

City of Port Alberni

2010 Comprehensive Annual Financial Report

For the year ended December 31, 2010



**THE CITY
OF PORT ALBERNI
BRITISH COLUMBIA, CANADA**

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
2010**

FISCAL YEAR ENDED DECEMBER 31, 2010

This Document
Prepared by the Finance Department

**CITY OF PORT ALBERNI
INDEX TO COMPREHENSIVE ANNUAL FINANCIAL REPORT
DECEMBER 31, 2010**

	PAGE
INTRODUCTORY SECTION	
Letter from the Director of Finance	2
GFOA Award	4
Directory of Officials	6
Municipal Council Assignments	8
Organization Chart	9
Map	10
Vision, Mission, Values	11
Economic Condition and Outlook	12
Significant Local Events	13
Municipal Infrastructure	16
Summary of Services & Regional Relationships	20
Budget Process and Timing	23
Source and Use of Capital Funding	24
 FINANCIAL SECTION	
Index to Financial Statements	29
Auditors' Report	31
Consolidated Statement of Financial Position (Statement A)	35
Consolidated Statement of Operations (Statement B)	37
Consolidated Statement of Change in Net Financial Assets (Statement C)	38
Consolidated Statement of Cash Flows (Statement D)	39
Notes to Financial Statements	40
Tangible Capital Assets (Schedule 1)	53
Segmented Information (Schedule 2)	54
Debenture Debt (Schedule 3)	56
Tax Levies and Grants in Lieu of Taxes (Schedule 4)	57
General Government Expenses (Schedule 5)	58
Protective Services (Schedule 6)	59
Transportation Services (Schedule 7)	60
Recreation and Cultural Services (Schedule 8)	61
Sale of Services (Schedule 9)	62
Other Revenue from Own Sources (Schedule 10)	63
Sewer and Water Utilities (Schedule 11)	64
 STATISTICS SECTION	
Miscellaneous Statistics	66
Assessment/Taxation Comparative Statistics	67
General Comparative Statistics	68
Demographic Statistics	70
Major Property Taxpayers in Port Alberni 2010	72
Five Year Plan 2010 - 2014	73
Consolidated Revenue – Last Five Years	74
Consolidated Expenses – Last Five Years	75
Capital Assets Acquired – Last Five Years	76
Surplus and Net Financial Assets – Last Five Years	77
Debt Retirement Graph	78
Debt Per Capita Graph	79

INTRODUCTORY SECTION



September 7, 2011
Mayor and Council
City of Port Alberni

CITY OF PORT ALBERNI

City Hall
4850 Argyle Street,
Port Alberni, B.C. V9Y 1V8
Telephone: 250-723-2146 Fax: 250-723-1003
www.portalberni.ca

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, 2010 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, 2010. 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 fulfills its responsibilities for financial reporting, internal control and risk management. To assist City Council with these responsibilities, Council appointed three Councillors to the Audit Committee. The committee meets with management on a quarterly basis to review financial reports and any concerns with 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 2010 fiscal year with an increase in the consolidated accumulated surplus of \$5,311,414.

A summary of the 2010 overall accumulated surplus increases (decreases) are as follows:

Operating Fund	\$ 2,756,010
Capital Fund	6,895,660
Reserve Accounts	(2,340,611)

City of Port Alberni

2010 Comprehensive Annual Financial Report

For the year ended December 31, 2010



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 \$163,702 in 2009 to \$137,799 in 2010. Total investment income was \$615,181 in 2008, \$771,636 in 2007, and \$711,098 in 2006.

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
2010	\$559,000	\$0
2009	\$0	\$0
2008	\$43,000	\$29
2007	\$582,000	\$1,164
2006	\$0	\$0

The City's 2010 long-term debt decreased from \$4,075,748 to \$3,851,824. The City's 2010 capital program of \$6,439,160 includes expenditures funded \$771,231 from current revenue; \$1,332,390 from grants and donations; and \$4,335,539 from Reserves.

The municipal statistics section of the report indicates that total current taxes collected as a percentage of current levy is 94.77% for 2010. The 2010 performance level is back on track with normal collection statistics. The 2009 percentage of taxes collected was 80.68% of levy, largely due to non-payment by one of the City's more significant taxpayers. The payment was received in 2010.

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 2010
- Municipal Infrastructure
- Summary of Services and Regional Relationships
- Budget Process and Timing
- Source and Use of Capital Funding

Respectfully submitted,



Cathy Rothwell
 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, 2009. 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.

2009 marks the seventeenth year the City has 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, 2009

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.....	C. Rothwell
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	BMO Bank of Montreal

Directory of Officials (continued)

2010/11 Advisory Planning Commission

Chair K. Rolls
Vice Chair C. Colclough
V. Barnett
P. Blake
B. Randles
L. Ransom
L. Kelsall
C. Solda (Council Liaison)
K. Murray (RMCP Liaison)
R. Thoen (Fire Dept. Liaison)

2010/11 Community Heritage Commission

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



CITY OF PORT ALBERNI

MUNICIPAL COUNCIL ASSIGNMENTS – RESPONSIBILITIES FOR CITY SERVICES DECEMBER 31, 2010

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.
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PLANNING, HEALTH & PROTECTIVE SERVICES:

Chair	Councillor C. Solda Councillor J. McLeman	Fire, Police, Animal Control, Building Inspection, Bylaw Enforcement, 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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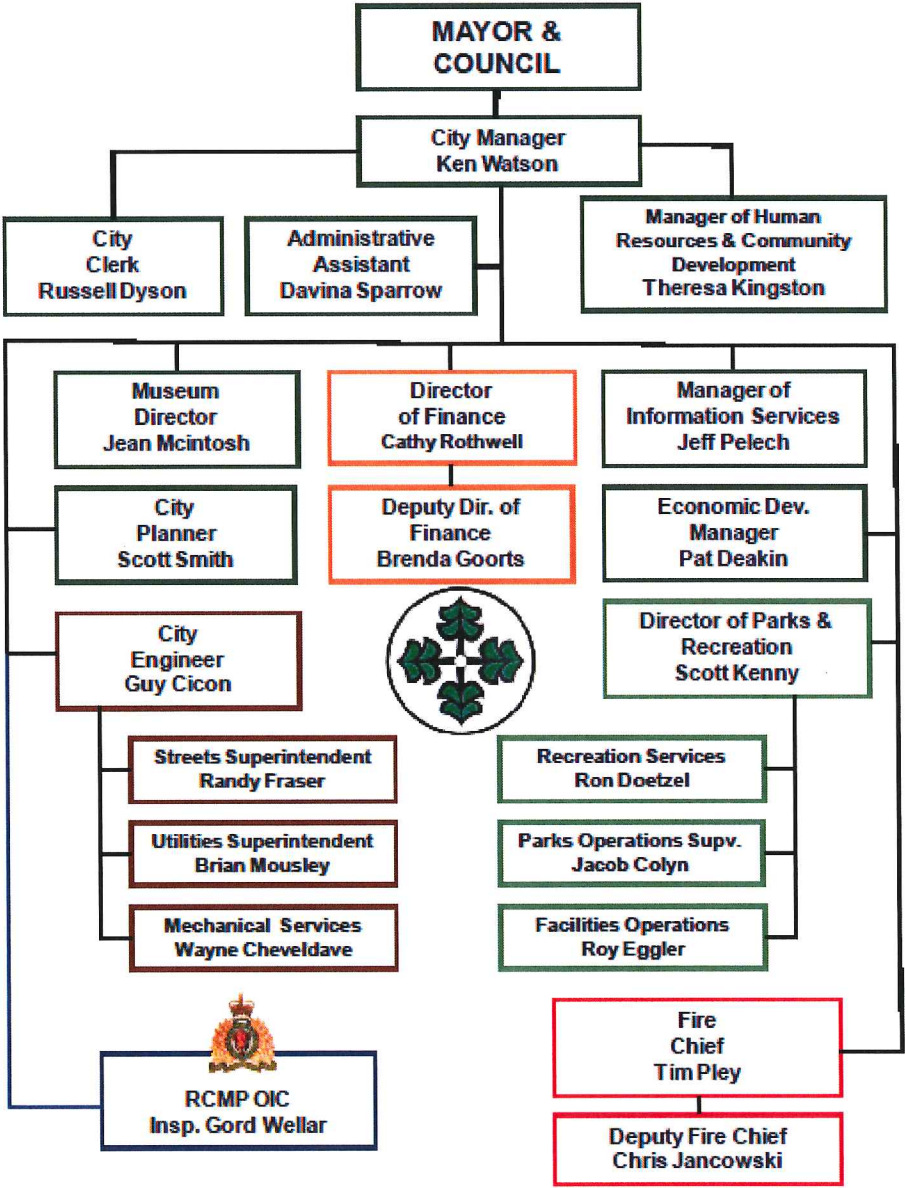
PERSONNEL:

