

City of Port Alberni

British Columbia

2009 Comprehensive Annual Financial Report

For the year ended
December 31, 2009

THE CITY
OF PORT ALBERNI
BRITISH COLUMBIA, CANADA

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
2009**

FISCAL YEAR ENDED DECEMBER 31, 2009

Cover photo credit:
Trails Project – near Carriere Road
Photographer – Scott Kenny
Port Alberni Parks and Recreation

This Document
Prepared by the Finance Department

CITY OF PORT ALBERNI

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DECEMBER 31, 2009

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INTRODUCTORY SECTION



CITY OF PORT ALBERNI

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Port Alberni, B.C. V9Y 1V8
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www.portalberni.ca

August 25, 2010
Mayor and Council
City of Port Alberni

In accordance with section 167 of the Community Charter, I herewith submit the Financial Report for the City of Port Alberni for the year ended December 31, 2009 as audited by Duncan Sabine Collyer Partners LLP.

The purpose of this Comprehensive Annual Financial Report is to present to the users and readers a clear insight of the financial results for the fiscal year that ended December 31, 2009. We strive to ensure that this report presents fairly the financial position of the City. The report is divided into three sections as follows:

- Introductory Section - Provides the reader with an overview of the political, economic and administrative context within which the City operates.
- Financial Section - Presents the consolidated financial statements, supporting statements and schedules and the independent external auditors' report. These statements and schedules contain comparative amounts for the current and prior years and the current year approved budgets.
- Statistics Section - Presents a variety of statistical and financial information on a five year comparative basis.

The preparation and presentation of the financial statements and related information in the annual report is the responsibility of the Management of the City of Port Alberni. These statements have been prepared in accordance with generally accepted accounting principles and are consistent with other information presented in the annual report. The preparation of financial information contained herein, necessarily involves the use of estimates and judgments which have been based on careful assessment of the data made available through the City's information systems. The City maintains a system of internal accounting controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records. Management recognizes the limits that are inherent in all systems of internal accounting control, however, management believes that the City has an effective and responsive system of internal accounting controls which is subject to regular review and revision.

Port Alberni City Council is responsible for ensuring that City Administration fulfils its responsibilities for financial reporting, internal control and risk management. To assist City Council with these responsibilities, a Council appointed Audit Committee has been established. The Audit Committee is comprised of three Councillors. The committee meets with management on a monthly basis to review financial reports and any issues concerning the financial reporting process. Municipal governments are entrusted with providing services within approved budget amounts in an environment of transparency, accountability and responsibility. The Audit Committee provides a focal point for communication between Council, the external auditor and management, and facilitates an impartial, objective and independent review of management practices.

The audit firm of Duncan Sabine Collyer Partners LLP is appointed by the Council of the City of Port Alberni, and is responsible to report directly to you with their audit opinion.

The City of Port Alberni completed the 2009 fiscal year with an increase in the consolidated accumulated surplus of \$3,604,685. A summary of the 2009 overall accumulated surplus increases (decreases) are as follows:

Operating Fund	\$ 1,661,563
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Capital Fund	(1,305,917)
Reserve Accounts	3,283,963
Reserve Fund Operations	<u>(34,924)</u>
	\$ 3,604,685

Financial management policies and procedures are in place to assist in the management of the City's financial affairs. The approved policies and procedures are designed to meet the requirements of legislated standards and generally accepted accounting principles. Significant financial management policies include:

- Investments - Funds that are not currently being used are invested in accordance with approved policies which meet the requirements of the various pieces of legislation that govern municipal investments. The City invests these funds in short term investment instruments to accommodate major capital project funding requirements.
- Utilities - The City's policy is to not use general taxation to fund the provision of water service, sewer service or solid waste collection services. These services are funded through user fees which are charged to only those who benefit from the services.

Investment earnings decreased from \$615,181 in 2008 to \$163,702 in 2009. Total investment income was \$771,636 in 2007, \$711,098 in 2006, and \$467,454 in 2005.

The following table compares temporary borrowing requirements incurred during the first half of the year, prior to receiving our taxation revenue.

YEAR	MAXIMUM BORROWING	COST
2009	\$0	\$0
2008	\$43,000	\$29
2007	\$582,000	\$1,164
2006	\$0	\$0
2005	\$152,000	\$211

The City's 2009 long-term debt decreased from \$4,290,931 to \$4,075,748. The City's 2009 capital program of \$3,579,458 includes expenditures funded \$1,084,302 from current revenue; \$777,000 from grants and donations; \$698,417 from interim financing; and, \$1,019,739 from Reserves.

The municipal statistics section of the report reveals that total current taxes collected as a percentage of current levy at 80.7% for 2009, has significantly decreased over the level of performance of last year at 95.6%. Overall unpaid taxes have increased by \$218.50 per capita. The non-payment of taxes by the one of the City's largest taxpayers contributed to this dramatic increase.

The following reports are included in the introductory section and should be read in conjunction with this report:

Economic Condition and Outlook
Significant Local Events 2009
Municipal Infrastructure
Summary of Services and Regional Relationships
Budget Process and Timing
Source and Use of Capital Funding

Respectfully submitted,



Ann Hopkins
Director of Finance

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Port Alberni for our annual financial report for the fiscal year ended December 31, 2008. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting Program requirements, and we are submitting it to the GFOA.

The award we received for our 2008 Annual Financial Report was the sixteenth time we have received the award.

Canadian Award for Financial Reporting

Presented to

City of Port Alberni
British Columbia

For its Annual
Financial Report
for the Year Ended

December 31, 2008

A Canadian Award for Financial Reporting
is presented by the Government Finance Officers
Association of the United States and Canada
to government units whose annual financial reports
achieve the highest program standards for Canadian
Government accounting and financial reporting.




President


Executive Director

Directory of Officials



**Port Alberni Mayor
and City Council**

Back row: Councillor J. Douglas, Councillor I. Patterson, Councillor C. Solda, Councillor K. Whiteman

Front row: Councillor H. Chopra, Mayor K. McRae, Councillor J. McLeman

Appointed Officials

City Manager	K. Watson
City Clerk/Deputy City Manager	R. Dyson
Director of Finance	A. Hopkins
City Engineer.....	G. Cicon
Director of Parks and Recreation	S. Kenny
Fire Chief.....	T. Pley
Building Inspector	D. Cappus
Manager of Information Services	W. Kalyn
Licence Inspector	M. Zenko
City Planner.....	S. Smith
Area Assessor - B.C. Assessment	B. MacGougan
Solicitor	Beckingham & Co.
RCMP Officer In Charge	G. Wellar
Emergency Program Coordinator	R. Sabine
Chair - V.I. Health Authority	J. Kreut
Auditors	Duncan Sabine Collyer Partners LLP
Bankers	Bank of Montreal

Directory of Officials (continued)

2009/10 Advisory Planning Commission

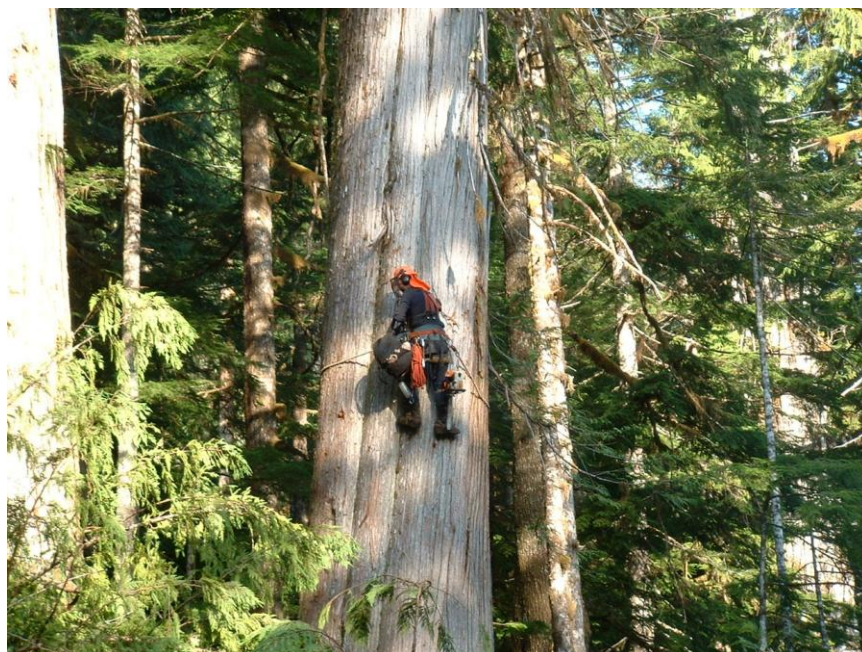
Chair K. Rolls
Vice Chair B. Mellaart
C. Colclough
P. Blake
B. Randles
L. Ransom
L. Kelsall
S. Casavant
C. Solda

2009/10 Community Heritage Commission

Chair K. Rutherford D. Coulson
D. Lord B. Simpson
S. Steven J. Carlson
R. Rogers G. Murton
L. George B. Lekitch
I. Patterson M. Williamson
J. Creighton G. Flostrand
P. Cote

2009/10 Community Forest Advisory Committee

Chair Mayor K. McRae
J. McLeman
D. Powell
D. Bishop
D. Dowling
G. Swann
N. Malbon
P. Cote
W. Lauder
C. Stern



CITY OF PORT ALBERNI

MUNICIPAL COUNCIL ASSIGNMENTS – RESPONSIBILITIES FOR CITY SERVICES DECEMBER 31, 2009

COMMUNITY SERVICES, ECONOMIC DEVELOPMENT & TOURISM:

Chair	Councillor K. Whiteman Councillor I. Patterson	Parks and Recreation, Youth, First Nations, Economic Development, and Tourism.
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GENERAL GOVERNMENT SERVICES:

Chair	Councillor H. Chopra Councillor C. Solda	Administration, Personnel, Finance, Land Sales/Purchases, and Legislative Services (including bylaw enforcement).
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PLANNING, HEALTH & PROTECTIVE SERVICES:

Chair	Councillor C. Solda Councillor J. McLeman	Fire, Police, Animal Control, Building Inspection, and Planning.
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HERITAGE, CULTURE & EDUCATION:

Chair	Councillor I. Patterson Councillor J. Douglas	Museum, McLean Mill, Heritage, and Education.
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TRANSPORTATION, UTILITIES AND FORESTRY ISSUES:

Chair	Councillor J. McLeman Councillor H. Chopra	Streets, Traffic, Transit, Water, Sewer, Cemetery, Solid Waste Collection and Forestry.
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ENVIRONMENTAL SERVICES & LIBRARY:

Chair	Councillor J. Douglas Councillor K. Whiteman	Environmental Issues, Library, Climate Change and Sustainability.
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PERSONNEL:

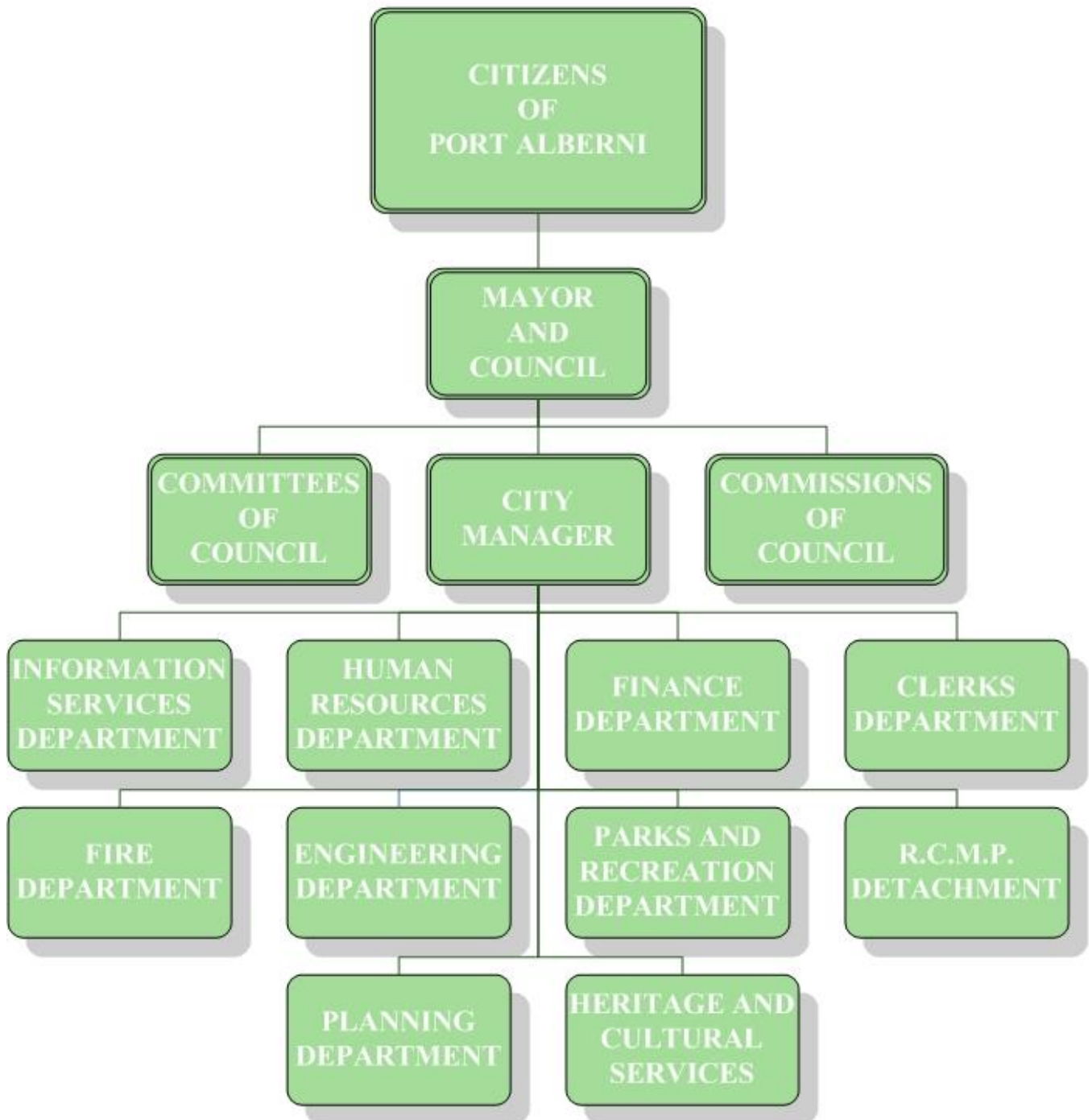
Chair	Mayor K. McRae Councillor H. Chopra Councillor C. Solda	Personnel
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AUDIT:

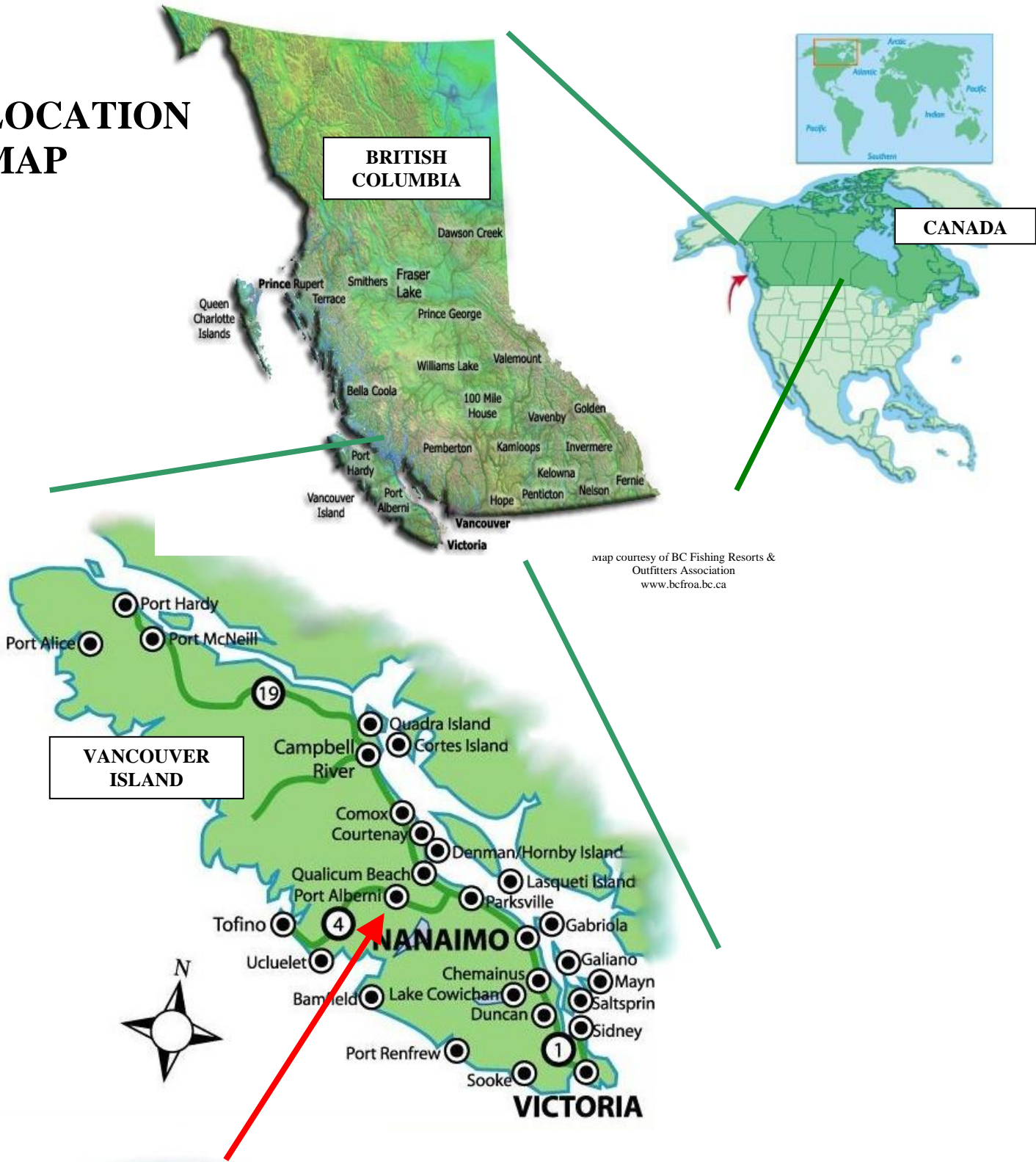
Chair	Councillor H. Chopra Councillor I. Patterson Councillor J. Douglas	Audit
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CITY OF PORT ALBERNI

ORGANIZATION CHART



LOCATION MAP



Economic Condition and Outlook

Port Alberni is situated at the heart of the west coast of Vancouver Island in a broad valley at the end of a 48 kilometre-long ocean inlet. Three large freshwater lakes are within 20 minutes of the City's center. This location provides stunning views of majestic mountains, the inlet and a river estuary, terrific outdoor recreational opportunities and abundant quantities of high quality fresh water.

Port Alberni has a deep sea port, a new hospital, a new shopping mall, a well-developed array of recreational facilities, regionally significant tourism attractions, and a small airport.

While forestry and related manufacturing have long been the mainstay of the Port Alberni economy, diversification efforts are being directed into tourism, marine industry, fish processing, the arts, and clean technologies.

In spite of considerable downsizing in the forest and fishing industries over the last few decades, the population in Port Alberni has remained relatively constant. A significant increase in commercial and residential development in the City has been fueled by the fact that our community has some of the lowest property costs in British Columbia. This is attracting retirees looking to maximize their savings and others who see the opportunity to get into their own housing.

In Port Alberni the lumber and paper industries remain the largest employers and the largest individual taxpayers. These industries have a tremendously positive local impact. However, the B.C. Coastal Forest Industry continues to face serious economic challenges. The changing value of the Canadian dollar, the collapse of the US housing market, increasing competition from foreign producers, a lack of innovation, rising fuel prices, shipping costs, and other factors are all playing a role in challenging the local forest industry.

This year City Council continues its program of accelerated tax reductions for the Major Industry class totaling \$2.1 million over the five years (2008-2012). These reductions are being achieved through a combination of expenditure reductions, slight increases in service revenues and a shift of the tax burden toward the residential sector. The City continues to work with Catalyst and Western Forest Products, the two largest industrial operators in our community, to try and find ways of keeping their operations sustainable under the current difficult economic conditions.

In addition to over dependence on a single-resource sector, other challenges facing Port Alberni include current worldwide economic uncertainties, climate change related weather events, rising fuel prices, shifting demographics, aging infrastructure, and environmental issues. All these challenges have caused the City to accelerate the search for more effective and efficient ways to provide services. More senior government support, including increased revenue sharing, is required in order to ensure rural BC communities are healthy and sustainable. Increased revenue sharing from the senior levels of government would be a step in the right direction.

The City continues to explore sustainability initiatives inclusive of an Integrated Resource Recovery Feasibility Study, the initial conclusions of which indicate that a District Energy project here would be successful.

In 2009 the City was faced with a major financial challenge. A major taxpayer in Port Alberni remitted payment of property taxes at much less than was levied leaving the City with a shortfall of approximately \$3.3 million. City Council funded this shortfall with the use of certain reserve and surplus funds in anticipation of receiving the outstanding amount at a later date. This

put a significant strain on the City's operating surplus account. When the outstanding amount is received it is recommended that the reserve and surplus funds be repaid.

Port Alberni, like many Canadian local governments, faces significant financial challenges in funding badly needed upgrades of aging infrastructure. In 2009 capital works projects totaling \$3.6 million were completed. Significant projects included the completion of the Argyle Street Pumpstation at a cost of \$1.2 million and 3rd Avenue Revitalization at a cost of \$600,000. Other projects included upgrades to water, sewer, facility and road infrastructure. Funding for these projects included \$530,000 from government grants and \$1 million in contributions from City reserves. In addition borrowing was required for the Argyle Street Pumpstation project in the amount of \$698,000. Future budgets estimate that less than \$500,000 will be required over the next four years. Port Alberni's debt per capita for 2009 is \$232. This is a modest reduction from \$245 in 2008.

Significant Local Events 2009

Planning

The Planning Department processed several subdivision applications in 2009.

Final approval was given for the following large subdivisions:

- A 55 lot subdivision on Burde Street;
- A 12 lot subdivision on Tebo Avenue and Compton Road.

Approval was given to a subdivision to allow for a new high school to be constructed on Roger Street. A design build method for a LEED Gold standard building will be used with ground breaking proposed for the summer of 2010.

The completed Uptown and Waterfront Redevelopment Study was focused on developing strategic recommendations and providing direction for the future of portions of the Waterfront and the Uptown Core. Implementation of the recommendations will continue in 2010.

Construction began on a \$10 million BC Hydro Operation Centre.

The National Institute of Disability Management and Research received approval for the Pacific Coast University for a Workplace Health Sciences campus.

Fire Department

During 2009 Port Alberni Fire Department responded to 1,162 calls for service, very close to the same number of events as the previous year. The department conducted 823 fire inspections throughout the year, and monitored 154 third party inspections during the same time period. There were no fire deaths in Port Alberni during 2009, however one person was killed as a result of a residential structure fire in an area where the City of Port Alberni provides fire protection under a service agreement.

During 2009 Port Alberni continued to maintain a level of fire protection service rated by Fire Underwriters as a

“1” on the Dwelling Protection Grade scale and a “4” on the Public Fire Protection Classification scale. Those grading levels were maintained in part by continuing to provide fire suppression minimum on duty staffing of 4, maintaining the City’s fleet of rated fire apparatus, and continuing to commit one full time employee to fire prevention.

Throughout the year there were several significant fire events, most notably the loss of the Alberni Athletic Hall. The loss of the Hall was a loss of core community infrastructure, that significantly impacted the local economy.

The City of Port Alberni entered into a new Mutual Aid agreement with the Alberni Clayoquot Regional District. It is anticipated that Cherry Creek Waterworks District will sign a similar agreement in 2010. This agreement enables resources from any of the four fire departments in the Alberni Valley to be utilized by any one jurisdiction experiencing a significant emergency event.

Parks & Recreation

Significant events for 2009 included:

- A new UV filter and Tot’s pool filtration equipment were installed in the Aquatic Centre;
- 4 automatic external defibrillators were installed at the Echo Centre and the Multiplex;
- The Uptown revitalization project and streetscape improvements were completed;
- A new trail was built from the Log Train Trail at Burde Street to the southern City limits at Ship Creek Road and included a 30 metre steel bridge. The bridge over Dry Creek Ravine was donated by Lady Rose Marine Services owner Mike Surrell;
- KidSport provided financial assistance for 105 Alberni Valley children totaling \$13,700;
- Work on the \$1.8 million Klitsa Baseball Field development started in June with the goal of having them ready to play in the spring of 2010; and
- Alberni Valley Lions hosted an international convention at the Multiplex.

Alberni Valley Museum

Attendance in 2009 was 25,502.

The Museum collects documents and preserves the material culture of the Alberni Valley.

Museum staff produced three permanent exhibits for display at our heritage attractions:

- At the McLean Mill National Historic Site, “The Great Big Mills of Port Alberni” presents the history of the large export mills along Port Alberni’s waterfront, providing the context for smaller mills like McLean’s.
- “Guiding Lights: the History of West Coast Lighthouses” presents the technology, navigational safety, and stories of our lighthouses and an expanded display on the 1964 tsunami that includes a video component and current information on the science of tsunamis from Neptune Canada. These are at the Maritime Discovery Centre complex.

The following temporary exhibits were shown in the Museum:

- “Pong 2 Wii: A History of Video Games”, an innovative exhibit featuring games and equipment from 2 community collectors.
- “Hupakwanum”, a special 2 week preview of original Nuuchah Nulth art created by 20 leading artists for the 2010 Olympic Winter Games.
- “Earth’s Climate in Balance” on the science of climate and climate change, from the Bruce County Museum.
- Publication of “What Were Their Dreams” based on the Museum’s 2008 exhibit, with Wendy Morton’s poems and photographs from the museum collection.

The Museum continues to work in partnership with School District 70 to bring the BC school curriculum to life through collections and heritage topics. 1,327 children participated in educational programs:

- Two new core school programs were developed this year.
- Heritage Fair hosted 135 Central Island students. Well over 300 attended the Community Heritage Fair Day.
- The Val Hughes Memorial Fund was established to support workshops at future Heritage Fairs.

Significant Local Events 2009 (Cont'd)

2,426 individuals participated in public programmes or community events during the year.

McLean Mill National Historic Site

Overall attendance for the McLean Mill and Alberni Pacific Railway was 14,700, a decrease of 4.2% from the previous year, due to the waterfront runs held during the Tall Ships Festival. Without the waterfront runs, attendance for the mill and train was up 3.2%, which compares favourably to Victoria's overall tourism numbers which were down over 5% for 2009. Admission revenue was up 2.1%.

A total of 37 special event days occurred in 2009, six more than 2008. New for 2009 was our fall and winter Wine Trains in partnership with the Chase & Warren Estate Winery. Other (new) special events included; Friday Night BBQ & Theatre Sports, No. 7's (locomotive) 80th Birthday Party, and the 1st Annual Logging Modellers Meet.

The steam train operated 71 days, for a total of 142 trips. The diesel locomotive worked 13 days providing the practicum for the BCIT Conductor's Program.

Celebrity Cruises, which dock in Nanaimo, contracted the McLean Mill for five shore excursions providing additional revenue and exposure to our export ready product. Port Alberni hosted the cruise the Statendam (Holland America) in May, with over 80 guests taking part in our shore excursion. As well, the site hosted three weddings in 2009.

Volunteers have played, and continue to play, an integral role with the sawmill and railway's success. In 2009, volunteers donated over 11,000 hours through a variety of activities and events including: train operation, building and equipment restoration, retail operation, steam donkey demonstrations, catering, and assistance with special events.

Alberni Pacific Railway (train) projects included: tie program (re-

placement of 169 railway ties), brushing of the Alberni Sub (Port Alberni to Parksville) a total 33.3 miles, as well as a significant amount of track work (replacing of track, and the removal of rock, logs, and slide debris).

Mill projects included the rigging of a wooden spar tree and subsequent operation of our steam donkey, and the rebuild of the water tower.

2009 Works Program

Each year a number of capital projects are undertaken to maintain and improve the City's infrastructure. In 2009 street projects included Cherry Creek Road, Burde Street and Redford Street. A number of sidewalks and storm/sanitary sewers were replaced throughout the City including the replacement of a main storm sewer on Johnston Road. Improvements were also made to our water distribution network, replacing mains and decreasing the number of dead end mains in the network. A major upgrade to the water supply main to the City was achieved with the completion of the second phase of the China Creek watermain replacement project. This project had the assistance of a Federal/Provincial infrastructure grant.

Policing

The City of Port Alberni and adjoining rural areas are policed by the Royal Canadian Mounted Police (RCMP) under contract from the Province of British Columbia and the Federal Government. The mandate of the RCMP is the enforcement of Federal, Provincial and Municipal law. The Port Alberni Detachment area encompasses some 1,528 square miles of west-central Vancouver Island. The Detachment area includes the traditional territories of the Hupacasath, Tseshah and Uchucklesaht First Nations, as well as the summer tourist destinations of Sproat Lake and Great Central Lake. The total area population served by Port Alberni Detachment is approximately 30,000 full-time residents, plus summer tourism increases.

Port Alberni Detachment provides policing services along three business lines or contracts – Municipal, Provincial and

Aboriginal Policing. The municipal policing service includes disciplines, such as General Duty Investigations, Drug Enforcement, Major or Serious Crimes, Police Dog Service, Forensic Identification, Traffic Enforcement, Community Policing, School Resource Officer and Police based Victim Services. Our Community Policing Program engages volunteers who have donated more than 10,000 hours in support of policing initiatives.

In 2009, the detachment intensified its focus on the Crime Reduction Strategy, which began in late 2006. To do this, it recruited the expertise of the Call Manager to complete a Criminal Analysis to identify crime trends. There has also been the establishment of the Prolific Offender Management Program which targets high risk repeat offenders. The strategy has resulted in a reduction in crimes to property overall. The efforts of the RCMP have been complemented through the integration of external partner agencies, such as Corrections, Court Services, VIHA and First Nations.

The RCMP was challenged with a special security event at the end of 2008 and beginning of 2009 with the Under 17 World Hockey Championship. This event brought regional, national, and international attention to the community. As well as this unique event, the RCMP managed public safety at our three popular annual events, the Salmon Festival, Thunder in the Valley, and the Fall Fair. Continuing in 2009, the detachment committed to periodic bike patrols in the downtown core and on site at community special events. The RCMP responded to a combined business line total of 12,854 calls for service in 2009. There were 2,282 prisoners incarcerated in detachment cells in 2009, an increase of 6% over 2008. Looking forward to 2010, the RCMP is required to reduce its municipally funded workforce by two positions, from 34 to 32. The result, thus far, has been a diminished ability of the RCMP detachment to maintain its commitment to community policing and requests for service at special events.

Municipal Infrastructure

The City of Port Alberni provides a wide range of services to the public.

Roads & Transportation

The City's road network consists of approximately 150 km of paved roadways. From a service capacity perspective almost all roads are adequate to handle current traffic volumes. The majority of roads in Port Alberni are in excess of forty years old and in many areas reconstruction of original road surfaces is required. Road rehabilitation has been identified as a priority for Capital spending within the next five years.

