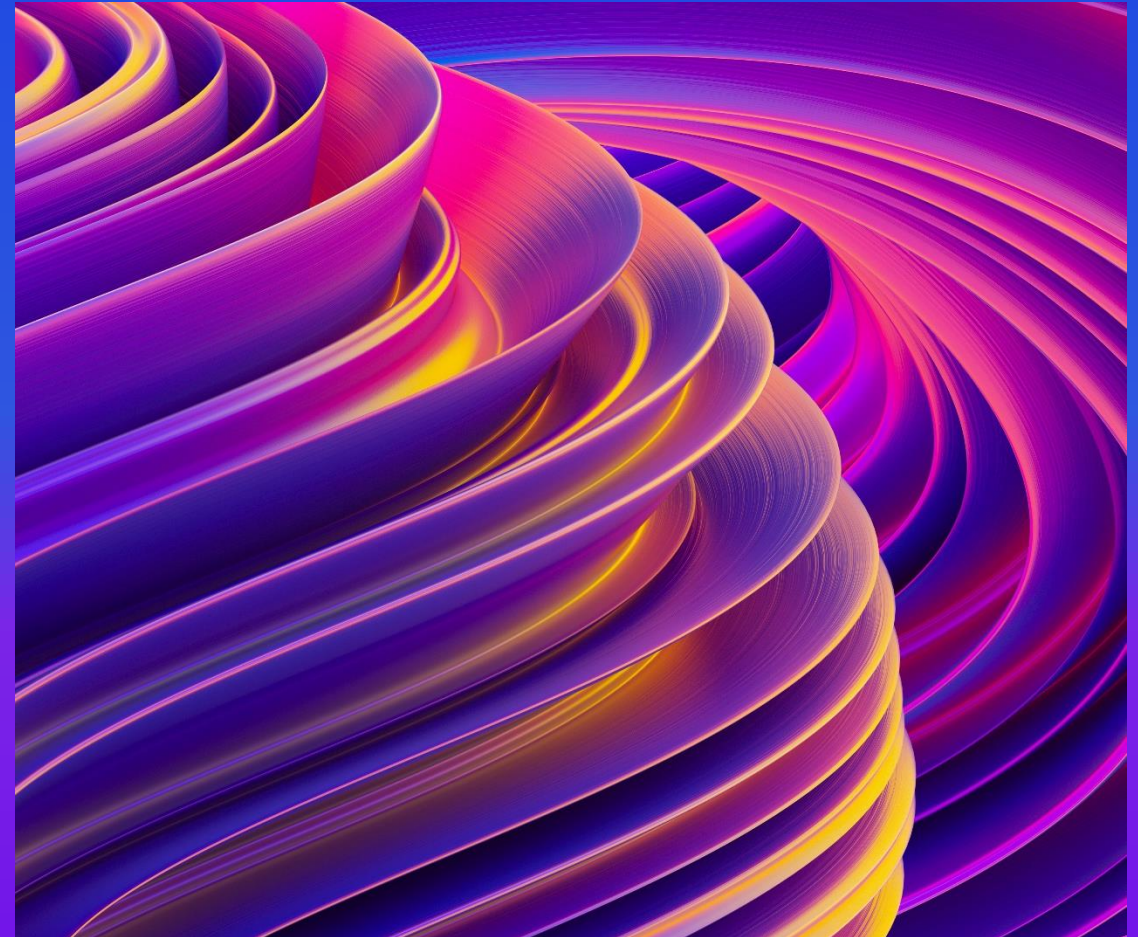
[Click here](#) to access KPMG's portal.





<https://kpmg.com/ca/en/home.html>

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DRAFT Financial Statements of



And Independent Auditor's Report thereon
Year ended December 31, 2023

PRINCE GEORGE PUBLIC LIBRARY

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Prince George Public Library (the "Library") are the responsibility of the Library's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Library's Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Library. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Library's financial statements.