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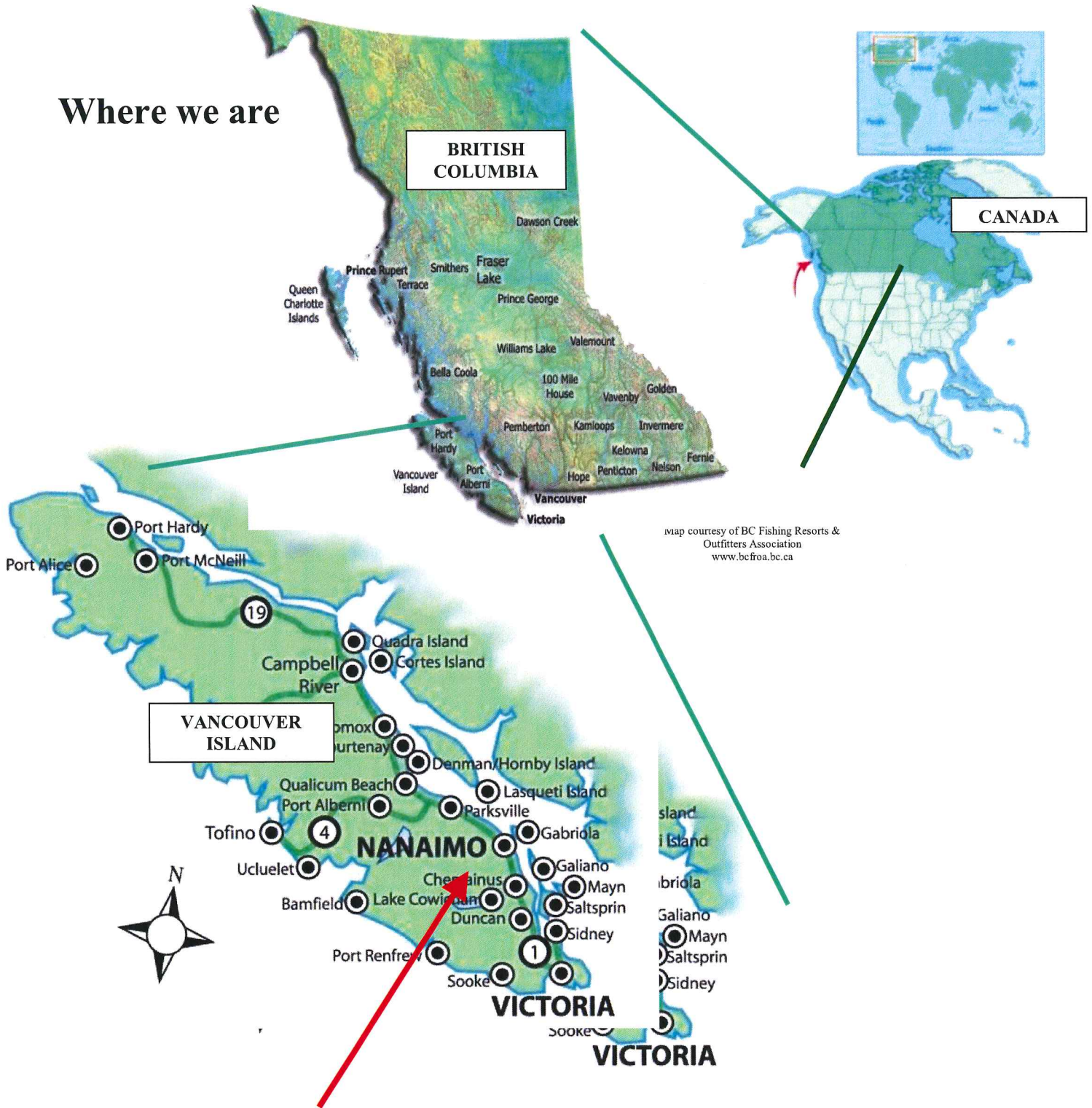
AUDIT:

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



Where we are



VISION

MISSION

VALUES

Vision

Our vision is for the City of Port Alberni to become the most vibrant, healthy, and united community in British Columbia.

Mission

Our mission is to enhance the quality of life of residents and taxpayers by creating a vibrant, healthy, and united community through:

- Providing or facilitating the delivery of high quality core municipal services and programs;
- Fiscal responsibility;
- Planning and encouraging development to ensure a thriving economy and a strong tax base;
- Maintaining infrastructure to support public health, growth, and economic diversification;
- Providing leadership and building partnerships of benefit to the City.

Values

City Council, municipal staff and volunteers are committed to the following values:

- Service to others: providing high quality, reliable and friendly customer service;
- Respect: consideration for the beliefs and needs of others;
- Integrity: honesty in all dealings and the courage to act and live by these values;
- Innovation: open to change and learning in order to improve effectiveness and efficiency;
- Contribution: pride in one's work and the recognition and appreciation of skills and accomplishments.



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 ocean inlet. Three large lakes are within 20 minutes of the City's center. This location provides stunning views of majestic mountains, the inlet and a river estuary, many exciting outdoor recreational opportunities and abundant quantities of high quality fresh water.

Port Alberni has a deep sea port, a hospital, new shopping malls, two post secondary institutions, nine schools, many parks, a well-developed array of recreational facilities, significant tourism attractions, and a small airport.