The City has a pavement management system initiated in the mid 1980's which is used to help with selection of streets to be reconstructed and selection of maintenance strategies to extend the life of existing roads. In recent years the City has expanded the pavement maintenance strategies used to include crack sealing, sand sealing, and chip sealing as well as asphalt recycling.

There are a total of 9 bridges, in the City of varying age and type. Five are vehicular traffic bridges and four are pedestrian bridges. Most of the vehicular traffic bridges date from the 1950's. All bridges were structurally evaluated in 1986 and found to be generally in good condition. One bridge was re-decked

in 1991 and another bridge was repainted in 1994.

Future growth of the City will likely require installation of an additional bridge crossing Roger Creek at 21st Avenue or 10th Avenue.

Waterworks

The City of Port Alberni obtains water from China Creek and Bainbridge Lake and has an intake on the Somass River for use during peak demands. In addition, the City has a storage dam located on Lizard Lake, which feeds a tributary to China Creek.

The state of the waterworks infrastructure is good, and considerable investment has been made in the last decade to upgrade facilities. A new reservoir and pumpstation were constructed in Northport in 1986 and all other reservoirs were lined and covered in the 1980's. A major upgrade to the supply main trestles from the China Creek supply began in 2006. Phase 1 of this project was completed in 2008. Phase 2 began in 2009 and is anticipated to be complete in 2010. Still of concern is the need for additional mains linking the north side and south side distribution systems.

The condition of the City's 150 km of watermain appears to be generally good, however, the condition of asbestos cement mains is being monitored for structural problems.

Future growth of the City will require the development of a new water source due to lack of volume in our China Creek and Bainbridge sources. The City and Regional District are jointly investigating development of

a new regional source from Great Central Lake. Installation of water meters was completed in 2002. This will help reduce consumption and postpone construction of a new water source.

Sewerage and Drainage

The City's sanitary sewer utility provides service to approximately 98% of the residences and developments within the City. The collection system in the south portion of the City is mostly combined resulting in combined sewer overflows during rainfall events. The collection system in the northern part of the City is separate. Sewage from the whole City is pumped via 5 pumpstations to an aeration lagoon located on the south side of the Somass River. The treatment facility produces effluent well within current permit parameters. Biosolids removal from the lagoon was undertaken in 2004. A major upgrade to the Argyle Street Pumpstation was completed in 2009.

Much of the collection system dates from before the 1950's and television inspection indicates that the general condition is fair. Some particular areas have serious pipe deterioration and root intrusion and infiltration problems which will be focused on in upcoming capital spending programs.

Continuing inspection will likely reveal more problem areas. Sewer twinning in combined areas is also focused upon with the objective of reducing combined sewer overflows. The City drainage system includes outlets into the Alberni Inlet and Somass River as well as into several creeks within the City boundaries.

Municipal Infrastructure (Cont'd)

Solid Waste

The City operates a commercial dumpster type collection service as well as residential collection. Solid waste is taken to the Alberni Valley Landfill operated by the Regional District of Alberni Clayoquot.

The City's recycling program is provided by the Alberni-Clayoquot Regional District. Curbside collection is provided throughout the city to residential properties. A central depot is located at 4th and Napier.

Cemetery

The City operates and maintains the Greenwood Cemetery. This is the largest of three cemeteries located in the Alberni Valley.

City Hall

The Port Alberni City Hall located at 4850 Argyle was constructed in 1958.

City Hall houses the City Council Chambers and Committee Rooms, as well as the General Administrative Offices on the main floor. The Engineering Department administration and technical offices are located on the lower floor.

Fire Hall

Port Alberni has one fire hall constructed in 1967 located at 3699 - 10th Avenue.

This building houses the City's Fire Department consisting of 20 fire fighters, four fire trucks and an emergency rescue vehicle. Seismic upgrading of the fire hall concluded in 2000.

Public Safety Building

The new Public Safety Building located at 4444 Morton Street was completed in the fall of 2006. This new facility provides a safe, efficient and modern building which will adequately house our RCMP detachment for many years to come. This \$6 million project was financed through City reserve funds and borrowing.

Works Yard Complex

The Works Yard Complex is located at 4150 - 6th Avenue and was constructed in 1966.

This complex houses the public works, parks operations, stores, purchasing and related offices. Approximately 54 employees are dispatched from the various shops including water, sewer, streets, parks, facilities, and mechanical. A fleet of about 100 vehicles and pieces of equipment is maintained in the works yard mechanical shop.

Echo '67 Centre

Opened in 1967 as a Canada Centennial project and a celebration of the amalgamation of the Cities of Alberni and Port Alberni, Echo '67 Centre is the hub of community activity in the Alberni Valley. A most versatile facility, Echo Centre contains six meeting and activity rooms ranging in capacity from 33 to 133 persons. Three of these areas can combine into a large banquet, social, or conference setting capable of hosting groups as large as 332 persons. Two well-equipped kitchens are adjacent.

The Centre also contains 2 craft studios, a branch of the Vancouver Island Regional Library, the Alberni Valley Museum and Echo Aquatic

Centre. The Aquatic Centre itself is a major hub of activity, providing a 25 metre pool, a shallow pool, a tots pool, a whirlpool, 2 saunas and a fitness studio. Besides public swimming and swim lesson programs, the Aquatic Centre is home to the Tsunami Swim Club.

Community Arena

The Alberni Valley Multiplex facility was approved in a referendum held in November 1999. It was a \$6.5 million dollar project which saw Alberni Valley residents commit to pay \$5 Million through taxation, while the Arena Society covered the remaining \$1.5 Million through fund raising. As the project developed, the value of the facility increased to more than \$7.4 million due mainly to improvements supported by additional fund raising initiatives by the Arena Society. One of the most significant improvements was the purchase and installation of 1,500 stadium style seats in the Weyerhaeuser Arena. To date, the Arena Society has generated more than \$2.4 million in direct and in-kind contributions from 140 corporations, local businesses and community organizations.

The main features of the Alberni Valley Multiplex include:

- 2 regulation size ice surfaces;
- Seating for 1,500 on the main ice arena – stadium style seats;
- Four dressing rooms for each ice surface plus a female changing room and a Junior A hockey team room for the Alberni Valley Bulldogs;
- Fully accessible facility – including all change rooms, upper and lower lounge areas and main arena viewing. An elevator gives

Municipal Infrastructure (Cont'd)

- access to upper level viewing for wheelchair spectators;
- Heated viewing and food service lounge that overlooks both ice surfaces;
- A sizeable sun deck in the upper lounge which gives a spectacular view of the Alberni Valley and some of the adjacent playfields.

The facility is equipped with a good sound system with acoustic panels in the ceiling of both ice rinks and over ice flooring panels.

Glenwood Sports Centre

This is a major multi-purpose facility adjacent to both the Fall Fair Grounds and Bob Dailey Stadium field and athletic track. With its very large floor space, Glenwood Centre accommodates regular public roller blade sessions, a batting practice cage, indoor tennis practice courts, and a multitude of dances, socials, and annual community special events. Those events range from exhibitions and dog shows, to Fall Fair exhibits.

Gyro Youth Centre

The Centre houses a large activity area for teens, seniors, and other groups as well as rooms for pool tables and a carpentry workshop. A Teen Health Clinic operates in the lower level of the Centre.

Bob Dailey Stadium

Opened for the City of Port Alberni's hosting of the 1992 B.C. Summer Games, this stadium is the "jewel" of our outdoor recreation facilities. This 400 metre synthetic surface track is complemented by

an infield suitably sized for sports such as soccer, football, field hockey, etc. Areas for high jump, javelin, shot put, and pole vault events are part of this stadium facility. To top it all off, a magnificently designed wooden grandstand with a seating capacity of 650 overlooks the track and the field, with Mount Arrowsmith providing a grandiose backdrop to the setting.

Echo Park and Fieldhouse

Echo Park is our major community outdoor recreation complex. It contains three junior baseball fields, six softball diamonds which accommodate soccer fields as well in the fall and winter season, two slow-pitch fields and a skateboard park. Central to these playing fields is the Echo Park Fieldhouse. This facility consists of a lounge/meeting area for up to 60 people, a kitchen/concession area beside the lounge, an outdoor patio/terrace area off the lounge, public washrooms, storage rooms as well as change rooms and an officials room.

Alberni Harbour Quay

The "Quay" is Port Alberni's park-marketplace by the sea. This facility is now managed by the Parks and Recreation Department. The area includes shops, charter services, seasonal booths and retail marketplace, which together generate revenues, strategically set in a park made up of a picnic area, lawn, Shipwreck Playground, spray pool and the clocktower. The centrepiece of the site is the Babe Gunn "Life Cycle of the Pacific Salmon" stone sculpture in a central fountain.

The "Quay" annually plays host to a number of community events such as the *Harbour Day*, the *Farmer's Market* and the colourful *Harbour Quay Marine Sailpast* at Christmas time.

Municipal Computer System

The municipality operates an IBM AS/400 domain controller with 5 servers, 112 workstations, 136 network users and 90 e-mail users on a local area network running Windows XP.

Systems in place as of December 2000 are: purchasing, general ledger, inventory, accounts payable, maintenance management, payroll/human resources, business license, cash and accounts receivable, taxation, utilities, animal license, parking ticket, request for service, elections, G.I.S., and program registration, publishing, scheduling, spreadsheet and data base functions. The main computing system is kept up-to-date using the Equipment Replacement Fund.

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CITY OF PORT ALBERNI

SUMMARY OF SERVICES AND REGIONAL RELATIONSHIPS

The City is responsible for the provision of a wide variety of local government services. These include:

- Transportation network (roads, bridges, street cleaning, sidewalks, street lighting, etc. - except the Alberni Highway (#4) which is a Provincial Government responsibility).
- Drainage
- Sanitary Sewer Collection System
- Solid Waste Collection
- Waterworks Distribution and Collection System
- Parks
- Recreation and Cultural Facilities Programs
- Library Facilities
- Land Use Planning
- Police and Fire Protection
- Building Permits
- Business Licensing
- Domestic Animal Control
- Bylaw Establishment and Enforcement
- Emergency Preparedness
- Public Transit
- Heritage

Typical local government services that are not an assumed responsibility of the City of Port Alberni include:

- School System (Provincial Government and Local School Board)
- Social and Health Programs (Provincial Government)
- Hospital Care Systems (Provincial Government)
- Real Property Assessments (Provincial Government)
- Sanitary Landfill (Alberni-Clayoquot Regional District)
- Employee Pension Plan (Provincial Plan)
- Debt Marketing (Municipal Finance Authority)
- Flood Control (Provincial Government)
- Library Collection and Distribution System (Vancouver Island Regional Library)

The City of Port Alberni is represented on the following Regional Boards which provide a variety of services for the residents of Port Alberni:

Alberni-Clayoquot Regional District

Provides landfill operations, recycling services, and debt placement on behalf of the City of Port Alberni through the Municipal Finance Authority

Vancouver Island Health Authority

Provides Regional Hospital Planning input to the Provincial Government on the Hospital system and raises local capital construction contributions.

Vancouver Island Regional Library

A regionalized library collection and distribution system that provides all of the operational aspects of a library system. The members provide the local facilities.

City of Port Alberni obtains services from the following intermunicipal organizations:

Municipal Finance Authority

A Provincial organization that provides for marketing, placement and administration of all municipal debt requirements (except the City of Vancouver). This Authority also operates an investment pool on behalf of municipalities.

Royal Canadian Mounted Police (R.C.M.P.)

Contract with the Federal Government to provide police services (police officers); the City provides the clerical support services, custodial guards, and facilities.

B.C. Society for the Prevention of Cruelty to Animals (B.C.S.P.C.A.)

Contract to provide domestic animal pound and shelter services and to operate a large animal pound as required.

Alberni Valley Chamber of Commerce

Contract to provide tourism information to the general public.

Alberni Valley Tourism

A destination tourism marketing organization to promote the Alberni Valley's attractions and events to potential visitors.

The City of Port Alberni issues the property tax notices and acts as a collection agent for all property taxes.

- (A) The following organizations' property tax levies are listed on the City's Property Tax Notice, however the City Council does not have control or responsibility over their levy rates, expenditure or operation:

B.C. Assessment
Municipal Finance Authority
Provincial Government School System (Residential and Non-Residential)

- (B) The following organizations' levies are listed on the City's Property Tax Notice, however the City Council does not have control or responsibility over their levy, expenditure or operation, except as a voting member:

Alberni-Clayoquot Regional District
Alberni-Clayoquot Regional Hospital District

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CITY OF PORT ALBERNI
BUDGET PROCESS AND TIMING

BUDGET PROCESS FOR THE YEAR 2009

Bill 88, passed in the fall of 2000, requires municipalities to prepare a 5 Year Financial Plan which is adopted annually by bylaw before May 15. The Plan may be amended at any time by bylaw. Each year, the Financial Plan from the previous year remains in place until the Plan for the current year is adopted. As part of the Plan process, Council must undertake a process of public consultation regarding the Financial Plan before it is adopted. The Community Charter does not specify the format of the public consultation process and it may be varied at Council's discretion to suit the local community.

The year 2009 budget activities began with a public consultation process on the 5 year plan in the form of a public round table discussion held at Echo Centre in early February 2009. In the months following the round table discussion City Council reviewed the input received both during the round table and subsequent submissions. In February and March 2009 Council received presentations from City staff on departmental budgets and reports on reserves and debt levels. Council then provided direction for the 2009-2013 5 year plan. The 5 year plan Bylaw #4715 was adopted April 27, 2009.

The 5 year plan Bylaw #4715 was amended by Bylaw #4742 which was adopted January 25, 2010.

**CITY OF PORT ALBERNI
SOURCE AND USE OF CAPITAL FUNDING**

USE OF FUNDING

GENERAL GOVERNMENT:

Wireless infrastructure		\$ 72,593
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PUBLIC WORKS:

Public works equipment	200,384	
Paving and road reconstruction:		
Burde St – Redford Estates to Uplands	50,375	
China Creek Rd – 14 th Ave to 15 th Ave	68,497	
6 th Ave – Wallace St to Public Works Yard	50,986	
10 th Ave – Bruce St to Melrose St	114,214	
Redford St – 5 th Ave to 7 th Ave	120,848	
Melrose St – 10 th Ave to 11 th Ave	79,069	
Storm Drain Construction:		
South side Johnston Rd – Gertrude St to Margaret St	69,570	
Blair Park	14,760	
Other:		
Sidewalk – China Creek Rd	6,157	
Uptown revitalization	658,391	
Redford St extension – transit infrastructure	<u>161,908</u>	1,595,159

PARKS AND RECREATION:

Facilities equipment	6,580	
Parks equipment replacement	9,041	
Echo Centre rear pool roof	95,483	
Fieldhouse roof – Paper Mill Dam and Rogers Creek	17,620	
AV Multiplex multi-purpose room	76,653	
Dry Creek pedestrian bridge	<u>33,919</u>	239,296

WATER SYSTEM:

Distribution system		147,927
---------------------	--	---------

SEWER SYSTEM:

Sewer system		<u>1,524,482</u>
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\$ 3,579,458

**CITY OF PORT ALBERNI
SOURCE AND USE OF CAPITAL FUNDING**

SOURCE OF FUNDING

Revenue Funds	\$ 1,084,302
Equipment Replacement Reserve Fund	191,770
Capital Reserves	827,969
Government Grants	530,000
Borrowing	698,417
Contributed by Others	<u>247,000</u>
	<u>\$ 3,579,458</u>

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FINANCIAL SECTION

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**CITY OF PORT ALBERNI
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

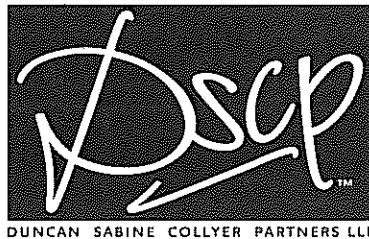
AUDITORS' REPORT

Consolidated Statements	Statements
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Consolidated Statement of Cash Flows	D

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CERTIFIED GENERAL ACCOUNTANTS
MANAGEMENT CONSULTANTS

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PORT ALBERNI BC CANADA V9Y 1V3

AUDITOR'S REPORT

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F 250.724.5155

To: Mayor and Councillors
City of Port Alberni

 CRAN-ONE | member
building business value

We have audited the consolidated statement of financial position of the City of Port Alberni as at December 31, 2009 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Port Alberni as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in Schedules 1 through 11 is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the consolidated financial statements taken as a whole.