Anna Duff, Chair of Library Board

Paul Burry, Library Director

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Prince George Public Library

Opinion

We have audited the financial statements of Prince George Public Library (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of earnings 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 Library as at December 31, 2023 and its results of operations 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 Library 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 Library'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 Library or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Library'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 Library'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 Library'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 Library's 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.

Page 3

- 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

Prince George, Canada

May 1, 2024



Statement of Financial Position

DRAFT

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash and cash equivalents (note 2)	\$ 1,029,600	\$ 831,421
Investments (note 3)	237,605	231,592
Accounts receivable (note 4)	18,234	18,826
	<u>1,285,439</u>	<u>1,081,839</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	317,057	211,509
Deferred revenue (note 6)	442,805	14,064
Due to related party (note 7)	-	291,519
Capital lease obligation	7,946	14,007
	<u>767,808</u>	<u>531,099</u>
Net financial assets	517,631	550,740
Non-Financial Assets:		
Tangible capital assets (note 8)	996,459	1,044,821
Prepaid expenses	70,070	50,523
	<u>1,066,529</u>	<u>1,095,344</u>
Accumulated surplus (note 10)	<u>\$ 1,584,160</u>	<u>\$ 1,646,084</u>

See accompanying notes to financial statements.

On behalf of the Library:



Statement of Earnings

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 11)	2023 Actual	2022 Actual
Revenue:			
Municipal funding (note 7)	\$ 4,127,052	\$ 4,127,052	\$ 3,933,031
Provincial funding	214,000	213,987	298,122
Internally generated revenue (note 9)	27,050	89,137	38,924
Fundraising	-	72,549	29,553
	4,368,102	4,502,725	4,299,630
General expenses:			
Acquisitions, circulation and office supplies	24,225	23,235	19,933
Amortization	-	350,643	341,014
Fundraising	-	29,213	3,504
General and administrative	183,950	182,658	237,199
Information technology	115,100	132,010	130,347
Materials	288,215	250,304	277,349
Rent (note 7)	76,500	66,299	74,821
Repairs and maintenance	129,950	143,021	99,498
Salaries and benefits	3,288,912	3,387,266	2,935,927
	4,106,852	4,564,649	4,119,592
Annual surplus (deficit)	261,250	(61,924)	180,038
Accumulated surplus, beginning of year	1,646,084	1,646,084	1,466,046
Accumulated surplus, end of year	\$ 1,907,334	\$ 1,584,160	\$ 1,646,084

See accompanying notes to financial statements.

Statement of Changes in Net Financial Assets

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 11)	Total 2023	Total 2022
Annual surplus	\$ 261,250	\$ (61,924)	\$ 180,038
Acquisition of tangible capital assets	(261,250)	(302,281)	(258,987)
Amortization of tangible capital assets	-	350,643	341,014
Loss on disposal of tangible capital assets	-	-	-
	-	(13,562)	262,065
Change in prepaid expenses	-	(19,547)	(1,984)
Change in net financial assets	-	(33,109)	260,081
Net financial assets, beginning of year	550,740	550,740	290,659
Net financial assets, end of year	\$ 550,740	\$ 517,631	\$ 550,740

See accompanying notes to financial statements.



Statement of Cash Flows

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ (61,924)	\$ 180,038
Item not involving cash:		
Amortization	350,643	341,014
	288,719	521,052
Changes in non-cash operating working capital:		
Prepaid expenses	(19,547)	(1,984)
Accounts receivable	592	(5,071)
Accounts payable and accrued liabilities	105,548	4,234
Deferred revenue	428,741	1,247
Due to related party	(291,519)	126,111
	512,534	645,589
Financing activities:		
Payment of capital lease obligation	(6,061)	-
Investing activities:		
Purchase of tangible capital assets	(302,281)	(258,987)
Investments	(6,013)	(5,465)
	(308,294)	(264,452)
Increase in cash and cash equivalents	198,179	381,137
Cash and cash equivalents, beginning of year	831,421	450,284
Cash and cash equivalents, end of year	\$ 1,029,600	\$ 831,421

See accompanying notes to financial statements.