While forestry and related manufacturing have long been the mainstays 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, at approximately 17,500. A significant increase in commercial and residential development in the City has been fueled by the fact that our community has exceptional quality of life and 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 major employers and the primary individ-

ual taxpayers. These industries have a tremendously positive local impact. However, the B.C. Coastal Forest Industry continues to face serious economic challenges.

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 Paper Corporation and Western Forest Products Ltd., the two largest industrial operators in our community, to try and find ways of keeping their operations sustainable under the current difficult economic conditions.

Port Alberni, like many Canadian local governments, faces significant financial challenges in funding necessary upgrades to aging infrastructure. In 2010 capital works projects totaling \$1.1 million were completed. Significant projects included the road upgrades on Cherry Creek Road and Redford Street Extension; the Boardwalk and Spirit Square at Harbour Quay; and Klitsa Baseball Park Complex. Work continues on the next phases of the China Creek Water Supply Main renewal. Funding for these projects included \$1.7 million in government grants and \$1.4 million in contributions from City reserves.

Capital construction plans over the next four years include necessary major projects for water supply and sewer treatment upgrades over the next four years. Funding estimates

require that \$12.5 million be raised from borrowing.

Debt per capita in 2010 has reduced to \$219, a decrease of 5% from 2009.

Significant Local Events 2010

Planning

The Planning Department processed several subdivision applications in 2010. A preliminary layout approval was issued for a 31 lot bare land strata subdivision on Tomswood Road; and subject approval was granted for a building strata conversion on a 27 unit apartment building on 11th Avenue.

Construction began for the new high school, and will continue through 2011 and complete in 2012. Expected construction costs are \$37 million for the LEED (Leadership in Energy and Environmental Design) Gold Standard building.

Other new construction projects include: the National Institute of Disability Management and Research began building its Pacific Coast University for Workplace Health Sciences campus, and is expected to complete in 2011; the Alberni Athletic Hall Association began and completed construction of its new \$2.25 million replacement Hall on Roger Street; and the Alberni Valley Senior Citizens Home Society began its project of 10 four-plex units for seniors.

Construction completed on the BC Hydro Operations Centre at a cost of \$10 million.

Fire Department

During 2010, Port Alberni Fire Department responded to 1,197 calls for service (1,162 in 2009). The department conducted 781 fire inspections in 2010 (823 in 2009)

.throughout the year, and monitored a number of third party inspections during the same time period. There was one death from a residential structure fire in the City. In 2010, Port Alberni continued to maintain 2009 levels of fire protection service and is rated by Fire Underwriters as a "1" on the Dwelling Protection Grade scale and a "4" on the Public Fire Protection Classification scale. The scale ratings are 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.

A number of significant achievements are noted for 2010: Fire Engine No. 3 was replaced with Fire Engine No. 5; the Fire Hall heating and ventilation system was replaced, and substantial energy cost savings are expected; and in partnership with Port Alberni Port Authority, the fire-boat Frank Harrison II was replaced with the Harbour Chieftain. 2010 saw the completion of the Alberni Valley Fire Strategic Plan, and the Alberni Valley and Bamfield Community Wildfire Protection Plan. Also in 2010, the City finalized a service agreement with the Alberni Clayoquot Regional District for the provision of fire protection to homes in the Franklin River Road Service Area.

The City of Port Alberni is in the process of an Automatic Aid Agreement with the Alberni Clayoquot Regional District. 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 2010 included:

- The heating and ventilation system was replaced in the Echo Aquatic Centre at a cost of \$500,000 in Gas Tax funds. Energy cost savings are expected to be 25%;
- 4 new AED (automatic external defibrillators) were installed at the Pool and the Multiplex. These were sponsored by the Kinsmen, Port Alberni Firefighters Association, U17 Legacy, and the Aquatic Centre;
- Our Town summer events, together with the City's long time sponsor, The Kiwanis Club of Port Alberni, celebrated 25 years of summer family events;
- The Aquatic Centre was closed for nine weeks as part of the budget reductions resulting from the continuing industrial tax reductions;
- KidSport provided financial assistance for 150 Alberni Valley children totaling \$23,000;
- Work on the \$1.9 million Klitsa Baseball Field development was completed to the stage that allowed Alberni Valley Baseball to begin play in June 2010; and
- The Mini World Cup organized by Alberni Valley Minor Soccer Association attracted approximately 800 players aged 8 to 11, from 69 Island teams.

Alberni Valley Museum

The Alberni Valley Museum mission is to conserve, strengthen and share the unique heritage of the Alberni Valley. The museum is able to do this, through partnership with the community, through acquiring, documenting and preserving artifacts and photographs, making collections accessible, developing exhibits and school and public programs, facilitating the work of volunteers, and supporting economic diversification through heritage tourism.

Attendance in 2010 was 21,327 (2009 25,502). Nine hundred children participated in the museum's educational programs.

The museum has been made more welcoming and accessible with updates to the entrance. The new glass store front features a slate handle designed by internationally recognized Nuu Chah Nulth artist Tim Paul and the 1982 cedar panel carved by the late Art Thompson now forms an entrance piece.

The museum received revenue from several external sources: the BC Arts Council provided \$27,400 in operating funding; \$9,500 was awarded by the Irving K. Barber Learning Centre at UBC for the museum's BC History Digitization Program; the Heritage Legacy Fund granted \$25,000 and UBCM Community Tourism contributed \$11,000 for the restoration of the McLean Mill camp buildings; and the Alberni Valley Lions Club became a sponsor of Heritage Fair. The Val Hughes Memorial Heritage Fair Fund continues to grow with community and family donations.

Program highlights for 2010 include the development of two new school programs on the themes of forest resources for grade 7 and maritime heritage for grade 5. The ongoing Heritage Fair Program reaches approximately 2,000 children in the central and north island area, and 120 students attended the museum's Regional Heritage Fair in 2010.

Exhibit highlights for 2010 include:

- "Pong 2 Wii: A History of Video Games", an innovative exhibit featuring games and

equipment from two community collectors; and

- "Hisheenqu'as, Living Together: Alberni and the Birth of the British Columbia Forest Industry" that explores the meeting of two cultures in the Alberni Valley in 1860. This major in-house project was developed in partnership with Tseshah First Nation, BC historian Dr. Jamie Morton, and museum staff, and presents unique interpretations of forestry history and Tseshah culture.

McLean Mill National Historic Site

Overall attendance for the McLean Mill National Historic Site and the Alberni Pacific Railway was 13,200 in 2010, a decrease of 9.8% from the previous year. The decrease in attendance (and admissions - down 8.9%) was mainly due to the Mill and Steam Train reducing the number of operational days from five in 2009, to four in 2010.

New in the retail department was DoubleSteep Productions' DVD "Steam" showing the "log to lumber process", which has been extremely well received and is our most popular DVD.

On the marketing side, freelance journalist Shirley Culpin's article, "BC Steam Train Transports Adventurous Visitors Back in Time" was carried by a number of major newspapers including the Edmonton Journal, Montreal Gazette, and Windsor Star. And, Jamie Moore, an award winning travel writer developed the Vancouver Island Exploration Guide, an Iphone app that features 130 activities which include both the Mill and Steam Train.