Duncan Sabine Collyer Partners LLP.

CERTIFIED GENERAL ACCOUNTANTS

Port Alberni, B.C.
June 4, 2010

ROBERT J. DUNCAN* CGA CAFM DONALD H. JONES* BCOM CGA CAFM

DEBRA NIXON BAccS CGA CAFM
ASSOCIATE

* DENOTES PROFESSIONAL CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (STATEMENT A)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u> Restated
FINANCIAL ASSETS:		
Cash (Note 2)	\$ 18,155,004	\$ 20,232,991
Accounts receivable (Note 4)	7,213,036	2,840,367
Inventory for resale (Note 2)	<u>20,134</u>	<u>62,328</u>
	<u>25,388,174</u>	<u>23,135,686</u>
LIABILITIES:		
Interim capital financing	558,734	-
Accounts payable and accrued liabilities (Note 6)	4,576,172	4,414,725
Deferred revenue (Note 7)	3,132,775	1,682,479
Refundable deposits	393,533	170,576
Debenture debt (Note 8, Schedule 3)	<u>4,075,748</u>	<u>4,290,931</u>
	<u>12,736,962</u>	<u>10,558,711</u>
NET FINANCIAL ASSETS	<u>12,651,212</u>	<u>12,576,975</u>
NON-FINANCIAL ASSETS:		
Inventory of supplies (Note 2)	427,691	451,776
Prepaid expenses	55,268	89,088
Tangible Capital Assets (Notes 2 and 12, Schedule 1)	<u>87,983,770</u>	<u>84,395,417</u>
	<u>88,466,729</u>	<u>84,936,281</u>
ACCUMULATED SURPLUS	<u>\$ 101,117,941</u>	<u>\$ 97,513,256</u>

Ann Hopkins
Director of Finance

The notes to the financial statements are an integral part of this statement.

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CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF OPERATIONS (STATEMENT B)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u> Restated
REVENUES:			
Taxes (Schedule 4)	\$ 18,331,129	\$ 18,316,219	\$ 18,067,120
Sale of services (Schedule 9)	7,421,677	7,897,837	7,928,298
Other revenue from own sources (Schedule 10)	553,486	1,038,578	866,194
Investment income	199,980	163,667	615,181
Grants (Note 10)	9,185,807	2,906,331	2,908,328
Developer contributions	-	933,863	-
Sale of property and equipment	-	207,500	1,162,042
Parkland dedication deposits	-	21,550	15,500
Gain / (loss) on disposal of assets	-	1,563,441	-
	<u>35,692,079</u>	<u>33,048,986</u>	<u>31,562,663</u>
EXPENSES:			
General government (Schedule 5)	3,395,877	3,921,697	3,729,650
Protective services (Schedule 6)	8,839,261	8,014,147	7,830,511
Transportation services (Schedule 7)	8,556,582	5,191,429	4,964,644
Environmental health services	1,371,312	1,273,897	1,340,214
Environmental development	536,268	560,092	528,649
Recreation and cultural services (Schedule 8)	11,962,641	7,187,559	7,095,435
Interest	267,036	230,689	238,727
Debt reserve	28,180	1,629	2,304
Water utility (Schedule 11)	3,693,017	1,742,082	1,611,383
Sewer utility (Schedule 11)	2,524,146	1,371,953	1,250,606
Cost of sales and service	-	(50,873)	134,591
	<u>41,174,320</u>	<u>29,444,301</u>	<u>28,726,714</u>
ANNUAL SURPLUS	(5,482,241)	3,604,685	2,835,949
Accumulated surplus - beginning of year	<u>97,513,256</u>	<u>97,513,256</u>	<u>94,677,307</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 92,031,015</u>	<u>\$101,117,941</u>	<u>\$ 97,513,256</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (STATEMENT C)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)**

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u> Restated
ANNUAL SURPLUS	\$ (1,208,861)	\$ 3,604,685	\$ 2,835,949
Acquisition of tangible capital assets	-	(5,574,064)	(4,781,978)
Amortization	-	3,496,152	3,394,773
(Gain) / loss on disposal of assets	-	(1,563,441)	-
Proceeds from sale of tangible capital assets	<u>-</u>	<u>53,000</u>	<u>-</u>
	<u>(1,208,861)</u>	<u>16,332</u>	<u>1,448,744</u>
Acquisition of supply inventory		(427,691)	(451,776)
Acquisition of prepaid expenses		(55,268)	(39,340)
Consumption of inventory of supplies		451,776	493,191
Use of prepaid expenses		<u>89,088</u>	<u>5,258</u>
		<u>57,905</u>	<u>7,333</u>
INCREASE IN NET FINANCIAL ASSETS		74,237	1,456,077
NET FINANCIAL ASSETS - BEGINNING OF YEAR		<u>12,576,975</u>	<u>11,120,898</u>
NET FINANCIAL ASSETS - END OF YEAR		\$ <u>12,651,212</u>	\$ <u>12,576,975</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF CASH FLOWS (STATEMENT D)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u> Restated
CASH PROVIDED BY (USED FOR) OPERATIONS:		
Annual surplus for the year	\$ 3,604,685	\$ 2,835,949
Non-cash items		
Add: amortization of tangible capital assets	3,496,152	3,394,773
Deduct: (gain) on disposal of tangible capital assests	(1,563,441)	-
Decrease inventory of supplies	24,085	41,414
(Increase) decrease prepaid expenses	33,819	(34,082)
Deduct: developer contributions	(933,863)	-
Changes in working capital balances		
Accounts receivable	(4,372,669)	(460,984)
Inventory for resale	42,193	(44,067)
Accounts payable and accrued liabilities	161,447	657,937
Deferred revenue	1,450,296	488,126
Refundable deposits	<u>222,959</u>	<u>(117,733)</u>
	<u>2,165,663</u>	<u>6,761,333</u>
CASH PROVIDED BY (USED FOR) FINANCING:		
Proceeds from interim capital financing	558,734	-
Debenture debt repayment	<u>(215,183)</u>	<u>(206,785)</u>
	<u>343,551</u>	<u>(206,785)</u>
CASH PROVIDED BY (USED FOR) INVESTING:		
Acquisition of tangible capital assets	(3,579,458)	(4,530,860)
Increase in work-in-progress	(1,060,743)	(251,118)
Proceeds from sale of tangible capital assets	<u>53,000</u>	<u>-</u>
	<u>(4,587,201)</u>	<u>(4,781,978)</u>
(DECREASE) INCREASE IN CASH AND SHORT TERM INVESTMENTS	(2,077,987)	1,772,570
Cash and short term investments - beginning of year	<u>20,232,991</u>	<u>18,460,419</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 18,155,004</u>	<u>\$ 20,232,991</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. General

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

In December, 2009 the City of Port Alberni incorporated a company known as Alberni Valley Community Forest Corporation. As at December 31, 2009 no activities had taken place and no assets or liabilities had existed.

2. Summary of Significant Accounting Policies

The accounting policies of the City conform to generally accepted accounting principles as applicable to British Columbia municipalities. The financial statements have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The following is a summary of the more significant policies:

Basis of Presentation

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

- 1) **General Revenue Funds** – to account for all financial resources except those required to be accounted for in another fund. The General Revenue Fund is the City's operating fund including collection of taxation, administering operations, roads, policing, fire protection etc.
- 2) **Capital Funds** – to account for all capital assets and unfunded work-in-progress of the City and offset by long-term debt and investment in capital assets.
- 3) **Reserve Funds** – to account for activities within designated funds established for specific purposes with the approval of the Ministry of Community Development. The funds are governed by bylaws defining their purpose, and are funded primarily by budgetary contributions from the General Revenue Fund plus interest earned on the fund balances.
- 4) **Water and Sewer Funds** – to account for operations that are financed and operated in a manner similar to private business operations, where the intent is that costs of providing the services on a continuing basis be financed or recovered at least partially through user charges.

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Consolidated Financial Statements – the General Revenue Fund, Water Revenue Fund, Sewer Revenue Fund, General Capital Fund, Water Capital Fund, Sewer Capital Fund, Parkland Acquisition Reserve Fund, Equipment Replacement Reserve Fund, Capital Works Reserve Fund, and Land Sale Reserve Fund belong to one economic entity under control of City Council.

The consolidated financial statements reflect the removal of internal transactions and balances. The Cemetery Trust Fund administered by the City is specifically excluded from the consolidated financial statement.

Basis of Accounting – effective in 1996 all revenues and expenditures are recorded on a full accrual basis using guidelines issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Revenues are recorded in the period in which the transaction or events occurred that gave rise to the revenues. Expenditures are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Tangible Capital Assets – (change in accounting policy, Note 14) – effective 2008 the City adopted the provisions of PSAB Accounting Handbook Section 3150 which required that tangible capital assets be recorded at cost and amortized over their useful lives. This is changed from the policy of previous years where tangible capital assets were not amortized.

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset. Assets under construction are not amortized. Contributed tangible capital assets are recorded at fair value at the time of contribution and are also recorded as revenue.

Estimated useful lives of tangible capital assets are as follows:

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

Tangible capital assets do not include works of art or historical treasures. Costs related to the acquisition of such items are expensed in the year in which they are acquired.

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Revenue Recognition

- 1) **Taxation** – taxes are recognized as revenue in the year they are levied. Taxes may be adjusted by way of supplementary roll adjustments through the BC Assessment appeal process. Levies imposed by other taxing authorities are not included as Taxes for municipal purposes.
- 2) **Sales of services** – charges for water and sewer usage, solid waste collection and recreation programs and admissions are recorded as Sales of services.
- 3) **Other revenue** – included in Other revenue are permit and licence fees as well as fines and penalty charges.
- 4) **Investment income** – the City invests in pooled funds of the Municipal Finance Authority of BC. Earnings of these funds are allocated to the members from time to time based on the market value of the pool. The City recognizes only its share of the realized earnings of the pool. This revenue is recorded as investment income and the amount is added to the cost of the units held. To the extent that financial instruments have no stated rate of return investment income is recognized as it is received.
- 5) **Grants** – are recognized as revenues in the period that the events giving rise to the transfer occur.

Cash and Short Term Investments – short term investments are recorded at cost. Cash and short term investments as at December 31, 2009 were comprised as follows:

	<u>2009</u>	<u>2008</u>
Cash	\$ 5,633,492	\$ 4,855,559
Municipal Finance Authority, Money Market Funds	<u>12,521,512</u>	<u>15,377,432</u>
	<u>\$ 18,155,004</u>	<u>\$ 20,232,991</u>

Inventories – inventories of materials and supplies are valued at cost with an allowance made for damaged or obsolete goods. Inventories for resale are classified as Financial Assets. Inventories of supplies for internal use are classified as Non-Financial Assets and are expensed in the year of acquisition.

Contributed Tangible Capital Assets – land developers are required to provide subdivision infrastructure such as streets, lighting, sidewalks and drainage, etc. At the end of the warranty period, they are turned over to the City for no consideration. The City is not involved in the construction and does not budget for either the contribution from the developer or the capital expenditure in its annual bylaw.

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

Use of Estimates/Measurement Uncertainty – the preparation of financial statements in accordance

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 expenditures during the reporting period. Significant areas requiring use of management estimates relate to the useful lives of tangible capital assets for calculation of amortization, determination of employee future benefits, collectability of accounts receivable, and provisions for contingencies.

Financial Instruments – the City’s financial instruments consist of cash and temporary investments, portfolio investments, accounts receivable, other assets, accounts payable and accrued liabilities, refundable deposits and long term debt. Unless otherwise indicated, it is management’s opinion that the City is not exposed to any significant interest, credit, or currency risks arising from these financial instruments.

3. Trust Funds

The City holds trust funds under British Columbia law for the purposes of maintaining a public cemetery. This fund is excluded from the consolidated statement of financial position and is comprised of the following:

	2008				2009
	Balance	Interest	Receipts	Expenditures	Balance
Cemetery Trust	\$ <u>140,453</u>	\$ <u>1,480</u>	\$ <u>3,165</u>	\$ <u>-</u>	\$ <u>145,098</u>

4. Accounts Receivable

	<u>2009</u>	<u>2008</u>
Property taxes	\$ 4,497,790	\$ 663,173
Federal government	36,921	1,515
General	<u>2,678,325</u>	<u>2,175,679</u>
	\$ <u>7,213,036</u>	\$ <u>2,840,367</u>

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

5. Municipal Finance Authority Debt Reserve Fund

The Municipal Finance Authority of British Columbia provides capital financing for regional districts and their member municipalities. The Authority is required to establish a Debt Reserve Fund. Each regional district through its member municipalities who share in the proceeds of a debt issue is required to pay into the Debt Reserve Fund certain amounts set out in the debt agreements. The Authority pays into the Debt Reserve Fund these monies from which interest earned thereon less administrative expenses becomes an obligation to the regional districts. It must then use this fund, if at any time there are insufficient funds, to meet payments on its obligations. When this occurs the regional districts may be called upon to restore the fund.

Upon the maturity of a debt issue the unused portion of the Debt Reserve Fund established for that issue will be discharged to the City. The proceeds from these discharges will be credited to income in the year they are received. As at Thursday, December 31, 2009 the total investment of the Debt Reserve Fund was comprised of:

	<u>2009</u>	<u>2008</u>
General Revenue	\$ 130,621	\$ 129,483
Sewer Revenue	<u>91,416</u>	<u>90,925</u>
	<u>\$ 222,037</u>	<u>\$ 220,408</u>

6. Accounts Payable and Accrued Liabilities

	<u>2009</u>	<u>2008</u>
Due to senior governments	\$ 85,984	\$ 24,606
Other local governments	39,158	37,634
Trade accounts	2,247,309	2,077,095
Salaries and wages	621,133	690,722
Accrued debenture interest - sewer revenue	14,368	14,368
Accrued employee benefits	<u>1,568,221</u>	<u>1,570,300</u>
	<u>\$ 4,576,173</u>	<u>\$ 4,414,725</u>

Employee future benefits:

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

a) Retirement benefit payments

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

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u>
Benefit liability - beginning of year	\$ 456,253	\$ 451,613
Add: current service costs	27,800	39,200
interest on accrued benefit obligation	27,100	27,600
amortization of actuarial loss	3,200	-
Less Benefits paid	<u>(46,500)</u>	<u>(62,160)</u>
Benefit liability - end of year	467,853	456,253
 Add ERIP reserve	 93,000	 93,000
Unamortized actuarial loss (gain)	<u>28,747</u>	<u>31,947</u>
 Accrued benefit obligation - end of year	 <u>\$ 589,600</u>	 <u>\$ 581,200</u>

The retirement liability requires no contribution from the employees.