Notes to Financial Statements

DRAFT

Year ended December 31, 2023

Nature of operations:

Prince George Public Library (the "Library") was established under the Library Act of British Columbia. Its principal activity is the operation of the public library serving residents of the City of Prince George and surrounding areas. The Library is a registered charity and is exempted from income tax.

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards. The Library's significant accounting policies are as follows:

(a) Reporting entity:

The financial statements include the combination of all the assets, liabilities, revenues, expenses and changes in net financial assets of the Library. The Library does not control any external entities and accordingly, no entities have been consolidated with the financial statements. Inter-fund transactions have been eliminated.

(b) Basis of accounting:

The Library 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 and services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

Receipts that are restricted by legislation or by agreement with external parties are deferred and reported as deferred revenue. When qualifying expenses are incurred, deferred revenues are brought into revenue in equal amounts.

Fines are recorded when received as a result of the difficulty in determining collectability.



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Government transfers:

Government transfers are recognized in the financial statements as revenue 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 are recognized as revenue when authorized and eligibility criteria have been met, except to the extent the transfer gives rise to an obligation that meets the definition of a liability.

(e) Financial instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, deferred revenue, and capital lease obligation.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently measured at cost or amortized cost unless the Library has elected to carry the financial instrument at fair value. The Library has not elected to carry any financial instruments at fair value.

Unrealized changes in fair value would be recognized on the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the District does not have a consolidated statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost or amortized cost are included in the cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations.



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Building improvements	30 years
Computer infrastructure	3 - 10 years
Equipment	5 - 15 years
Furniture	15 - 20 years
Library collection	5 years
Other	20 years
Vehicles	5 years

(i) Tangible capital assets (continued):

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

When a tangible capital asset no longer contributes to the Library's ability to provide services, its carrying amount is written down to its residual value.



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(ii) Contributions of tangible capital assets

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

(iii) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted as operating leases and the related payments are charged to expenses as incurred.

(iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(g) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amount of accounts receivable, amortization periods for tangible capital assets and accrued liabilities.



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

1. Significant accounting policies (continued):

(h) Asset retirement obligations:

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

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

On January 1, 2023, the Library adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. Following the adoption of the standard, the Library did not identify any legal obligations giving rise to a liability.

2. Cash and cash equivalents:

The Library considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less at the date acquisition as cash and cash equivalents. The major components of cash and cash equivalents are as follows:

	2023	2022
Cash on hand	\$ 962,239	\$ 767,302
MFA money market fund	67,361	64,119
	\$ 1,029,600	\$ 831,421



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

3. Investments:

	2023	2022
MFA intermediate fund	\$ 199,410	\$ 194,590
MFA bond fund	38,195	37,002
	\$ 237,605	\$ 231,592

Investments are recorded at cost. As at December 31, 2023, the fair market value of the investments is \$223,173 (2022 - \$212,763).

4. Accounts receivable:

	2023	2022
Trade Receivable	\$ 217	\$ 3,849
Sales taxes receivable	18,017	14,977
	\$ 18,234	\$ 18,826

5. Accounts payable and accrued liabilities:

	2023	2022
Accounts payable - trade	\$ 76,245	\$ 61,378
Payroll wages and benefits	240,812	150,131
	\$ 317,057	\$ 211,509



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

6. Deferred revenue:

Deferred revenue, reported on the statement of financial position, is comprised of the unspent portion of restricted grants and donations as follows:

	2023	2022
Law matters	\$ 3	\$ 3
Books for babies	6,407	6,407
Friends project	107	107
Knowledge garden	955	955
Local history	107	107
Raise a reader	6,293	6,293
Enhancement grant	428,741	-
Other	192	192
	\$ 442,805	\$ 14,064

7. Due to related party:

The City of Prince George (the "City") is a related party to the Prince George Public Library as the Library operates under the City's By-Law No. 801, dated June 20, 1955. During the course of the year, the Library conducted the following transactions with the City:

	2023	2022
Operating grant received	\$ 4,127,052	\$ 3,933,031
Rent expense	(66,299)	(74,821)



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

7. Due to related party (continued):

The Library and the City entered into an agreement whereas the Library was to use the City's Bob Harkins Library facility free of charge and the operating grant they received from the City would be reduced by the equivalent amount. The rent paid and received free of charge for facilities has been recorded at the carrying amount as management is not able to determine the fair value of these transactions.