Volunteers have been and continue to play an integral role with sawmill and railway's success. In 2010, volunteers donated over 11,500 hours (in kind value \$275,000) 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 the relaying of 300' of track at the Roundhouse, and the completion of the 'lobster' (a trackside flail mower). The McLean Mill projects included the installation, and operation of a heel boom as part of our logging display, and restoration work on the Arnold McLean House (bathroom floor), and the loci shed (roof).

In 2010, we hosted two British Columbia Institute of Technology Railway Conductor Practicums. A total of twenty-five students, took part in the five day courses. Alberni Pacific Railway is well suited with its track configuration and staff to host the Railway Conductor Practicum, and we see this as an opportunity for growth in both crew experience and revenue generation.

2010 Works Program

Each year a number of capital projects are undertaken to maintain and improve the City's infrastructure. In 2010 street projects included the Cherry Creek Road, 15th Avenue, and Redford Street areas.

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 decreas-

ing the number of dead end mains in the network.

Garbage collection services were reduced to biweekly pickup to reduce costs and encourage recycling.

The Alberni Valley Water Study was completed and work began on the development of a Water Supply Strategy with the Alberni Clayoquot Regional District, in compliance with new Vancouver Island Health Authority regulations.

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, Tseshahat 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 increases due to summer tourism. 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 Po-

lice based Victim Services. Our Community Policing Program engages volunteers who have donated more than 10,000 hours in support of policing initiatives.

In 2010, the detachment continued to focus on its Crime Reduction Strategy, which began in late 2006. The strategy has resulted in a reduction in crimes to property overall, with a 35% reduction in some property crime types. The efforts of the RCMP have been complemented through the integration of external partner agencies, such as Corrections, Court Services, VIHA and First Nations.

One of the highlights for 2010 was the implementation of the Crimestoppers website. This provides the public with an anonymous reporting platform and an opportunity to view Most Wanted, Community Crime Hotspots, and Unsolved Crime Information.

The RCMP managed public safety at our three popular annual events, the Salmon Festival, Thunder in the Valley, and the Fall Fair. Continuing in 2010, 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 12,084 calls for service in 2010, down 6% from 2009. There were 1,977 prisoners incarcerated in detachment cells in 2010, down 13% from 2009.

Looking forward to 2011, the RCMP is committed to: continued implementation and evolution of the Crime Reduction Strategy; strengthening external partnerships to better address violence in the community; reintroduction of Community Policing, including staffing of a vacant

position and the opening of a Community Policing office at Harbour Quay; and reorganization of senior police resources to increase accountability, oversight, and assistance to street level personnel.

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 175 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 pump station 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 2011. Still of concern is the need for additional mains linking the north side and south side distribution systems. The condition of the City's 170 km of water mains appears to be generally good, however, the condition of asbestos cement mains is being monitored for structural problems.

Compliance with recent Vancouver Island Health Authority regulations will require that the City develop a new water source. Growth is limited by a lack of volume in our China Creek and Bainbridge sources. The City and Regional District are jointly

investigating development new regional sources.

Installation of water meters was completed in 2002. This has raised awareness of consumption and promotes conservation.

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 pump stations 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 Pump station 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 Alberni-Clayoquot Regional District.

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 23 fire fighters, four fire trucks and an emergency rescue vehicle. Seismic upgrading of the fire hall concluded in 2000.

Public Safety Building

The 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:

- Two regulation size ice surfaces;
- Seating for 1,500 on the main ice arena – stadium style seats;
- Four dressing rooms for each ice surface plus one for females, 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 services 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.

Klitsa Park Baseball Fields

Klitsa Park Baseball Fields were completed in 2010. It features two junior baseball fields and a playground area.

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 clock tower. The centrepiece of the site is the Babe Gunn "Life Cycle of the Pacific Salmon" stone sculpture in a central fountain.

The Harbour Quay Spirit Square project was completed in 2010, as well as improvements to the Farmers' Market. The project included an extension of the wharf and a boardwalk, providing much more space for waterfront viewing. The improvements to the former "Market Square" included a covered area that will accommodate additional vendors, street lighting, and an entrance canopy.

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 11 servers, 120 workstations, 136 network users and 120 e-mail users on a local area network running Windows XP.

Systems in place as of December 2010 are: purchasing, general ledger, inventory, accounts payable, maintenance management, payroll/human resources, business licence, point of sale, cash and accounts receivable, taxation, utilities, animal licence, parking ticket, request for service, elections, G.I.S., program registration, publishing, scheduling, spreadsheet and data base functions.

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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 under Provincial Government jurisdiction.
- 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 the 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 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 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 2010

Bill 88, passed in the fall of 2000, requires municipalities to prepare a Five 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 2010 budget activities began with a public consultation process on the 5 year plan in the form of a public discussion held at the Capitol Theatre in early February 2010. In the months following the discussion City Council reviewed the input received both during the discussion and subsequent submissions. In February and March 2010 Council received presentations from City staff on departmental budgets and reports on reserves and debt levels. Council then provided direction for the 2010-2014 five year plan. The five year plan Bylaw #4742 was adopted January 25, 2010.

The five year plan Bylaw #4742 was amended by Bylaw #4744 which was adopted March 18, 2010.

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

USE OF FUNDING

FIRE PROTECTION:

Spartan Gladiator Pumper Truck	\$ 513,600	
Fireboat Equipment	66,353	
HVAC Project	<u>295,730</u>	\$ 875,683

PUBLIC WORKS:

Public works equipment	146,382	
Paving and road reconstruction:		
Cherry Creek Rd – Michigan to Mulhern	42,382	
Argyle St – Kingsway to 1 st Ave	58,755	
Cherry Creek Rd – at Highway 4 Mall Entrance	525,923	
Redford St extension overlay	<u>244,598</u>	1,018,040

Storm Drain Construction:

Cherry Creek Rd at Mulhern	20,478	
15 th Ave – Burde St to Redford	<u>216,164</u>	236,642

PARKS AND RECREATION:

Parks equipment replacement	71,958	
Aquatic Centre HVAC	624,738	
Harbour Quay Spirit Square	1,471,421	
Klitsa Baseball Fields	<u>1,948,576</u>	4,116,693

WATER SYSTEM:

Distribution system		<u>192,102</u>
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\$ 6,439,160

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

SOURCE OF FUNDING

Revenue Funds	\$ 771,231
Land Sale Reserve Fund	1,690,393
Equipment Replacement Reserve Fund	798,293
Capital Reserves	1,846,853
Government Grants	1,302,113
Contributed by Others	<u>30,277</u>
	<u>\$ 6,439,160</u>

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FINANCIAL SECTION

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**CITY OF PORT ALBERNI
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

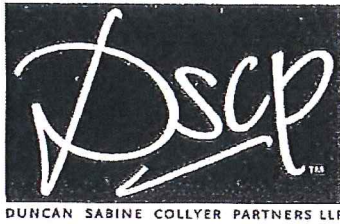
AUDITORS' REPORT

Consolidated Financial Statements	Statements
Consolidated Statement of Financial Position	A
Consolidated Statement of Operations	B
Consolidated Statement of Change in Net Financial Assets.....	C
Consolidated Statement of Cash Flows	D