	<u>2009</u>	<u>2008</u>
b) Accrued vacation liability as at Thursday, December 31, 2009	\$ <u>922,621</u>	\$ <u>933,100</u>

c) Accumulated sick leave liability

The City provides benefits for sick leave to all its employees. Employees in the classification of CUPE and Firefighter accumulate sick leave on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Sick leave is accumulated to a maximum as determined by the appropriate collective agreement. Sick leave for management employees does not accumulate. At Thursday, December 31, 2009 this liability is estimated at \$56,000 (2008 - \$56,000)

d) Employee benefit obligations:

	<u>2009</u>	<u>2008</u>
Retirement benefits payments	\$ 589,600	\$ 581,200
Accrued vacation pay	922,621	933,100
Accumulated sick leave	<u>56,000</u>	<u>56,000</u>
	<u>\$ 1,568,221</u>	<u>\$ 1,570,300</u>

The Employee Benefit Obligations liability was determined by actuarial valuation. The actuarial valuation was performed by AON Consulting Inc. in accordance with sections PS3250 and PS3255 of the Canadian Institute of Chartered Accountants Public Sector Accounting handbook. Actuarial valuations for accounting purposes are performed triennially using the projected accrued benefit cost method. The most recent valuation was completed December 31, 2008. The significant actuarial assumptions adopted in estimating the City's accrued benefit obligation are as follows:

Discount rates	5.50% per annum
Expected future inflation rates	2.25% per annum
Expected wage and salary increases	2.00% per annum

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

7. Deferred Revenue

	<u>2009</u>	<u>2008</u>
Property taxes	\$ 615,783	\$ 561,423
Capital grants	423,638	412,274
Other	1,000,531	284,812
Federal Gas Tax agreement	<u>1,092,823</u>	<u>423,970</u>
	<u>\$ 3,132,775</u>	<u>\$ 1,682,479</u>

8. Debenture Debt

All debt is reported at gross amount. The City has no debt assumed by others on its behalf, and has assumed no debt for others.

The annual principal and interest requirements to maturity as of Thursday, December 31, 2009 are as follows:

	Principal	Interest	Total
2010	\$ 191,392	\$ 224,856	\$ 416,248
2011	191,392	224,856	416,248
2012	191,392	224,856	416,248
2013	191,392	224,856	416,248
2014	191,392	224,856	416,248

9. Expenditures by Object

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Salaries Wages and Benefits	\$ 13,518,963	\$ 13,199,639	\$ 13,162,597	\$ 13,163,071	\$ 12,509,271
Debt Servicing	249,433	250,221	250,801	196,609	58,858
RCMP Contract	3,836,207	3,647,928	3,675,691	3,521,447	3,479,214
Grants	123,125	146,790	188,509	145,335	105,009
Other Contracts	1,124,190	880,705	729,622	677,879	646,890
Goods and Services	7,096,231	7,206,659	11,142,809	14,151,450	12,930,726
Amortization	<u>3,496,152</u>	<u>3,394,773</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>	<u>\$ 31,855,791</u>	<u>\$ 29,729,968</u>

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

10. Government Grants and Transfers

	<u>2009</u>	<u>2008</u>
Operating Grants		
Federal		
Green Municipal Fund Study Grant	\$ 59,618	\$ -
Federal Gas Tax Revenue	<u>18,532</u>	<u>11,762</u>
	<u>78,150</u>	<u>11,762</u>
Provincial		
Revenue Sharing	590,399	559,385
Community Gaming	500,000	345,000
Museum	70,000	66,000
Strategic Economic Development	60,000	-
Recreation	66,626	-
Community Programs	67,157	60,816
Employment Programs	393,390	93,544
Provincial Emergency Program	-	113,337
Flood Protection Program	<u>(367)</u>	<u>13,986</u>
	<u>1,747,205</u>	<u>1,252,068</u>
Local - Regional District of Alberni-Clayoquot		
McLean Mill Grant In Aid	29,900	16,026
Economic Development	18,000	15,833
Community Programs	-	50,087
Emergency Planning	<u>-</u>	<u>25,000</u>
	<u>47,900</u>	<u>106,946</u>
Capital		
Federal		
Federal Gas Tax Revenue	<u>256,076</u>	<u>357,011</u>
Provincial		
Municipal Rural Infrastructure Fund	530,000	-
Island Coastal Economic Development	247,000	-
Community Water Improvement	<u>-</u>	<u>1,166,667</u>
	<u>777,000</u>	<u>1,166,667</u>
Local - Regional District of Alberni-Clayoquot		
McLean Mill Grant In Aid	<u>-</u>	<u>13,874</u>
Total Government Grants and Transfers	<u>\$ 2,906,331</u>	<u>\$ 2,908,328</u>

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

11. Contingent Liabilities

Regional District Debt

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

Claim for Damages

In the normal course of a year, the City is faced with lawsuits and other claims for damages of diverse nature. At year end, the City's estimated exposure for such liabilities is not considered to be significant. The City carries general liability insurance with a private insurance carrier in the amount of \$2 million, plus an umbrella liability policy in the amount of \$8 million. When claims are paid the expense is charged at the General Government expense category.

Pension Liability

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly-trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers.

Employer contributions to the Plan for 2009 were \$885,493 (\$840,389 for 2008) and are included in consolidated operating expenditures. Employee contributions for 2009 were \$703,919 (\$662,929 for 2008).

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

12. Tangible Capital Assets

	2009	2008
Land	\$ 3,238,235	\$ 1,628,766
Land Improvements	2,769,428	2,337,105
Buildings	20,428,667	20,999,673
Machinery and Equipment	4,530,232	4,927,943
Engineering Structures	622,577	525,038
Storm Drains	12,289,668	12,201,323
Transportation	10,233,284	10,183,040
Water	15,761,607	15,930,842
Sewer	<u>15,270,327</u>	<u>13,882,685</u>
	85,144,025	82,616,415
Work-in-progress	<u>2,839,745</u>	<u>1,779,002</u>
	<u>\$ 87,983,770</u>	<u>\$ 84,395,417</u>

For more information, see the Schedule of Tangible Assets (Schedule 1)

There were no writedowns of tangible capital assets in 2009 (2008 - \$ nil). Contributed assets recognized in 2009 were \$933,863 (2008 - \$ nil) recorded at fair market value at the end of the warranty period. These include land, transportation, storm, sewer and water infrastructure.

13. Segmented Information

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

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

General government services

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

Protective services - Police, Fire and Building Inspection

The Royal Canadian Mounted Police is Canada's national police service. They are committed to preserving the peace, upholding the law and providing quality service in partnership with Canadian communities and for all Canadian citizens. The mandate of the Port Alberni Fire Department is to provide fire suppression services; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. It is the mandate of the Building Inspection Department to provide

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

building inspection services as set out in the building bylaw for residents and builders. Building inspection services are provided in order to assist residents and builders in constructing projects which meet minimum construction standards.

Transportation services

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

Environmental health services

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

Environmental development

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

Recreation and cultural services

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

Water utility

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

Sewer utility

The Sewer Department provides for the collection and treatment of wastewater.

The accounting policies used in these segments are consistent with those followed in preparation of the consolidated financial statements as disclosed in Note 2. For additional information see Segmented Information (Schedule 2).

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

14. Prior Period Adjustment

The City has adopted the provisions of PSAB Handbook Sections 1200, Financial Statement Presentation, and 3150 Tangible Capital Assets and has adopted these standards on a retroactive basis. The adoption of these standards resulted in the following changes to accounting methods and presentation:

- tangible capital assets are recorded only when such expenditures or contributions-in-kind represent a new asset, or extend the life or service capacity, or improve the quality of an existing asset;
- tangible capital assets are amortized over their estimated useful lives;
- inventories of supplies and prepaid expenses are recorded and treated as non-financial assets; and
- operating surpluses, reserve funds and equity in tangible capital assets are now grouped together and presented as "accumulated surplus".

As a result of the adoption of the new standards, the presentation of the financial statements has changed retroactively and the prior year restated as follows:

2008 Accumulated Surplus

Accumulated surplus, as previously reported	\$ 157,713,598
Add: increase in prepaid expenses	49,223
Less: net book value of tangible capital assets revalued	<u>(60,249,565)</u>
Accumulated surplus, as restated	<u>\$ 97,513,256</u>

2008 Annual Surplus

Annual surplus, as previously reported	\$ 1,449,269
Add: decrease in tangible capital assets in the period	4,781,978
Less: increase in amortization expense	(3,394,773)
decrease in supplies and prepaid expenses	<u>(525)</u>
Annual surplus, as restated	<u>\$ 2,835,949</u>

2008 Tangible Capital Assets

Net book value of tangible capital assets, as previously reported	\$ 144,644,982
Less: net book value of tangible capital assets resulting from the adjustment of opening surplus	(56,854,792)
increase in amortization expense	<u>(3,394,773)</u>
Net book value of tangible capital assets, as restated	<u>\$ 84,395,417</u>

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

15. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

16. Accumulated Surplus

Accumulated surplus consists of individual fund surplus, surplus invested in tangible capital assets and reserve fund and accounts as follows:

	2009	2008
Operations		
General	\$ 598,872	\$ 186,705
Water	4,487,011	3,599,760
Sewer	<u>577,400</u>	<u>215,255</u>
	<u>5,663,283</u>	<u>4,001,720</u>
Capital		
General	1,363,641	2,052,251
Water	(169,357)	2,218,733
Sewer	<u>703,181</u>	<u>281,498</u>
	<u>1,897,465</u>	<u>4,552,482</u>
Equity in tangible capital assets		
General	49,624,952	51,953,484
Water	15,903,167	10,808,814
Sewer	<u>12,987,027</u>	<u>14,403,748</u>
	<u>78,515,146</u>	<u>77,166,046</u>
Reserves		
Reserve funds - statutory		
Parkland Acquisition	98,292	75,895
Capital Works	1,490,657	1,729,376
Equipment Replacement	5,445,065	5,487,003
Land Sale	3,153,344	2,930,008
Reserve funds - unrestricted		
General Fund - projects and purchases	306,367	376,720
Loss on taxation	3,300,000	366,000
Museum purchases	22,595	20,066
Parks and Recreation building	849,909	807,940
Water Fund - projects and purchases	<u>375,817</u>	<u>-</u>
	<u>15,042,046</u>	<u>11,793,008</u>
	<u>\$ 101,117,940</u>	<u>\$ 97,513,256</u>

SUPPORTING SCHEDULES

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**CITY OF PORT ALBERNI
SCHEDULE OF TANGIBLE CAPITAL ASSETS (SCHEDULE 1)
AT DECEMBER 31, 2009**

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2008	2009 Additions	2009 Disposals	Balance December 31, 2009	Balance December 31, 2008	2009 Additions	2009 Disposals	Balance December 31, 2009	VALUE 2009	VALUE 2008
Land	\$ 1,628,766	\$ 1,610,472	\$ 1,003	\$ 3,238,235	\$ -	\$ -	\$ -	\$ -	\$ 3,238,235	\$ 1,628,766
Land Improvements	7,413,209	666,391	45,800	8,033,800	5,076,104	224,019	35,751	5,264,372	2,769,428	2,337,105
Buildings	31,435,699	189,756	-	31,625,455	10,436,026	760,762	-	11,196,788	20,428,667	20,999,673
Machinery & Equipment	10,915,281	216,006	226,673	10,904,614	5,987,338	531,394	144,350	6,374,382	4,530,232	4,927,943
Structures	1,706,170	141,512	112,481	1,735,201	1,181,132	43,973	112,481	1,112,624	622,577	525,038
Storm Drains	17,391,273	327,995	-	17,719,268	5,189,949	239,651	-	5,429,600	12,289,668	12,201,323
Transportation	36,991,177	886,948	-	37,878,125	26,808,138	836,703	-	27,644,841	10,233,284	10,183,040
Water	26,268,738	341,227	1,920	26,608,045	10,337,896	510,104	1,562	10,846,438	15,761,607	15,930,842
Sewer	19,943,627	1,743,486	57,385	21,629,728	6,060,941	349,547	51,087	6,359,401	15,270,327	13,882,685
Work in progress	1,779,002	2,737,910	1,677,167	2,839,745	-	-	-	-	2,839,745	1,779,002
	\$ 155,472,942	\$ 8,861,703	\$ 2,122,430	\$ 162,212,215	\$ 71,077,524	\$ 3,496,153	\$ 345,231	\$ 74,228,446	87,983,769	\$ 84,395,417

Financial Statements

CITY OF PORT ALBERNI SEGMENTED INFORMATION (SCHEDULE 2) FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Protective	Transportation	Environmental	Environmental
	Government	Services	Services	Health Services	Development
Revenue					
Taxes	\$18,316,219	\$ -	\$ -	\$ -	\$ -
Sales of services	117,849	469,676	281,386	1,271,024	126,026
Other revenue from own sources	899,224	90,845	-	-	-
Investment income	71,151	-	134	-	-
Grants	1,754,823	-	-	-	-
Developer contributions	-	-	486,558	-	-
Gain/loss on disposal of assets	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	21,159,266	560,520	768,078	1,271,024	126,026
Expenses					
Operating:					
Salaries, wages and benefits	2,413,990	3,254,392	2,323,643	527,001	310,861
Debt servicing	11,890	158,359	4,404	-	-
RCMP contract	-	3,836,207	-	-	-
Grants	39,125	-	-	-	84,000
Other contracts	211,266	111,078	773,531	-	2,229
Goods and services	1,169,922	536,890	600,366	743,376	133,385
	3,846,194	7,896,925	3,701,943	1,270,377	530,475
Amortization	80,409	275,580	1,493,889	3,521	29,617
Total expenses	3,926,603	8,172,505	5,195,832	1,273,898	560,092
Excess (deficiency) in revenue over expenses	\$17,232,663	\$ (7,611,985)	\$ (4,427,755)	\$ (2,874)	\$ (434,066)

CITY OF PORT ALBERNI
SEGMENTED INFORMATION (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2009

Recreation and Cultural Services	Water Utility	Sewer Utility	Other Funds	Unallocated	Eliminations	Consolidated 2009	Budget 2009	Consolidated (restated) 2008
\$ -	\$ -	\$ -	\$ -	\$ -		\$18,316,219	\$18,331,129	\$18,067,120
2,047,343	2,077,617	1,192,408	314,508	-		7,897,837	7,421,677	7,928,298
-	24,266	11,909	42,963	(30,630)		1,038,578	553,486	866,194
-	217	491	91,674	-		163,667	199,980	615,181
99,900	-	-	1,051,608	-		2,906,331	9,185,807	2,908,328
35,000	193,300	219,005	-	-		933,863	-	-
-	-	-	1,563,441	-		1,563,441	-	-
-	-	-	229,050	-		229,050	-	1,177,542
2,182,243	2,295,400	1,423,813	3,293,244	(30,630)	-	33,048,986	35,692,079	31,562,663
3,543,212	692,299	453,565	-	-		13,518,963	17,616,621	13,199,638
10,130	-	64,651	-	-		249,433	303,716	250,220
-	-	-	-	-		3,836,207	4,149,745	3,647,928
-	-	-	-	-		123,125	115,000	146,790
26,085	-	-	-	-		1,124,190	910,407	880,705
2,854,646	539,679	568,840	(50,873)	-		7,096,231	18,078,831	7,206,660
6,434,073	1,231,978	1,087,056	(50,873)	-	-	25,948,149	41,174,320	25,331,941
753,485	510,104	349,547	-	-		3,496,152	-	3,394,773
7,187,558	1,742,082	1,436,604	(50,873)	-	-	29,444,301	41,174,320	28,726,714
<u>\$ (5,005,315)</u>	<u>\$ 553,319</u>	<u>\$ (12,790)</u>	<u>\$ 3,344,117</u>	<u>\$ (30,630)</u>	<u>\$ -</u>	<u>\$ 3,604,685</u>	<u>\$ (5,482,241)</u>	<u>\$ 2,835,950</u>