The City also provides payroll processing for the Library at no charge. The amount due to the City of Prince George of \$nil (2022 - \$291,519) relates to payroll expenses paid by the City as well as utility and rent expenses. The balance due to related party is unsecured, non-interest bearing with no specific terms of repayment.

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

8. Tangible capital assets:

2023	Building improvements	Furniture	Equipment	Computer infrastructure	Library collection	Vehicles	Other	Total
Cost								
Balance, beginning of year	\$ 340,572	\$ 815,990	\$ 308,168	\$ 562,149	\$ 1,408,628	\$ 35,363	\$ 205,550	\$ 3,676,420
Additions	12,329	58,699	4,804	44,270	176,467	-	5,712	302,281
Disposals	-	(10,055)	(4,696)	(4,195)	-	-	-	(18,946)
Balance, end of year	352,901	864,634	308,276	602,224	1,585,095	35,363	211,262	3,959,755
Accumulated amortization								
Balance, beginning of year	143,222	502,173	211,521	522,548	1,026,142	31,828	194,165	2,631,599
Amortization	12,941	42,274	6,589	20,143	264,244	3,535	917	350,643
Disposals	-	(10,055)	(4,696)	(4,195)	-	-	-	(18,946)
Balance, end of year	156,163	534,392	213,414	538,496	1,290,386	35,363	195,082	2,963,296
Net book value, end of year	\$ 196,738	\$ 330,242	\$ 94,862	\$ 63,728	\$ 294,709	\$ -	\$ 16,180	\$ 996,459

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

8. Tangible capital assets (continued):

2022	Building improvements	Furniture	Equipment	Computer infrastructure	Library collection	Vehicles	Other	Total
Cost								
Balance, beginning of year	\$ 329,798	\$ 801,226	\$ 290,134	\$ 549,004	\$ 1,216,170	\$ 35,363	\$ 205,550	\$ 3,427,245
Additions	10,774	17,934	18,034	19,787	192,458	-	-	258,987
Disposals	-	(3,170)	-	(6,642)	-	-	-	(9,812)
Balance, end of year	340,572	815,990	308,168	562,149	1,408,628	35,363	205,550	3,676,420
Accumulated amortization								
Balance, beginning of year	130,913	465,117	202,071	507,889	776,177	24,755	193,475	2,300,397
Amortization	12,309	40,226	9,450	21,301	249,965	7,073	690	341,014
Disposals	-	(3,170)	-	(6,642)	-	-	-	(9,812)
Balance, end of year	143,222	502,173	211,521	522,548	1,026,142	31,828	194,165	2,631,599
Net book value, end of year	\$ 197,350	\$ 313,817	\$ 96,647	\$ 39,601	\$ 382,486	\$ 3,535	\$ 11,385	\$ 1,044,821



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

9. Internally generated revenue:

Revenue was generated from the following internal services:

	2023	2022
Interest	\$ 49,559	\$ 13,292
Lost and damaged materials	17,344	13,168
Miscellaneous	22,234	12,464
	\$ 89,137	\$ 38,924

10. Accumulated surplus:

Accumulated surplus is made up of the following:

	2023	2022
Investment in tangible capital assets	\$ 988,513	\$ 1,030,814
Appropriated surplus	123,451	123,451
Unrestricted surplus	472,196	491,819
	\$ 1,584,160	\$ 1,646,084



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

10. Accumulated surplus (continued):

Appropriated surplus is made up of the following:

	2023	2022
Administration	\$ 15,840	\$ 15,840
CLA Heritage	7,109	7,109
Equity literacy	19,090	19,090
Summer reading	1,519	1,519
Technology	1,682	1,682
Van fund	10,111	10,111
BOD collections fund	11,106	11,106
BOD current campaign fund	39,259	39,259
BOD greatest need fund	10,755	10,755
BOD programs fund	1,212	1,212
BOD spaces fund	1,121	1,121
BOD special events fund	4,647	4,647
	\$ 123,451	\$ 123,451

11. Budget data:

The budget data presented in these financial statements is based upon the 2023 operating budget approved by the Library Board on February 22, 2023. Amortization was not contemplated on development of the budget and, as such, has not be included.