Notes to Consolidated Financial Statements

Supporting Schedules	Schedules
Tangible Capital Assets	1
Segmented Information	2
Debenture Debt	3
Tax Levies and Grants in Lieu of Taxes	4
General Government Expenses	5
Protective Services	6
Transportation Services	7
Recreation and Cultural Services	8
Sale of Services	9
Other Revenue from Own Sources	10
Sewer and Water Utilities.....	11

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CERTIFIED GENERAL ACCOUNTANTS
MANAGEMENT CONSULTANTS

WWW.DSCP.CA

5155 ARGYLE STREET
PORT ALBERNI BC CANADA V9Y 1V3

INDEPENDENT AUDITOR'S REPORT

T 250.724.5717

F 250.724.5155

To the Mayor and Coucillors of City of Port Alberni



Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of City of Port Alberni, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

ROBERT J. DUNCAN* CGA CAFM

DONALD H. JONES* BCOM CGA CAFM

DEBRA NIXON BAccS CGA CAFM
ASSOCIATE

BARBARA L. PRICE CA
ASSOCIATE

JIM DAKIN CGA
ASSOCIATE

(continues)

* DENOTES PROFESSIONAL CORPORATION

Independent Auditor's Report to the Mayor and Coucillors of City of Port Alberni *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of City of Port Alberni as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian 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 respects, in relation to the consolidated statements taken as a whole.

Port Alberni, B.C.
September 2, 2011

Duncan Sabine Collyer Partners LLP
DUNCAN SABINE COLLYER PARTNERS LLP
CERTIFIED GENERAL ACCOUNTANTS

CONSOLIDATED FINANCIAL STATEMENTS

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**CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (STATEMENT A)
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative figures for 2009)**

	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
FINANCIAL ASSETS:		
Cash (Note 2)	\$ 23,735,477	\$ 18,155,004
Accounts receivable (Note 4)	3,636,595	7,213,036
Inventory for resale (Note 2)	50,019	20,134
Long Term Investments (Note 9)	<u>125,000</u>	<u>-</u>
	<u>27,547,091</u>	<u>25,388,174</u>
LIABILITIES:		
Interim capital financing	419,051	558,734
Accounts payable and accrued liabilities (Note 6)	4,384,729	4,576,172
Deferred revenue (Note 7)	2,031,910	3,132,775
Refundable deposits	466,886	393,535
Debenture debt (Note 8, Schedule 3)	<u>3,851,824</u>	<u>4,075,748</u>
	<u>11,154,400</u>	<u>12,736,964</u>
NET FINANCIAL ASSETS	<u>16,392,691</u>	<u>12,651,210</u>
NON-FINANCIAL ASSETS:		
Inventory of supplies (Note 2)	400,660	427,691
Prepaid expenses	91,729	55,268
Tangible Capital Assets (Notes 2 and 13, Schedule 1)	<u>89,544,276</u>	<u>87,983,770</u>
	<u>90,036,665</u>	<u>88,466,729</u>
ACCUMULATED SURPLUS	<u>\$ 106,429,356</u>	<u>\$ 101,117,939</u>

Cathy Rothwell

Cathy Rothwell
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, 2010
 (with comparative figures for 2009)

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
REVENUES:			
Taxes (Schedule 4)	\$ 19,865,916	\$ 19,909,496	\$ 18,316,219
Sale of services (Schedule 9)	7,217,134	7,979,979	7,897,837
Other revenue from own sources (Schedule 10)	667,948	759,647	1,038,578
Investment income	104,380	137,799	163,667
Grants (Note 11)	1,880,478	4,005,560	2,906,331
Developer contributions	-	152,405	933,863
Parkland dedication deposits	-	12,093	21,550
Gain / (loss) on disposal of assets	-	686,901	1,770,941
	<u>29,735,856</u>	<u>33,643,880</u>	<u>33,048,986</u>
EXPENSES:			
General government (Schedule 5)	3,135,332	3,459,571	3,921,697
Protective services (Schedule 6)	9,049,819	7,811,747	8,014,147
Transportation services (Schedule 7)	4,126,331	5,000,244	5,191,429
Environmental health services	1,049,061	1,099,001	1,273,898
Environmental development	766,359	653,542	560,092
Recreation and cultural services (Schedule 8)	8,301,321	6,812,494	7,187,559
Interest	263,200	235,091	230,689
Debt reserve	28,180	1,910	1,629
Water utility (Schedule 11)	1,681,441	1,747,477	1,742,082
Sewer utility (Schedule 11)	1,177,142	1,301,910	1,371,953
Cost of sales and service	-	209,480	(50,873)
	<u>29,578,186</u>	<u>28,332,467</u>	<u>29,444,302</u>
ANNUAL SURPLUS	157,670	5,311,413	3,604,684
Accumulated surplus - beginning of year	<u>101,117,941</u>	<u>101,117,941</u>	<u>97,513,256</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$101,275,611</u>	<u>\$106,429,354</u>	<u>\$101,117,940</u>

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

Financial Statements

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (STATEMENT C)
FOR THE YEAR ENDED DECEMBER 31, 2010
 (with comparative figures for 2009)

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
ANNUAL SURPLUS	\$ 864,743	\$ 5,311,413	\$ 3,604,685
Acquisition of tangible capital assets	-	(5,154,695)	(5,574,066)
Amortization	-	3,655,293	3,496,152
(Gain) / loss on disposal of assets	-	(686,901)	(1,770,941)
Proceeds from sale of tangible capital assets	<u>-</u>	<u>625,800</u>	<u>260,500</u>
	<u>864,743</u>	<u>3,750,910</u>	<u>16,330</u>
Acquisition of supply inventory		(400,660)	(427,691)
Acquisition of prepaid expenses		(91,729)	(55,268)
Consumption of inventory of supplies		427,691	451,776
Use of prepaid expenses		<u>55,268</u>	<u>89,088</u>
		<u>(9,430)</u>	<u>57,905</u>
INCREASE IN NET FINANCIAL ASSETS		3,741,480	74,235
NET FINANCIAL ASSETS - BEGINNING OF YEAR		<u>12,651,211</u>	<u>12,576,975</u>
NET FINANCIAL ASSETS - END OF YEAR		<u>\$ 16,392,691</u>	<u>\$ 12,651,210</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, 2010
(with comparative figures for 2009)