**CITY OF PORT ALBERNI
DEBENTURE DEBT - SCHEDULE 3**

ALL FUNDS AT DECEMBER 31, 2009 - SHOWING REQUIREMENTS FOR PRINCIPAL AND INTEREST FOR 2010

<u>Security Issuing Bylaw</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Amount Outstanding Dec.31, 2009</u>	<u>Term In Years</u>	<u>Annual Interest Rate</u>	<u>Maturity Date</u>	<u>2010 Requirements Interest</u>	<u>2010 Requirements Principal</u>	<u>Sinking Fund Addition</u>	<u>Debt Reserve Cash Balance</u>
4280 4575	L.I. General	98,120 <u>3,375,064</u>	45,559 <u>3,122,084</u>	20 25	4.43% 4.65%	25/09/2016 19/04/2031	4,347 <u>157,278</u>	2,967 <u>81,042</u>	2,628 <u>10,119</u>	2,054 <u>39,014</u>
		\$ 3,473,184	\$ 3,167,642				\$ 161,625	\$ 84,009	\$ 12,747	\$ 41,068
4280 4559 4601	L.I. Sewer	147,180 797,642 <u>438,170</u>	68,338 515,522 <u>324,245</u>	20 10 10	4.43% 4.55% 4.65%	25/09/2016 06/04/2015 19/04/2016	6,520 36,293 <u>20,419</u>	4,451 66,436 <u>36,496</u>	3,942 11,285 <u>4,557</u>	3,081 9,591 <u>5,065</u>
		\$ 1,382,992	\$ 908,105				\$ 63,232	\$ 107,383	\$ 19,784	\$ 17,738
		\$ 4,856,176	\$ 4,075,748				\$ 224,856	\$ 191,392	\$ 32,531	\$ 58,806

CITY OF PORT ALBERNI
TAX LEVIES and GRANTS IN LIEU OF TAXES (SCHEDULE 4)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
MUNICIPAL PURPOSES:			
Tax Levies:			
General purpose	\$ 17,400,885	\$17,392,102	\$ 17,124,791
Local improvement - streets and drains	186	186	186
Local improvement - sewer	33,961	33,965	33,534
Off-street parking	4,600	4,237	4,603
Utility	133,944	133,944	126,134
Parcel Tax	<u>231,545</u>	<u>231,534</u>	<u>231,135</u>
	17,805,121	17,795,968	17,520,383
Grants in lieu of taxes	<u>526,008</u>	<u>520,251</u>	<u>546,737</u>
Total Municipal Taxes	<u>18,331,129</u>	<u>18,316,219</u>	<u>18,067,120</u>
COLLECTIONS FOR OTHER GOVERNMENTS:			
Tax Levies:			
School	6,035,429	5,489,219	6,034,442
Regional hospital	937,016	911,855	936,464
Regional District of Alberni Clayoquot	942,545	935,701	943,391
B.C. Assessment	179,220	185,445	179,212
Municipal Finance Authority	<u>354</u>	<u>453</u>	<u>354</u>
Total Collections For Other Governments	<u>8,094,564</u>	<u>7,522,673</u>	<u>8,093,863</u>
Total Taxes Collected	<u>\$ 26,425,693</u>	<u>\$ 25,838,892</u>	<u>\$ 26,160,983</u>

CITY OF PORT ALBERNI
GENERAL GOVERNMENT EXPENDITURES (SCHEDULE 5)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
Legislative	\$ 142,582	\$ 164,956	\$ 140,326
City manager's office	227,433	223,598	205,410
Municipal clerk's office	375,731	353,936	347,676
Legal and bylaw prosecution services	50,980	77,513	92,675
Financial management	720,958	684,268	711,274
Administration vehicle	9,056	10,559	13,954
External audit	13,138	14,232	13,891
Purchasing	214,368	206,825	200,508
Buildings	104,388	135,776	120,803
Information services	491,645	556,559	466,906
Personnel	220,714	217,560	221,812
Election expenses	300	779	25,116
Training and development	184,377	148,865	171,857
Damage claims	25,000	44,411	25,762
Grants and grant funded programs	31,000	821,836	190,666
Office equipment supplies and printing	276,761	282,170	305,721
Public liability insurance	126,900	90,971	116,772
Other general services	-	133,737	600,005
General government - capital assets	427,400	-	-
Administration recoveries	<u>(246,854)</u>	<u>(246,854)</u>	<u>(241,484)</u>
	\$ <u>3,395,877</u>	\$ <u>3,921,697</u>	\$ <u>3,729,650</u>

CITY OF PORT ALBERNI
PROTECTIVE SERVICES (SCHEDULE 6)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
Police protection	\$ 5,498,271	\$ 5,395,408	\$ 5,158,506
Fire protection	2,582,690	2,378,825	2,350,105
Emergency measures	2,731	10,504	75,442
Building and plumbing inspections	109,366	110,679	127,693
Animal pound operations	114,203	118,730	118,766
Protective services - capital assets	<u>532,000</u>	<u>-</u>	<u>-</u>
	\$ <u>8,839,261</u>	\$ <u>8,014,146</u>	\$ <u>7,830,512</u>

**CITY OF PORT ALBERNI
TRANSPORTATION SERVICES (SCHEDULE 7)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)**

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
COMMON SERVICES:			
Engineering administration	\$ 517,695	\$ 547,639	\$ 479,380
Engineering consulting services	108,898	121,825	106,439
Public works supervision	340,000	350,188	331,823
Equipment and supplies	33,740	81,131	78,617
Building and yard maintenance	176,000	181,596	218,638
Equipment maintenance	<u>740,577</u>	<u>958,171</u>	<u>1,034,658</u>
	<u>1,916,910</u>	<u>2,240,550</u>	<u>2,249,555</u>
ROADS AND STREET MAINTENANCE:			
Roadway surfaces maintenance	865,732	1,643,354	1,599,797
Snow and ice removal	380,000	344,370	416,334
Parking	7,902	4,173	8,129
Gravel	135,000	81,818	149,153
Ditch and dyke maintenance	221,250	169,269	131,002
Storm sewers	<u>245,695</u>	<u>411,990</u>	<u>489,276</u>
	<u>1,855,579</u>	<u>2,654,974</u>	<u>2,793,691</u>
Bridges and retaining walls	20,000	25,056	15,131
Street lighting	234,400	303,096	273,862
Traffic control	237,000	230,496	228,518
Public transit	731,617	773,531	670,056
Other	132,600	190,030	148,880
Transportation services - capital assets	5,036,570	-	-
Recoveries	<u>(1,608,094)</u>	<u>(1,226,304)</u>	<u>(1,415,049)</u>
	<u>\$ 8,556,582</u>	<u>\$ 5,191,429</u>	<u>\$ 4,964,644</u>

CITY OF PORT ALBERNI
RECREATION AND CULTURAL SERVICES (SCHEDULE 8)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	2009 Budget <u>Revenue</u>	2009 Actual Revenue	2009 Budget <u>Expenditure</u>	2009 Actual Expenditure	2009 Budget Operating <u>Deficit</u>	2009 Actual Operating Deficit	2008 Actual Operating <u>Deficit</u>
RECREATION SERVICES:							
Administration	\$ -	\$ -	\$ 498,680	\$ 467,798	\$ (498,680)	\$ (467,798)	\$ (482,285)
Leisure Centre	236,419	211,384	353,865	402,566	(117,446)	(191,182)	(156,620)
Swimming pool	326,510	316,823	432,875	466,854	(106,365)	(150,030)	(77,175)
Arena	741,800	657,465	950,700	1,512,842	(208,900)	(855,377)	(804,590)
Parks, playgrounds and other	118,117	139,443	1,294,789	1,338,404	(1,176,672)	(1,198,961)	(1,267,817)
Programs	240,500	445,257	1,266,003	1,353,494	(1,025,503)	(908,237)	(877,051)
Capital assets	-	-	4,255,070	-	(4,255,070)	-	-
	<u>1,663,346</u>	<u>1,770,372</u>	<u>9,051,982</u>	<u>5,541,958</u>	<u>(7,388,636)</u>	<u>(3,771,585)</u>	<u>(3,665,538)</u>
CULTURAL SERVICES:							
Museum services	30,440	52,108	548,727	559,746	(518,287)	(507,638)	(524,425)
McLean Mill	269,050	224,862	559,650	569,970	(290,600)	(345,108)	(337,333)
Regional library	-	-	515,882	515,884	(515,882)	(515,884)	(508,749)
Capital assets	-	-	1,286,400	-	(1,286,400)	-	-
	<u>299,490</u>	<u>276,970</u>	<u>2,910,659</u>	<u>1,645,600</u>	<u>(2,611,169)</u>	<u>(1,368,630)</u>	<u>(1,370,507)</u>
	<u>\$ 1,962,836</u>	<u>\$ 2,047,342</u>	<u>\$ 11,962,641</u>	<u>\$ 7,187,558</u>	<u>\$ (9,999,805)</u>	<u>\$ (5,140,215)</u>	<u>\$ (5,036,045)</u>

**CITY OF PORT ALBERNI
SALE OF SERVICES (SCHEDULE 9)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)**

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
GENERAL REVENUE:			
General Services	\$ 2,030,741	\$ 2,075,210	\$ 2,002,777
Arena	741,800	657,467	663,564
Leisure Centre	236,419	211,384	206,027
Parks, playgrounds and other	118,117	139,443	112,657
Pool	326,510	316,823	336,153
Programs	240,500	445,257	412,473
Museum	30,440	52,108	65,773
McLean Mill	<u>269,050</u>	<u>224,862</u>	<u>262,742</u>
	<u>3,993,577</u>	<u>4,122,554</u>	<u>4,062,166</u>
MISCELLANEOUS REVENUE:			
Miscellaneous receipts/sales	-	314,508	659,172
SERVICES PROVIDED TO OTHER GOVERNMENTS:			
Services provided to other governments	100,000	190,750	95,520
SEWER REVENUE:			
Connections and sundry charges	47,300	60,984	73,053
Sale of sewer service	<u>1,243,000</u>	<u>1,131,424</u>	<u>1,002,854</u>
	<u>1,290,300</u>	<u>1,192,408</u>	<u>1,075,907</u>
WATER REVENUE:			
Sale of water	2,000,000	2,029,045	1,995,621
Connections and sundry charges	<u>37,800</u>	<u>48,572</u>	<u>39,912</u>
	<u>2,037,800</u>	<u>2,077,617</u>	<u>2,035,533</u>
	<u>\$ 7,421,677</u>	<u>\$ 7,897,837</u>	<u>\$ 7,928,298</u>

CITY OF PORT ALBERNI
OTHER REVENUE FROM OWN SOURCES (SCHEDULE 10)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
Licences and permits	\$ 205,600	\$ 221,649	\$ 239,279
Fines and costs	18,500	9,978	8,557
Land and building rentals	55,026	66,779	105,121
Penalties and interest	141,000	507,030	153,053
Miscellaneous revenue	113,360	220,808	131,839
Other revenue from own sources - capital fund	20,000	(30,629)	201,086
Other revenue from own sources - reserve funds	<u>-</u>	<u>42,963</u>	<u>27,259</u>
	<u>\$ 553,486</u>	<u>\$ 1,038,578</u>	<u>\$ 866,194</u>

CITY OF PORT ALBERNI
SEWER AND WATER UTILITIES (SCHEDULE 11)
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative figures for 2008)

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
SEWER UTILITY:			
Administration	\$ 287,100	\$ 281,293	\$ 261,765
Sewage treatment and disposal	165,950	285,339	255,351
Sewage collection system	320,760	511,732	562,327
Sewage pump stations	169,320	290,438	160,693
Other operating costs	2,500	3,151	10,470
Sewer utility - capital	<u>1,578,516</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,524,146</u>	<u>\$ 1,371,953</u>	<u>\$ 1,250,606</u>
WATER UTILITY:			
Administration	\$ 306,500	\$ 326,451	\$ 322,239
Service of supply	199,750	269,714	253,318
Pumping	180,500	210,835	149,079
Transmission and distribution	573,050	919,081	884,238
Other operating costs	7,500	16,001	2,509
Water utility - capital fund	<u>2,425,717</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,693,017</u>	<u>\$ 1,742,082</u>	<u>\$ 1,611,383</u>

STATISTICS SECTION

Statistics

CITY OF PORT ALBERNI MISCELLANEOUS STATISTICS AT DECEMBER 31, 2009

Date of Incorporation	1912
Form of Government	City/Council/Manager
Number of employees (excluding police and fire)	
Classified	101
Exempt	18
Area in Hectares	2,151
City of Port Alberni Facilities and Services:	
Kilometers of streets	175
Number of street lights	672
Culture and Recreation:	
Community centers	6
Parks	46
Park in hectares	271
Swimming pools	1
Tennis courts	5
Fire Protection:	
Number of stations	1
Number of fire personnel and officers	22
Number of calls received - Fire/Rescue/First Responder	1,162
Number of inspections conducted	519
Police Protection:	
Number of stations	1
Number of police personnel and officers	34
Number of law violations:	
Physical arrests	2,282
Number of reported criminal incidents	3,965
Sewerage System:	
Kilometers of sanitary sewers and storm sewer	254
Number of treatment plants	1
Number of service connections	6,604
Daily average treatment of cubic meters	16,484
Water System:	
Kilometers of water mains	170
Number of service connections	6,759
Number of fire hydrants	723
Daily average consumption in cubic meters	10,905
Maximum daily capacity of plant in cubic meters	48,000
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	6
Number of middle schools	2
Number of secondary schools	1
Number of community colleges	2
Hospitals:	
Number of hospitals	1
Number of patient beds	53

CITY OF PORT ALBERNI
ASSESSMENT/TAXATION COMPARATIVE STATISTICS
AT DECEMBER 31, 2009

	2009	2008	2007	2006	2005
Population(based on last census) ⁽¹⁾	17548	17548	17548	17548	17743
Assessed valuations for General Purposes⁽²⁾					
Land					
Residential	\$ 520,949,600	\$ 512,031,400	\$ 488,407,600	\$ 301,869,600	\$ 255,339,400
Commercial	\$ 63,215,257	\$ 63,623,894	\$ 57,806,842	\$ 49,967,179	\$ 48,605,127
Industrial	\$ 8,761,100	\$ 8,873,100	\$ 8,059,900	\$ 7,692,200	\$ 7,692,200
Other	\$ 3,392,567	\$ 3,476,407	\$ 3,202,911	\$ 2,922,346	\$ 2,980,935
	\$ 596,318,524	\$ 588,004,801	\$ 557,477,253	\$ 362,451,325	\$ 314,617,662
Improvements					
Residential	\$ 849,583,900	\$ 840,294,400	\$ 707,666,900	\$ 626,642,400	\$ 466,211,100
Commercial	\$ 117,084,143	\$ 117,162,056	\$ 82,316,008	\$ 66,672,721	\$ 58,602,073
Industrial	\$ 98,575,800	\$ 102,301,800	\$ 99,538,600	\$ 95,837,800	\$ 91,966,700
Other	\$ 6,346,200	\$ 6,231,200	\$ 5,443,450	\$ 4,878,095	\$ 4,678,330
	\$ 1,071,590,043	\$ 1,065,989,456	\$ 894,964,958	\$ 794,031,016	\$ 621,458,203
Total	\$ 1,667,908,567	\$ 1,653,994,257	\$ 1,452,442,211	\$ 1,156,482,341	\$ 936,075,865
General & Debt Tax Rates					
Residential	\$ 5.9440	\$ 5.5436	\$ 5.9345	\$ 7.8668	\$ 9.7595
Utilities	\$ 43.0587	\$ 42.4666	\$ 52.3553	\$ 66.3174	\$ 68.3167
Major Industrial	\$ 57.1291	\$ 58.9797	\$ 64.8900	\$ 70.5655	\$ 73.7820
Light Industrial	\$ 33.5555	\$ 34.6043	\$ 38.6842	\$ 42.9529	\$ 41.8455
Business & Other	\$ 17.2235	\$ 16.9867	\$ 20.9586	\$ 26.5112	\$ 27.3267
Seasonal Recreational	\$ 5.9440	\$ 5.5436	\$ 5.9345	\$ 7.8668	\$ 9.7595
Farm	\$ 5.9440	\$ 5.5436	\$ 5.9345	\$ 7.8668	\$ 9.7595
School Tax Rates					
Residential	\$ 2.5078	\$ 2.4797	\$ 2.7638	\$ 3.4488	\$ 4.0979
Utilities	\$ 14.5000	\$ 14.2000	\$ 14.7000	\$ 14.9000	\$ 14.9000
Major Industrial	\$ 7.0000	\$ 9.3000	\$ 12.5000	\$ 12.5000	\$ 12.5000
Light Industrial	\$ 7.0000	\$ 6.8000	\$ 7.9000	\$ 9.2000	\$ 9.6000
Business & Other	\$ 7.0000	\$ 6.8000	\$ 7.9000	\$ 9.2000	\$ 9.6000
Seasonal Recreational	\$ 3.7000	\$ 3.6000	\$ 3.9000	\$ 4.2000	\$ 4.5000
Farm	\$ 6.9000	\$ 6.8000	\$ 6.8000	\$ 6.8000	\$ 6.8000
Tax Rates for Residential Class					
General	\$ 5.8613	\$ 5.4653	\$ 5.8491	\$ 7.6317	\$ 9.6174
Debt	\$ 0.0827	\$ 0.0783	\$ 0.0854	\$ 0.2351	\$ 0.1421
School District-Residential	\$ 2.5078	\$ 2.4797	\$ 2.7638	\$ 3.4488	\$ 4.0979
Regional Hospital District	\$ 0.4063	\$ 0.4181	\$ 0.4858	\$ 0.5866	\$ 0.6710
Municipal Finance Authority	\$ 0.0002	\$ 0.0002	\$ 0.0003	\$ 0.0003	\$ 0.0003
Regional District	\$ 0.3137	\$ 0.3178	\$ 0.3428	\$ 0.4612	\$ 0.4962
B.C. Assessment	\$ 0.0641	\$ 0.0615	\$ 0.0677	\$ 0.0816	\$ 0.0920
Total Residential Rate	\$ 9.2361	\$ 8.8209	\$ 9.5949	\$ 12.4453	\$ 15.1169