12. Legacy fund:

The Library has previously entered into an agreement with the Prince George Community Foundation (the "Foundation") whereby funds will be transferred to the Foundation to be held and invested in a Prince George Library Legacy Fund (a "Fund"), with the purpose of the Fund being to enhance the ability of the Library to deliver quality library services. The Library has a balance at December 31, 2023 of \$61,601 (2022 - \$57,300) in the Fund.



Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

13. Municipal pension plan:

The Library and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 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 Library paid \$195,960 (2022 - \$177,464) for employer contributions to the plan in fiscal 2023.

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

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

14. Economic dependence:

Approximately 92% (2022 - 92%) of the Library's revenues are derived from contributions from the City of Prince George. Should this funding be cancelled or not renewed, management is of the opinion that the continued viability of operations would not be assured.

Tourism Prince George
Financial Statements
December 31, 2023

Tourism Prince George Contents

For the year ended December 31, 2023

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To the Members of Tourism Prince George:

Opinion

We have audited the financial statements of Tourism Prince George (the "Society"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the **year** then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and the results of its operations and its cash flows for the **year** then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 report. We are independent of the Society 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 accounting standards for not-for-profit organizations, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 these 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 Society'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 Society'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 Society 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.

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.

Prince George, British Columbia

March 27, 2024

MNP LLP

Chartered Professional Accountants

Tourism Prince George
Statement of Financial Position
As at December 31, 2023

	2023	2022
Assets		
Current		
Unrestricted cash	359,397	118,063
Accounts receivable	413,471	447,081
Inventory	66,260	42,265
Prepaid expenses and deposits	96,780	33,932
	935,908	641,341
Restricted investments (Note 3)	1,206,901	1,472,433
Tangible capital assets (Note 4)	43,007	30,763
Intangible assets (Note 5)	96,422	120,332
	2,282,238	2,264,869
Liabilities		
Current		
Accounts payable and accruals	108,166	93,543
Government remittance payable	18,023	56,219
Deferred contributions (Note 6)	90,274	20,000
	216,463	169,762
Commitments (Note 7)		
Net Assets		
Invested in tangible capital assets	139,429	151,095
Internally restricted	1,206,901	1,472,433
Unrestricted	719,445	471,579
	2,065,775	2,095,107
	2,282,238	2,264,869

Approved on behalf of the Board

 Director

 Director

Tourism Prince George
Statement of Operations
For the year ended December 31, 2023

	2023	2022
Revenue		
Hotel room tax grant	1,935,604	1,748,624
City of Prince George - Service agreement	327,000	327,000
Province of British Columbia	114,472	184,965
Merchandise sales	79,034	52,289
Partnership programs	20,007	71,993
Federal government	15,260	16,705
	2,491,377	2,401,576
General and administrative expenses <i>(Schedule 1)</i>	2,565,522	2,290,324
Excess (deficiency) of revenue over expenses before other items	(74,145)	111,252
Other items		
Interest income	44,813	12,049
Excess (deficiency) of revenue over expenses	(29,332)	123,301

Tourism Prince George
Statement of Changes in Net Assets
For the year ended December 31, 2023