	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
CASH PROVIDED BY (USED FOR) OPERATIONS:		
Annual surplus for the year	\$ 5,311,413	\$ 3,604,684
Non-cash items		
Add: amortization of tangible capital assets	3,655,293	3,496,152
Deduct: (gain) on disposal of tangible capital assets	(686,901)	(1,770,941)
Decrease inventory of supplies	27,032	24,085
(Increase) decrease prepaid expenses	(36,460)	33,819
Deduct: developer contributions	(152,405)	(933,863)
Changes in working capital balances		
Accounts receivable	3,576,441	(4,372,669)
Inventory for resale	(29,884)	42,193
Accounts payable and accrued liabilities	(191,443)	161,447
Deferred revenue	(1,100,865)	1,450,296
Refundable deposits	<u>73,353</u>	<u>222,959</u>
	<u>10,445,574</u>	<u>1,958,162</u>
CASH PROVIDED BY (USED FOR) FINANCING:		
Proceeds from (repayment) interim capital financing	(139,683)	558,734
Debenture debt repayment	<u>(223,924)</u>	<u>(215,183)</u>
	<u>(363,607)</u>	<u>343,551</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS:		
Acquisition of tangible capital assets	(6,395,005)	(3,579,458)
Acquisition of investment	(125,000)	-
(Increase) decrease in work-in-progress	1,392,712	(1,060,743)
Proceeds from sale of tangible capital assets	<u>625,800</u>	<u>260,500</u>
	<u>(4,501,493)</u>	<u>(4,379,701)</u>
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	5,580,474	(2,077,988)
Cash and short term investments - beginning of year	<u>18,155,003</u>	<u>20,232,991</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	\$ <u>23,735,477</u>	\$ <u>18,155,003</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, 2010

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 corporation 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. During 2010 the City purchased 1,250 common shares for \$125,000 and retains full ownership of the company. As at December 31, 2010 no activities had taken place and no assets or liabilities exist.

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).

Basis of Presentation

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

- 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, 2010

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 per guidelines issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Revenues and expenditures are recorded in the period they are incurred.

Tangible Capital Assets – effective 2008 the City adopted the provisions of PSAB Accounting Handbook Section 3150 that required that tangible capital assets be recorded at cost and amortized over their useful lives.

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 as revenue at fair value at the time of contribution.

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, 2010

Revenue Recognition

- 1) **Taxation** – taxes are recognized as revenue in the year they are levied. Taxes may be adjusted by the Province by way of supplementary roll adjustments through the BC Assessment appeal process. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.
- 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** – includes permit and licence fees, fines, and penalty charges.
- 4) **Investment income** – the City invests in pooled funds of the Municipal Finance Authority of BC. The Municipal Finance Authority distributes earnings of these funds to its investors 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 – cash consists of funds situate in till floats, ATMs, and bank accounts. Short term investments are considered cash equivalents when there is a maturity date of less than 90 days. All short term investments held by the City consist of money market funds, and are readily available. Short term investments are recorded at cost. Cash and short term investments as at December 31, 2010 were comprised as follows:

	<u>2010</u>	<u>2009</u>
Cash	\$ 6,400,948	\$ 5,633,492
Municipal Finance Authority, Money Market Funds	<u>17,334,529</u>	<u>12,521,512</u>
	<u>\$ 23,735,477</u>	<u>\$ 18,155,004</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.

CITY OF PORT ALBERNI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

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 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:

	2009				2010
	Balance	Interest	Receipts	Expenditures	Balance
Cemetery Trust	\$ <u>145,098</u>	\$ <u>1,261</u>	\$ <u>3,795</u>	\$ <u>-</u>	\$ <u>150,154</u>

4. **Accounts Receivable**

	2010		2009	
Property taxes	\$ 871,772	\$ 4,497,790		
Federal government	12,288	36,921		
General	<u>2,752,535</u>	<u>2,678,325</u>		
	\$ <u>3,636,595</u>	\$ <u>7,213,036</u>		

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 Friday, December 31, 2010 the total investment of the Debt Reserve Fund was comprised of:

	<u>2010</u>	<u>2009</u>
General Revenue	\$ 131,955	\$ 130,621
Sewer Revenue	<u>91,992</u>	<u>91,416</u>
	<u>\$ 223,947</u>	<u>\$ 222,037</u>

6. Accounts Payable and Accrued Liabilities

	<u>2010</u>	<u>2009</u>
Due to senior governments	\$ 84,127	\$ 85,984
Other local governments	35,342	39,158
Trade accounts	2,062,138	2,214,698
Salaries and wages	550,397	621,133
Accrued debenture interest	46,978	46,978
Accrued employee benefits	<u>1,605,746</u>	<u>1,568,221</u>
	<u>\$ 4,384,728</u>	<u>\$ 4,576,172</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, 2010

	<u>2010</u>	<u>2009</u>
Benefit liability - beginning of year	\$ 467,853	\$ 456,253
Add: current service costs	29,300	27,800
interest on accrued benefit obligation	27,800	27,100
amortization of actuarial loss	3,200	3,200
Less Benefits paid	<u>(39,300)</u>	<u>(46,500)</u>
Benefit liability - end of year	488,853	467,853
Add ERIP reserve	93,000	93,000
Unamortized actuarial loss (gain)	<u>25,547</u>	<u>28,747</u>
Accrued benefit obligation - end of year	<u>\$ 607,400</u>	<u>\$ 589,600</u>

The retirement liability requires no contribution from the employees.

	<u>2010</u>	<u>2009</u>
b) Accrued vacation liability as at Friday, December 31, 2010	<u>\$ 942,346</u>	<u>\$ 922,621</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 Friday, December 31, 2010 this liability is estimated at \$56,000 (2009 - \$56,000)

d) Employee benefit obligations:

	<u>2010</u>	<u>2009</u>
Retirement benefits payments	\$ 607,400	\$ 589,600
Accrued vacation pay	942,346	922,621
Accumulated sick leave	<u>56,000</u>	<u>56,000</u>
	<u>\$ 1,605,746</u>	<u>\$ 1,568,221</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

Financial Statements

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

7. Deferred Revenue

	<u>2010</u>	<u>2009</u>
Property taxes	\$ 647,443	\$ 615,783
Capital grants	21,637	423,638
Other	303,558	1,000,531
Federal Gas Tax agreement	<u>1,059,272</u>	<u>1,092,823</u>
	<u>\$ 2,031,910</u>	<u>\$ 3,132,775</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 Friday, December 31, 2010 are as follows:

	Principal	Interest	Total
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
2015	191,392	206,710	398,102

9. Long Term Investments

Long term investments are recorded at cost.