Statistics

CITY OF PORT ALBERNI GENERAL COMPARATIVE STATISTICS AT DECEMBER 31, 2009

	2009	2008	2007	2006	2005
Current Tax Levy					
General	\$ 17,379,109	\$ 17,112,830	\$ 17,021,215	\$ 17,440,276	\$ 17,323,148
Debt	\$ 245,273	\$ 245,194	\$ 248,383	\$ 537,232	\$ 256,280
School District-Residential	\$ 2,446,295	\$ 2,681,653	\$ 3,305,722	\$ 3,204,147	\$ 2,957,046
School District-Non-Residential	\$ 3,042,924	\$ 3,352,789	\$ 2,874,544	\$ 2,794,552	\$ 2,714,769
Other Levies-Special Assessments	\$ 1,124,781	\$ 1,050,118	\$ 974,427	\$ 960,448	\$ 957,995
Regional Hospital District	\$ 911,531	\$ 935,653	\$ 955,864	\$ 955,047	\$ 928,387
Municipal Finance Authority	\$ 453	\$ 354	\$ 436	\$ 351	\$ 286
Regional District	\$ 703,834	\$ 711,212	\$ 674,412	\$ 750,888	\$ 686,552
Assessment Authority	\$ 185,357	\$ 178,969	\$ 171,931	\$ 167,869	\$ 157,345
Business Improvement Area	\$ -	\$ -	\$ -	\$ 5,104	\$ 15,000
Total Levy	\$ 26,039,557	\$ 26,268,772	\$ 26,226,934	\$ 26,815,914	\$ 25,996,808
Per Capita Levy	\$ 1,483.90	\$ 1,496.97	\$ 1,494.58	\$ 1,528.15	\$ 1,465.19
Tax Collection					
Current Taxes Payments	\$ 17,460,865	\$ 21,579,407	\$ 22,272,213	\$ 22,891,726	\$ 22,613,255
Provincial Home Owner Grants	\$ 3,547,141	\$ 3,534,047	\$ 3,481,594	\$ 3,463,021	\$ 2,900,729
Total Current Taxes Collected	\$ 21,008,006	\$ 25,113,454	\$ 25,753,807	\$ 26,354,747	\$ 25,513,984
Percentage of Current Levy	80.68%	95.60%	98.20%	98.28%	98.14%
Arrears and Delinquent Collected	\$ 718,572	\$ 608,765	\$ 605,084	\$ 679,443	\$ 869,755
Percentage of Current Levy	2.76%	2.32%	2.31%	2.53%	3.35%
Total Taxes Collected	\$ 21,726,578	\$ 25,722,219	\$ 26,358,891	\$ 27,034,190	\$ 26,383,739
Percentage of Current Levy	83.44%	97.92%	100.50%	100.81%	101.49%
Unpaid Taxes					
Current	\$ 4,278,431	\$ 486,610	\$ 339,226	\$ 452,009	\$ 472,458
Arrears	\$ 218,860	\$ 176,563	\$ 207,943	\$ 179,804	\$ 201,521
Total Unpaid Taxes	\$ 4,497,291	\$ 663,173	\$ 547,169	\$ 631,813	\$ 673,979
Per Capita	\$ 256.29	\$ 37.79	\$ 31.18	\$ 36.00	\$ 37.99
Summary of Surplus and Reserves					
Funded Reserves	\$ 15,042,046	\$ 11,793,008	\$ 10,332,782	\$ 10,081,559	\$ 11,901,954
Capital Fund	\$ -	\$ -	\$ (1,466,808)	\$ (1,164,283)	\$ (3,748,081)
Equity in Capital Assets	\$ 80,412,611	\$ 81,703,135	\$ -	\$ -	\$ -
Operating Surplus	\$ 5,663,283	\$ 4,001,720	\$ 6,553,497	\$ 5,794,501	\$ 4,525,229

**CITY OF PORT ALBERNI
GENERAL COMPARATIVE STATISTICS
AT DECEMBER 31, 2009**

	2009	2008	2007	2006	2005
Debenture Debt					
Water	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer	\$ 908,105	\$ 1,030,304	\$ 1,147,730	\$ 1,260,571	\$ 895,742
General	\$ 3,167,642	\$ 3,260,626	\$ 3,349,985	\$ 3,435,862	\$ 65,401
Gross Debenture Debt	\$ 4,075,747	\$ 4,290,930	\$ 4,497,715	\$ 4,696,433	\$ 961,143
Per Capita	\$ 232.26	\$ 244.53	\$ 256.31	\$ 267.63	\$ 54.17
Less: Sewer and Water Utilities Debt	\$ 908,105	\$ 1,030,304	\$ 1,147,730	\$ 1,260,571	\$ 895,742
Net Debt Excluding Utilities	\$ 3,167,642	\$ 3,260,626	\$ 3,349,985	\$ 3,435,862	\$ 65,401
Per Capita	\$ 180.51	\$ 185.81	\$ 190.90	\$ 195.80	\$ 3.69
Liability Servicing Limit					
Liability Servicing Limit	\$ 6,609,054	\$ 6,547,605	\$ 6,368,673	\$ 6,087,612	\$ 5,790,177
Less Actual Debt Servicing Cost	\$ 416,248	\$ 416,247	\$ 434,256	\$ 287,738	\$ 109,368
Less Estimated Cost - Unissued Debt	\$ -	\$ -	\$ 27,000	\$ -	\$ 343,191
Liability Servicing Capacity Available	\$ 6,192,806	\$ 6,131,358	\$ 5,907,417	\$ 5,799,874	\$ 5,337,618
Debt Payment as a percentage of non-capital expenditures					
Debt payments - gross	1.2%	0.8%	0.8%	0.4%	0.3%
General Revenue Fund Statistics					
Budget	\$ 32,047,370	\$ 31,811,844	\$ 30,905,185	\$ 30,870,843	\$ 30,279,852
Actual Revenues	\$ 33,034,309	\$ 32,509,207	\$ 31,917,877	\$ 32,204,016	\$ 31,133,095
Actual Expenditures	\$ 35,116,363	\$ 32,987,326	\$ 31,750,186	\$ 31,606,442	\$ 30,864,405
Surplus	\$ (2,082,054)	\$ (478,119)	\$ 167,691	\$ 597,574	\$ 268,690
Expenditure per Capita	\$ 2,001.16	\$ 1,879.83	\$ 1,809.33	\$ 1,801.14	\$ 1,739.53
Capital Expenditures					
Financed from General Revenue	\$ 1,094,779	\$ 1,308,743	\$ 1,281,351	\$ 1,191,782	\$ 939,118
Other Sources of Revenue					
Provincial Unconditional Grants	\$ 1,090,398	\$ 904,385	\$ 535,400	\$ 462,152	\$ 435,209
B.C. Hydro Grant	\$ 397,579	\$ 428,287	\$ 461,364	\$ 503,779	\$ 487,130
Building Permits					
Number Issued	130	152	164	156	125
Construction Values	\$ 21,298,710	\$ 18,798,533	\$ 23,887,718	\$ 20,169,388	\$ 18,044,996

SOURCES:

(1) Statistics Canada Census 2006

(2) B.C. Assessment

**CITY OF PORT ALBERNI
DEMOGRAPHIC STATISTICS**

BASED ON 2006 CENSUS FIGURES (Statistics Canada Source)

Population Composition

<u>Age</u>	2006			2001		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
0 - 4 years	470	400	870	455	450	905
5 - 14 years	1065	1015	2,080	1270	1155	2,425
15 - 19 years	585	545	1,130	685	620	1,305
20 - 24 years	460	440	900	475	445	920
25 - 44 years	1880	2000	3,880	2195	2290	4,485
45 - 54 years	1425	1465	2,890	1380	1365	2,745
55 - 64 years	1335	1220	2,555	1010	1000	2,010
65 - 74 years	845	880	1,725	815	750	1,565
75+	650	885	1,535	540	830	1,370
Total	<u>8,715</u>	<u>8,850</u>	<u>17,565</u>	<u>8,825</u>	<u>8,905</u>	<u>17,730</u>

Legal Married Status

	2006		
	<u>Male</u>	<u>Female</u>	<u>Total</u>
Population 15 years and over	7170	7430	14600
Single	2380	1850	4230
Married	3550	3535	7085
Separated	235	290	525
Divorced	730	820	1550
Widowed	265	945	1210

Mobility Status - Place of Residence

	1 Year Ago			5 Years Ago		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Lived in same municipality	8,130	8,080	16,210	6,650	6,775	13,425
Lived in same province, but moved to municipality	305	395	700	1,155	1,195	2,350
Lived in a different province	95	110	205	275	295	570
Lived in a different country	10	10	20	45	30	75
	<u>8,540</u>	<u>8,595</u>	<u>17,135</u>	<u>8,125</u>	<u>8,295</u>	<u>16,420</u>

CITY OF PORT ALBERNI
DEMOGRAPHIC STATISTICS
BASED ON 2006 CENSUS FIGURES (Statistics Canada Source)

Labour Force by Major Occupational Group

<u>Occupation</u>	<u>2006</u>			<u>2001</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Managerial	375	255	630	320	210	530
Business, finance & administration	180	605	785	235	745	980
Medicine & health	90	355	445	35	345	380
Natural & applied sciences	300	35	335	310	35	345
Social science, education, government service & religion	135	510	645	220	405	625
Art, culture, recreation & sport	130	105	235	45	45	90
Sales & service	765	1,420	2,185	750	1,505	2,255
Trades, transport, equip. operators	1,495	50	1,545	1,040	45	1,085
Primary industry	395	60	455	480	50	530
Processing, manufacturing & utilities	600	100	700	865	125	990
Total	<u>4,465</u>	<u>3,495</u>	<u>7,960</u>	<u>4,300</u>	<u>3,510</u>	<u>7,810</u>

Earnings

	<u>2005 Port Alberni</u>			<u>2005 British Columbia</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
All persons with earnings	5,000	4,135	9,135	1,235,450	1,157,350	2,392,800
Median earnings	\$ 29,494	\$ 13,763	\$ 20,926	\$ 32,375	\$ 20,458	\$ 25,722
Worked full year, full time	2,205	1,325	3,530	652,200	461,165	1,113,365
Median earnings, full year,full time	\$ 49,679	\$ 32,808	\$ 40,107	\$ 48,070	\$ 36,739	\$ 42,230

Labour Force Indicators

	<u>2006 Port Alberni</u>			<u>2006 British Columbia</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Participation rate	63.4%	49.3%	56.3%	70.7%	60.7%	65.6%
Employment rate	58.7%	45.3%	51.9%	66.7%	56.9%	61.6%
Unemployment rate	7.4%	7.9%	7.7%	5.8%	6.3%	6.0%

CITY OF PORT ALBERNI
MAJOR PROPERTY TAXPAYERS IN PORT ALBERNI
2009 TAXATION YEAR

	Registered Owner	Primary Property	Taxes Levied
1	Catalyst Paper Corporation	Paper Mill	\$ 5,406,222
2	Western Forest Products Inc.	Sawmills	1,596,953
3	Sun Life Assurance Company of Canada	Pacific Rim Shopping Centre	413,039
4	WalMart Canada Corp	Building	328,365
5	Loblaw Properties	Extra Foods	243,560
6	BC Hydro	Building	191,216
7	Port Alberni Retail Development	Alberni Mall	185,758
8	BC Telephone/Telus	Poles, Lines, Building	140,240
9	Marlowe - Yeoman Ltd	10th Avenue Plaza	139,467
10	Canada Safeway	Building	130,484
11	Terasen Gas	Gas Utility	118,723
12	Alberni Valley Gaming Association	Chances RimRock	109,491
13	GDP Investments Ltd	Best Western Barclay Hotel	107,538
14	Marco Investments Ltd	Building	97,103
15	Kelland Food Holdings	Building	95,857
16	517535 BC Ltd	Zellers Port Alberni	90,804
17	DW Johnson Holdings ltd	Building	58,040
18	Osler Developments	Hospitality Inn	56,167
19	CLSC Holdings Ltd	Building	55,394
20	Dennis Jonsson Motor Products Ltd	Automobile Dealer	54,371

**CITY OF PORT ALBERNI
FIVE YEAR PLAN
2009-2013**

REVENUES	2009	2010	2011	2012	2013
Taxes					
Property Taxes	\$ 17,632,430	\$ 18,050,573	\$ 18,153,036	\$ 18,611,680	\$ 19,259,016
Parcel Taxes	231,545	231,545	231,545	231,545	231,545
Other Taxes	172,691	172,691	172,505	172,505	172,505
Grants in Lieu of Taxes	526,008	526,008	526,008	526,008	526,008
Fees and Charges					
Sales of Service	4,058,377	4,136,102	4,204,309	4,340,664	4,409,256
Sales of Service/Utilities	3,328,100	3,346,017	3,482,725	3,501,466	3,651,523
Service to other Government	100,000	100,000	100,000	100,000	100,000
User Fees/Fines	224,100	236,100	236,100	249,300	249,300
Other Revenue					
Rentals	55,026	43,030	43,030	43,030	43,030
Interest/Penalties	425,360	425,727	426,102	426,484	426,862
Grants/Other Governments	7,648,832	1,998,000	1,038,000	1,068,000	1,068,000
Other	1,492,975	69,695	29,900	29,900	29,900
	<u>\$ 35,895,444</u>	<u>\$ 29,335,488</u>	<u>\$ 28,643,260</u>	<u>\$ 29,300,582</u>	<u>\$ 30,166,945</u>