	<i>Invested in tangible capital assets</i>	<i>Internally restricted</i>	<i>Unrestricted</i>	2023	2022
Net assets, beginning of year	151,095	1,472,433	471,579	2,095,107	1,971,806
Excess (deficiency) of revenue over expenses	-	-	(29,332)	(29,332)	123,301
Interest earned on restricted investments	-	36,268	(36,268)	-	-
Sale of restricted investments	-	(301,800)	301,800	-	-
Acquisition of tangible capital assets	21,754	-	(21,754)	-	-
Amortization of tangible capital assets	(9,510)	-	9,510	-	-
Acquisition of intangible assets	7,346	-	(7,346)	-	-
Amortization of intangible assets	(31,256)	-	31,256	-	-
Net assets, end of year	139,429	1,206,901	719,445	2,065,775	2,095,107

The accompanying notes are an integral part of these financial statements

Tourism Prince George
Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(29,332)	123,301
Amortization	9,510	16,699
Amortization - intangible assets	31,256	33,131
Interest earned on restricted investments	(36,268)	(11,468)
	(24,834)	161,663
Changes in working capital accounts		
Accounts receivable	33,610	(88,018)
Inventory	(23,995)	(16,370)
Prepaid expenses and deposits	(62,848)	(19,340)
Accounts payable and accruals	14,623	(19,819)
Government remittance payable	(38,196)	13,105
Deferred contributions	70,274	(54,778)
	(31,366)	(23,557)
Investing		
Purchase of tangible capital assets	(21,754)	(10,123)
Purchase of intangible assets	(7,346)	-
Purchase of restricted investments	-	(300,000)
Sale of restricted investments	301,800	-
	272,700	(310,123)
Increase (decrease) in unrestricted cash resources	241,334	(333,680)
Unrestricted cash resources, beginning of year	118,063	451,743
Unrestricted cash resources, end of year	359,397	118,063

1. Incorporation and nature of the organization

Tourism Prince George (the "Society") was incorporated without share capital; incorporated under the authority of the Society Act (British Columbia); registered as a not-for-profit organization and thus is exempt from income taxes under 149(1)(l) of the Income Tax Act ("the Act").

The Society's purpose is to promote and market tourism in the Prince George area. The Society evaluates, develops, and implements marketing programs on behalf of various industry stakeholders. The Society is also responsible for visitor services activities within the Prince George area.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Financial instruments

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Society's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Society initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

At initial recognition, the Society may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Society has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Society subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

The carrying values of financial assets measured at amortized cost or fair value, and of investments in equity instruments measured at cost less impairment are as follows:

	2023	2022
Financial assets measured at fair value:		
Unrestricted cash	359,397	118,063
Financial assets measured at amortized cost:		
Accounts receivable	413,471	447,081
Restricted investments	1,206,901	1,472,433

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Automotive	declining balance	30 %
Computer equipment	declining balance	55 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	5 years

2. Significant accounting policies *(Continued from previous page)*

Intangible assets

Specified intangible assets are recognized and reported apart from goodwill.

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at a rate intended to amortize the cost of intangible asset over its estimated useful life. The useful life of the brand development asset is estimated to be 7 years and the useful life of the Visitor Experience Guide is estimated to be 3 years.

When an intangible asset no longer contributes to the Society's ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible asset is less than its net carrying amount, its carrying amount is written down to fair value.

Long-lived assets

Long-lived assets consist of tangible capital assets and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Society writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Society's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Society determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets and intangible assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Restricted investments

Restricted investments are comprised of guaranteed investment certificates with interest rates ranging from 2.25 % to 4.95% (2022 - 0.6% to 4.55%) and maturing between July 2024 and February 2025. These investments are internally restricted by the Board of Directors.

Tourism Prince George
Notes to the Financial Statements
For the year ended December 31, 2023

4. Tangible capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Automotive	43,522	43,010	512	731
Computer equipment	92,302	88,192	4,110	9,132
Furniture and fixtures	179,351	158,058	21,293	20,900
Leasehold improvements	17,092	-	17,092	-
	332,267	289,260	43,007	30,763

Leasehold improvements includes capital assets with a carrying value of \$17,092 (2022 (\$Nil)). No amortization of this asset has been recorded during the current year because it is currently under construction.