	<u>2010</u>	<u>2009</u>
Alberni Valley Community Forest Corporation	<u>\$ 125,000</u>	<u>\$ -</u>

10. Expenses by Object

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Salaries Wages and Benefits	\$ 12,389,259	\$ 13,518,963	\$ 13,199,639	\$ 13,162,597	\$ 13,163,071
Debt Servicing	237,003	249,433	250,221	250,801	196,609
RCMP Contract	3,597,767	3,836,207	3,647,928	3,675,691	3,521,447
Grants	93,982	123,125	146,790	188,509	145,335
Other Contracts	1,056,025	1,124,190	880,705	729,622	677,879
Goods and Services	7,303,137	7,096,231	7,206,659	11,142,809	14,151,450
Amortization	<u>3,655,293</u>	<u>3,496,152</u>	<u>3,394,773</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,332,466</u>	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>	<u>\$ 31,855,791</u>

CITY OF PORT ALBERNI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

11. Grants and Transfers

	<u>2010</u>	<u>2009</u>
Operating Grants		
Federal		
Green Municipal Fund Study Grant	\$ 83,705	\$ 59,618
Federal Gas Tax Revenue	<u>27,220</u>	<u>18,532</u>
	<u>110,925</u>	<u>78,150</u>
Provincial		
Revenue Sharing	590,399	590,399
Community Gaming	500,000	500,000
Museum	82,500	70,000
Strategic Economic Development	-	60,000
Recreation	-	66,626
Community Programs	65,836	67,157
Employment Programs	-	393,390
Flood Protection Program	-	(367)
	<u>1,238,735</u>	<u>1,747,205</u>
Local - Regional District of Alberni-Clayoquot		
McLean Mill Grant In Aid	29,900	29,900
Economic Development	-	18,000
	<u>29,900</u>	<u>47,900</u>
Capital		
Federal		
Recreational Infrastructure Canada	612,113	-
Western Economic Diversification Canada	250,000	-
Federal Gas Tax Revenue	<u>772,080</u>	<u>256,076</u>
	<u>1,634,193</u>	<u>256,076</u>
Provincial		
Municipal Rural Infrastructure Fund	440,000	530,000
Island Coastal Economic Development	<u>352,955</u>	<u>247,000</u>
	<u>792,955</u>	<u>777,000</u>
Total Government Grants and Transfers	3,779,308	2,906,331
Other Grants - Non-Government	<u>198,852</u>	<u>-</u>
Total Grants and Transfers	<u>4,005,560</u>	<u>2,906,331</u>

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

12. 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 \$5 million, plus an umbrella liability policy in the amount of \$45 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-trusted 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 151,000 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, 2009 indicated an unfunded liability of \$1.024 billion for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the surplus to individual employers.

Employer contributions to the Plan for 2010 were \$785,894 (\$885,493 for 2009) and are included in consolidated operating expenditures. Employee contributions for 2010 were \$626,280 (\$703,919 for 2009).

CITY OF PORT ALBERNI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

13. **Tangible Capital Assets**

	2010	2009
Land	\$ 3,441,502	\$ 3,238,235
Land Improvements	4,312,821	2,769,428
Buildings	21,481,072	20,428,668
Machinery and Equipment	4,813,983	4,530,232
Engineering Structures	1,089,478	622,577
Storm Drains	12,265,440	12,289,668
Transportation	10,316,289	10,233,284
Water	15,455,879	15,761,607
Sewer	<u>14,920,780</u>	<u>15,270,327</u>
	88,097,244	85,144,026
Work-in-progress	<u>1,447,033</u>	<u>2,839,745</u>
	<u>\$ 89,544,277</u>	<u>\$ 87,983,771</u>

For more information, refer to Schedule 1 (Schedule of Tangible Assets)

There were no writedowns of tangible capital assets in 2010 (2009 - \$ nil). Contributed assets recognized in 2010 were \$152,405 (2009 - \$933,863) recorded at fair market value at the end of the warranty period. These include land, transportation, storm, sewer and water infrastructure.

14. **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

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

provide fire suppression services; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. It is the mandate of the Building Inspection Department to provide building inspection services as set out in the building bylaw for residents and builders. Building inspection services are provided in order to assist residents and builders in constructing projects which meet minimum construction standards.

Transportation services

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

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 properties owned by the City.

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 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).

15. Comparative Figures

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

CITY OF PORT ALBERNI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

16. Accumulated Surplus

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

	2010	2009
Operations		
General	\$ 3,510,258	\$ 598,872
Water	4,602,677	4,487,011
Sewer	<u>306,358</u>	<u>577,400</u>
	<u>8,419,293</u>	<u>5,663,283</u>
Capital		
General	5,885,083	1,363,641
Water	237,409	(169,357)
Sewer	<u>127,167</u>	<u>703,181</u>
	<u>6,249,659</u>	<u>1,897,465</u>
Equity in tangible capital assets		
General	50,988,593	49,624,952
Water	15,733,810	15,903,167
Sewer	<u>13,690,209</u>	<u>12,987,027</u>
	<u>80,412,612</u>	<u>78,515,146</u>
Reserves		
Reserve funds - statutory		
Parkland Acquisition	111,155	98,292
Capital Works	2,079,314	1,490,657
Equipment Replacement	5,030,049	5,445,065
Land Sale	1,272,229	3,153,344
Reserve funds - unrestricted		
General Fund - projects and purchases	703,930	306,367
Loss on taxation	1,351,000	3,300,000
Museum purchases	26,845	22,595
Parks and Recreation building	202,671	849,909
Water Fund - projects and purchases	443,080	375,817
Sewer Fund - projects and purchases	<u>127,517</u>	<u>-</u>
	<u>11,347,790</u>	<u>15,042,046</u>
	<u>\$ 106,429,354</u>	<u>\$ 101,117,940</u>

SUPPORTING SCHEDULES

**CITY OF PORT ALBERNI
TANGIBLE CAPITAL ASSETS (SCHEDULE 1)
AT DECEMBER 31, 2010**

For the year ended December 31, 2010	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2009	2010 Additions	2010 Disposals	Balance December 31, 2010	Balance December 31, 2009	2010 Additions	2010 Disposals	Balance December 31, 2010	2010 VALUE	2009 VALUE
Land	\$ 3,238,235	\$ 212,001	\$ 8,734	\$ 3,441,502	\$ -	\$ -	\$ -	\$ -	\$ 3,441,502	\$ 3,238,235
Land Improvements	8,033,800	1,912,468	258,133	9,688,135	5,264,372	316,706	205,764	5,375,314	4,312,821	2,769,428
Buildings	31,625,455	1,830,929	520,392	32,935,992	11,196,787	778,164	520,031	11,454,920	21,481,072	20,428,668
Machinery and Equipment	10,904,614	858,249	388,450	11,374,413	6,374,382	512,440	326,392	6,560,430	4,813,983	4,530,232
Engineering Structures	1,735,201	536,225	-	2,271,426	1,112,624	69,324	-	1,181,948	1,089,478	622,577
Storm Drains	17,719,268	216,164	-	17,935,432	5,429,600	240,392	-	5,669,992	12,265,440	12,289,668
Transportation	37,878,125	946,574	439,019	38,385,680	27,644,842	838,851	414,302	28,069,391	10,316,289	10,233,284
Water	26,608,045	206,542	15,219	26,799,368	10,846,438	509,632	12,581	11,343,489	15,455,879	15,761,607
Sewer	21,629,728	-	-	21,629,728	6,359,402	349,546	-	6,708,948	14,920,780	15,270,327
Work in progress	2,839,745	(1,392,712)	-	1,447,033	-	-	-	-	1,447,033	2,839,745
	<u>\$162,212,216</u>	<u>\$ 5,326,440</u>	<u>\$ 1,629,947</u>	<u>\$165,908,709</u>	<u>\$ 74,228,447</u>	<u>\$ 3,615,055</u>	<u>\$ 1,479,070</u>	<u>\$ 76,364,432</u>	<u>\$ 89,544,277</u>	<u>\$ 87,983,771</u>