EXPENDITURES	2009	2010	2011	2012	2013
Debt Interest	267,036	263,236	259,322	255,287	251,128
Capital Expenditure	15,541,673	4,366,226	3,150,441	2,825,890	3,216,235
Other Municipal Purposes					
General Municipal	2,968,477	3,000,367	3,116,639	3,126,277	3,185,210
Police Services	5,498,271	5,709,294	5,942,008	6,175,377	6,417,407
Fire Services	2,582,690	2,664,069	2,717,053	2,771,395	2,826,823
Other Protective Services	226,300	228,684	226,728	227,103	227,487
Transportation Services	3,520,012	3,274,815	3,340,309	3,407,117	3,475,259
Environmental Health and Development	1,907,580	1,942,822	1,980,287	2,018,644	2,057,675
Parks and Recreation	4,796,912	4,907,572	4,993,715	5,110,975	5,214,315
Cultural	1,624,259	1,634,184	1,630,347	1,664,107	1,685,721
Water	1,267,300	1,292,799	1,318,655	1,345,028	1,371,929
Sewer	945,630	964,543	983,833	1,003,510	1,023,580
Contingency	248,895	250,000	250,000	250,000	250,000
	<u>\$ 41,395,035</u>	<u>\$ 30,498,611</u>	<u>\$ 29,909,337</u>	<u>\$ 30,180,710</u>	<u>\$ 31,202,769</u>

OTHER	2009	2010	2011	2012	2013
Borrowing Proceeds	670,000	-	-	276,020	-
Debt Principal	(325,392)	(325,392)	(325,392)	(325,392)	(325,392)
Transfer to Other Governments - Repayment	(231,545)	(231,545)	(231,545)	(231,545)	(231,545)
Transfer from Equipment Replacement Reserve	727,500	508,229	1,172,955	973,444	776,841
Transfer from other reserves	1,356,000	-	-	-	-
Transfer from Land Sale Reserve	2,129,480	1,091,050	432,662	375,542	301,118
Transfer from (to) Surplus	1,173,548	120,781	217,397	(187,941)	514,802
	<u>\$ 5,499,591</u>	<u>\$ 1,163,123</u>	<u>\$ 1,266,077</u>	<u>\$ 880,128</u>	<u>\$ 1,035,824</u>

BALANCED BUDGET	\$	-	\$	-	\$	-	\$	-	\$	-
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Statistics

CITY OF PORT ALBERNI CONSOLIDATED REVENUE LAST FIVE FISCAL YEARS COMPARISON

	2009	2008	2007	2006	2005
Taxes					
Property Taxes	\$ 17,392,102	\$ 17,124,791	\$ 17,036,887	\$ 17,747,494	\$ 17,214,247
Parcel Taxes	231,534	231,135	231,006	230,907	230,851
Other Taxes	172,332	164,457	153,084	148,694	161,798
Grants in Lieu of Taxes	520,251	546,737	573,672	641,293	616,320
Fees and Charges					
Sales of Service	4,122,554	4,062,166	3,857,135	3,628,722	3,562,575
Sales of Service/Utilities	3,270,025	3,111,440	3,203,145	2,268,417	2,301,561
Service to other Government	190,750	95,520	112,672	124,317	173,848
User Fees/Fines	231,627	247,836	255,268	245,592	214,858
Other Revenue					
Rentals	66,779	105,121	84,637	71,430	108,057
Investment Earnings	163,667	615,181	771,636	733,935	492,654
Grants/Other Governments	2,906,331	2,908,328	2,111,178	2,416,741	922,607
Developer Contributions	933,863	-	-	-	-
Gain/loss on Disposal of Assets	1,563,441	-	-	-	-
Parkland dedication deposits	21,550	15,500	20,382	33,782	-
Sale of property and equipment	207,500	1,162,042	386,936	764,396	184,765
Other	1,054,680	1,172,409	1,258,801	1,133,489	951,181
	<u>\$ 33,048,986</u>	<u>\$ 31,562,663</u>	<u>\$ 30,056,439</u>	<u>\$ 30,189,209</u>	<u>\$ 27,135,322</u>

Statistics

CITY OF PORT ALBERNI CONSOLIDATED EXPENSES¹ LAST FIVE FISCAL YEARS COMPARISON

	2009	2008	2007	2006	2005
<u>Analysis by function</u>					
General government	\$ 3,921,697	\$ 3,729,650	\$ 2,908,402	\$ 2,747,649	\$ 2,488,683
Protective services	8,014,147	7,830,511	7,521,303	7,444,525	7,247,228
Transportation services	5,191,429	4,964,644	3,441,824	3,156,292	3,109,949
Environmental health services	1,273,897	1,340,214	1,249,788	1,356,017	1,205,450
Environmental development	560,092	528,649	501,682	492,914	407,693
Recreation and cultural services	7,187,559	7,095,435	6,127,810	6,225,095	6,262,303
Interest	230,689	238,727	240,598	187,038	51,503
Debt reserve	1,629	2,304	2,266	1,845	445
Water utility	1,742,082	1,611,383	1,244,121	1,127,160	1,217,489
Sewer utility	1,371,953	1,250,606	992,047	1,016,255	946,992
Cost of sales and services	(50,873)	134,592	48,313	12,631	20,712
Capital assets	-	-	4,871,875	8,088,370	6,771,521
	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>	<u>\$ 31,855,791</u>	<u>\$ 29,729,968</u>

Analysis by object

Salaries and benefits	\$ 13,518,963	\$ 13,199,639	\$ 13,162,597	\$ 13,163,071	\$ 12,509,271
Debt Servicing	249,433	250,220	250,801	196,609	58,858
RCMP contract	3,836,207	3,647,928	3,675,691	3,521,447	3,479,214
Grants	123,125	146,790	188,509	145,335	105,009
Other contracts	1,124,190	880,705	729,622	677,879	646,890
Goods and services	7,096,231	7,206,660	11,142,809	14,151,450	12,930,726
Amortization	3,496,152	3,394,773	-	-	-
	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>	<u>\$ 31,855,791</u>	<u>\$ 29,729,968</u>

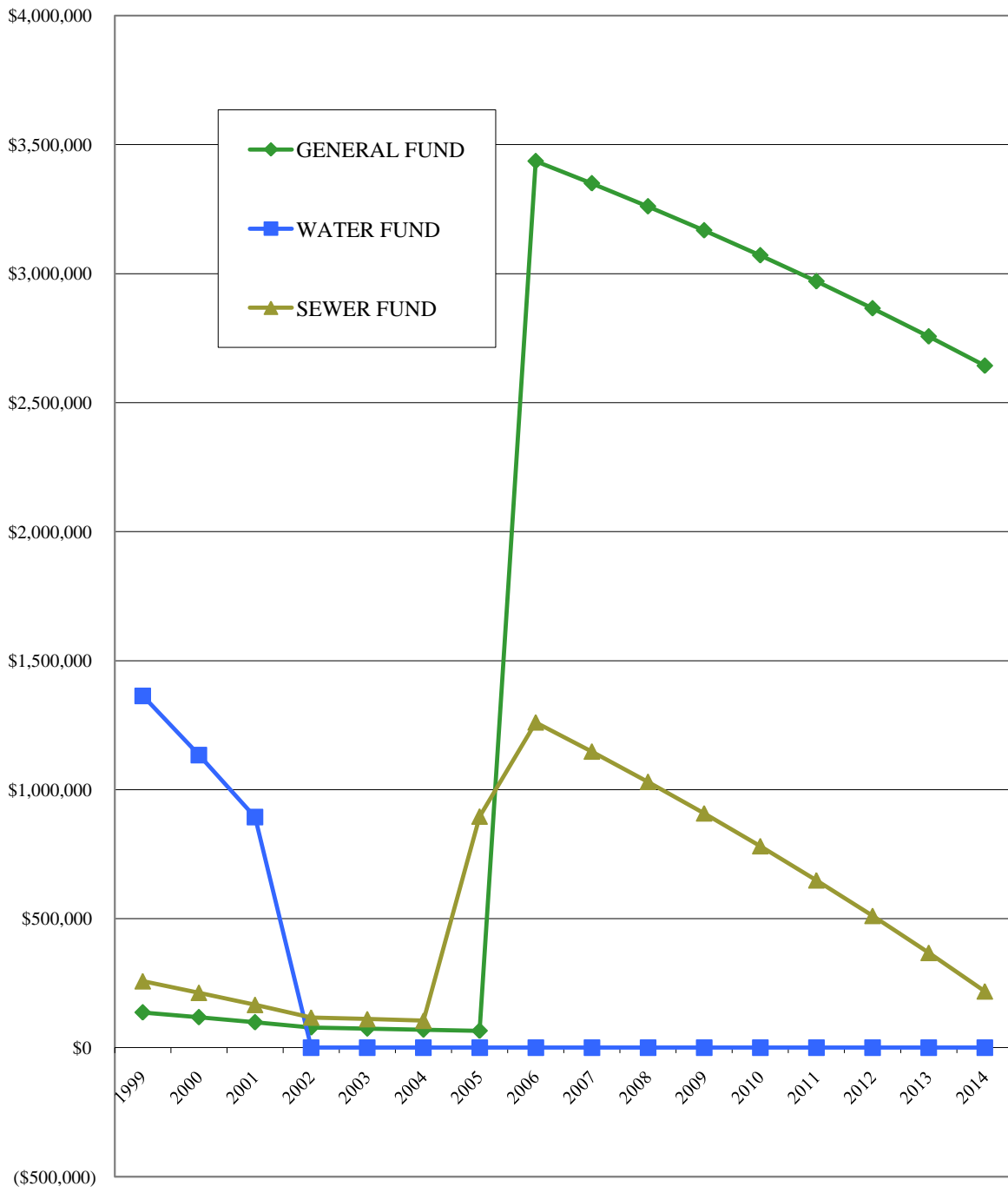
¹ Effective January 1, 2008, the City adopted new accounting standards prescribed by the Public Sector Accounting Board. That change involved a move from reporting expenditures to expenses, recording tangible capital assets at cost and amortizing them over time. 2008 and 2009 reflect the new standards. The amounts reported for 2007 and prior reflect the standards in place in those years.

CITY OF PORT ALBERNI
CAPITAL ASSETS ACQUIRED
LAST FIVE FISCAL YEARS COMPARISON

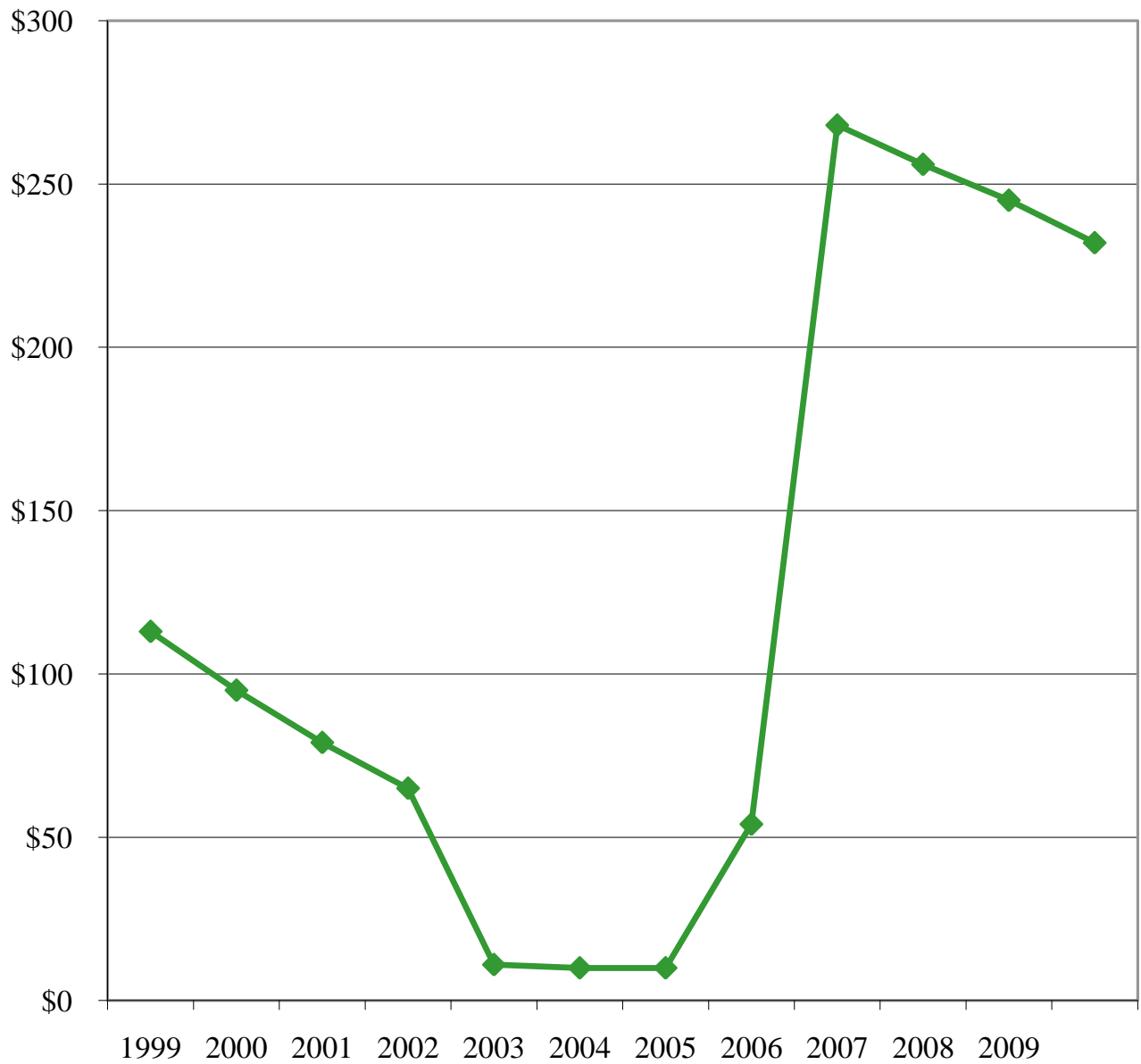
CAPITAL ACQUISITIONS	2009	2008	2007	2006	2005
General government	\$ 72,593	\$ 52,700	\$ 97,979	\$ 172,592	\$ 70,136
Protective services	-	40,400	186,147	6,001,467	24,211
Transportation services	1,595,159	1,666,623	1,238,686	1,285,663	1,875,141
Environmental development	-	-	-	-	13,375
Recreation and cultural	274,296	280,948	2,244,196	370,425	648,514
Water	136,544	2,218,733	236,301	301,642	275,548
Sewer	1,524,482	271,455	558,735	2,532,564	845,821
	<u>\$ 3,603,074</u>	<u>\$ 4,530,859</u>	<u>\$ 4,562,044</u>	<u>\$ 10,664,353</u>	<u>\$ 3,752,746</u>

SOURCE OF FINANCING	2009	2008	2007	2006	2005
Revenue Funds	\$ 1,072,918	\$ 2,377,522	\$ 1,618,388	\$ 1,596,816	\$ 1,226,818
Reserve Funds	1,019,739	942,946	1,790,485	3,526,256	1,607,085
Short Term Borrowing	698,417	-	-	-	-
Long Term Borrowing	-	-	-	3,746,502	783,683
Grants	530,000	1,166,667	1,071,450	1,626,200	116,049
Other	282,000	43,724	81,721	168,578	19,111
	<u>\$ 3,603,074</u>	<u>\$ 4,530,859</u>	<u>\$ 4,562,044</u>	<u>\$ 10,664,352</u>	<u>\$ 3,752,746</u>

CITY OF PORT ALBERNI-DEBT RETIREMENT



CITY OF PORT ALBERNI - DEBT PER CAPITA



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