5. Intangible assets

	2023	2022
Intangible assets having definite lives		
Brand development	74,233	94,394
Visitor Experience Guide	22,189	25,938
	96,422	120,332

Amortization of \$36,268 (2022 – \$33,131), related to intangible assets with definite lives, is included in current year earnings.

6. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for the purpose of specific projects. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2023	2022
Balance, beginning of year	20,000	74,778
BECRF Shared Cost Arrangement	50,000	20,000
DBC Co-operative Marketing Partnerships Program	73,000	-
Less: Amount recognized as revenue during the year	(52,726)	(74,778)
Balance, end of year	90,274	20,000

7. Commitments

The Society has entered into operating leases for office equipment which expire between December 2024 and February 2027.

The Society has entered into an agreement for the lease of their premises including repairs and maintenance expiring June 2028. The minimum lease payments in the next five years are as follows:

2024	36,571
2025	30,441
2026	30,441
2027	30,441
2028	14,660

8. Internally restricted

Restricted reserve funds provide an operational and organizational contingency for a defined period and can also be used for one-time usage on special projects, programs, and operational needs as prioritized in the strategic plan of Tourism Prince George for the specific goal of driving visitor revenue and economic growth to the City of Prince George.

During the year, the Directors resolved to transfer \$301,800 from the restricted fund to the unrestricted fund.

9. Economic dependence

The Society is dependent upon the provision of operations funding from the City of Prince George and the allocation of the hotel room tax grants from the City of Prince George as they are the Society's primary sources of revenue. The loss of this relationship would have a significant impact on the Society's operations.

10. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Tourism Prince George
Schedule 1 - Schedule of Expenses
For the year ended December 31, 2023

	2023	2022
Operating		
Amortization	40,766	49,830
Bad debts	-	-
Bank charges and interest	3,819	2,637
Board expense	5,778	15,332
Insurance	7,009	5,994
Internet and computer services	5,796	6,270
Merchandise purchases	38,207	41,820
Office expenses	49,793	46,459
Professional fees	37,860	29,574
Rent	68,471	57,539
Repairs and maintenance	146,072	140,178
Telephone	8,882	9,876
Vehicle	9,092	4,727
Visitor service programs and relocation	142,082	12,204
Subtotal	563,627	422,440
Salaries		
Training and professional development	10,246	10,575
Wages and benefits	722,409	670,074
Subtotal	732,655	680,649
Marketing		
Advertising	745,928	780,648
Destination Development	187,616	113,859
Event attraction	273,828	252,760
Marketing memberships	40,163	34,049
Website	21,705	5,919
Subtotal	1,269,240	1,187,235
Schedule total	2,565,522	2,290,324

**Standing Committee on Finance and Audit
Work Plan
Year 2024**

Date	Agenda Item Description
Wednesday, February 28 th	<ul style="list-style-type: none"> • Review 2023 Year End Audit Plan – KPMG LLP representatives to attend • Tax rate setting background information and options
Wednesday, May 8 th	<ul style="list-style-type: none"> • Presentation by KPMG LLP of City of Prince George 2023 Financial Statements • Presentation of Other Controlled Entities 2023 Financial Statements (Public Library and Tourism PG)
Wednesday, May 29 th	<ul style="list-style-type: none"> • Report on Year 2023 investment results • Report on 2023 Carry forwards • Report on Internal Debt • Progress and Financial Report on Significant Capital Projects as of December 31, 2023 (Council has directed two of these reports to occur every year. The second report will go to Council and show projects as of July 31, 2024)
Wednesday, July 24 th	<ul style="list-style-type: none"> • Placeholder for potential agenda items
Wednesday, August 28 th	<ul style="list-style-type: none"> • Report on 2025 Budget Consultation Approach • Report on Reserve Funds • Report on 2025 Recommended Permissive Tax Exemptions
Wednesday, December 4 th	<ul style="list-style-type: none"> • Report on 2025 Budget Community Engagement Results • Report on 2025 - 2027 Operating Budget Guidelines • Draft Year 2025 Capital Expenditure Plan • Draft 2025 Committee Work Plan