Financial Statements

**CITY OF PORT ALBERNI
SEGMENTED INFORMATION (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental Development
Revenue					
Taxes	\$19,909,496	\$ -	\$ -	\$ -	\$ -
Sales of services	265,149	475,746	252,220	915,772	171,010
Other revenue from own sources	449,220	127,719	-	-	-
Investment income	66,451	-	48	-	-
Grants	1,156,235	-	-	27,220	83,705
Developer contributions	-	-	104,460	-	-
Gain/loss on disposal of assets	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	21,846,551	603,465	356,728	942,992	254,715
Expenses					
Operating:					
Salaries, wages and benefits	2,042,429	3,222,057	2,103,995	463,784	331,250
Debt servicing	14,641	158,554	-	-	-
RCMP contract	-	3,597,767	-	-	-
Grants	24,982	-	-	-	69,000
Other contracts	139,020	111,078	773,971	-	-
Goods and services	1,173,568	574,301	636,721	631,696	187,351
	3,394,640	7,663,757	3,514,687	1,095,480	587,601
Amortization	79,572	306,546	1,485,557	3,521	65,941
Total expenses	3,474,212	7,970,303	5,000,244	1,099,001	653,542
Excess (deficiency) in revenue over expenses	\$18,372,339	\$(7,366,838)	\$(4,643,516)	\$ (156,009)	\$ (398,827)

**CITY OF PORT ALBERNI
SEGMENTED INFORMATION (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2010**

Recreation and Cultural Services	Water Utility	Sewer Utility	Other Funds	Unallocated	Consolidated 2010	Budget 2010	Consolidated 2009
\$ -	\$ -	\$ -	\$ -	\$ -	\$19,909,496	\$19,865,916	\$18,316,219
1,993,141	2,098,612	1,276,346	531,983	-	7,979,979	7,217,134	7,897,837
-	23,897	14,391	139,288	32,531	787,046	667,946	1,038,578
-	-	576	70,724	-	137,799	104,380	163,667
85,000	-	-	2,626,000	-	3,978,160	1,880,478	2,906,331
-	47,945	-	-	-	152,405	-	933,863
-	-	-	686,901	-	686,901	-	1,770,941
-	-	-	12,093	-	12,093	-	21,550
<u>2,078,141</u>	<u>2,170,454</u>	<u>1,291,313</u>	<u>4,066,989</u>	<u>32,531</u>	<u>33,643,879</u>	<u>29,735,854</u>	<u>33,048,986</u>
3,137,941	695,315	392,488	-	-	12,389,259	15,490,546	13,518,963
-	-	63,808	-	-	237,003	299,880	249,433
-	-	-	-	-	3,597,767	4,169,664	3,836,207
-	-	-	-	-	93,982	79,000	123,125
31,956	-	-	-	-	1,056,025	937,464	1,124,190
<u>2,787,621</u>	<u>542,529</u>	<u>559,870</u>	<u>209,480</u>	<u>-</u>	<u>7,303,137</u>	<u>7,081,333</u>	<u>7,096,231</u>
<u>5,957,518</u>	<u>1,237,844</u>	<u>1,016,166</u>	<u>209,480</u>	<u>-</u>	<u>24,677,173</u>	<u>28,057,887</u>	<u>25,948,149</u>
854,976	509,633	349,547	-	-	3,655,293	-	3,496,152
<u>6,812,494</u>	<u>1,747,477</u>	<u>1,365,713</u>	<u>209,480</u>	<u>-</u>	<u>28,332,466</u>	<u>28,057,887</u>	<u>29,444,301</u>
<u>\$ (4,734,353)</u>	<u>\$ 422,977</u>	<u>\$ (74,400)</u>	<u>\$ 3,857,509</u>	<u>\$ 32,531</u>	<u>\$ 5,311,413</u>	<u>\$ 1,677,967</u>	<u>\$ 3,604,685</u>

CITY OF PORT ALBERNI
DEBENTURE DEBT - SCHEDULE 3

ALL FUNDS AT DECEMBER 31, 2010 - SHOWING REQUIREMENTS FOR PRINCIPAL AND INTEREST FOR 2011

Security Issuing Bylaw	Purpose	Original Issue	Amount Outstanding Dec. 31, 2010	Term In Years	Annual Interest Rate	Maturity Date	2011 Requirements Interest	2011 Requirements Principal	Sinking Fund Addition	Debt Reserve Cash Balance
4280	L.I. General	98,120	39,963	20	4.43%	25/09/2016	4,347	2,967	2,628	2,121
4575		<u>3,375,064</u>	<u>3,050,922</u>	25	4.65%	19/04/2031	<u>157,278</u>	<u>81,042</u>	<u>10,119</u>	<u>40,281</u>
		<u>\$ 3,473,184</u>	<u>\$ 3,070,885</u>				<u>\$ 161,625</u>	<u>\$ 84,009</u>	<u>\$ 12,747</u>	<u>\$ 42,402</u>
4280	L.I. Sewer	147,180	59,945	20	4.43%	25/09/2016	6,520	4,451	3,942	3,181
4559		797,642	437,801	10	4.55%	06/04/2015	36,293	66,436	11,285	9,903
4601		<u>438,170</u>	<u>283,193</u>	10	4.65%	19/04/2016	<u>20,419</u>	<u>36,496</u>	<u>4,557</u>	<u>5,230</u>
		<u>\$ 1,382,992</u>	<u>\$ 780,939</u>				<u>\$ 63,232</u>	<u>\$ 107,383</u>	<u>\$ 19,784</u>	<u>\$ 18,314</u>
		<u>\$ 4,856,176</u>	<u>\$ 3,851,824</u>				<u>\$ 224,856</u>	<u>\$ 191,392</u>	<u>\$ 32,531</u>	<u>\$ 60,716</u>

CITY OF PORT ALBERNI
TAX LEVIES and GRANTS IN LIEU OF TAXES (SCHEDULE 4)
FOR THE YEAR ENDED DECEMBER 31, 2010
 (with comparative figures for 2009)

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
MUNICIPAL PURPOSES:			
Tax Levies:			
General purpose	\$ 18,969,633	\$19,038,712	\$ 17,392,102
Local improvement - streets and drains	186	186	186
Local improvement - sewer	-	33,965	33,965
Off-street parking	4,600	4,528	4,237
Utility	133,944	139,709	133,944
Parcel Tax	<u>231,545</u>	<u>154,538</u>	<u>231,534</u>
	19,339,908	19,371,638	17,795,968
Grants in lieu of taxes	<u>526,008</u>	<u>537,859</u>	<u>520,251</u>
Total Municipal Taxes	<u>19,865,916</u>	<u>19,909,497</u>	<u>18,316,219</u>
COLLECTIONS FOR OTHER GOVERNMENTS:			
Tax Levies:			
School	6,035,429	5,488,721	5,489,219
Regional hospital	911,855	818,594	911,855
Regional District of Alberni Clayoquot	935,701	738,037	935,701
B.C. Assessment	185,446	187,298	185,445
Municipal Finance Authority	<u>453</u>	<u>450</u>	<u>453</u>
Total Collections For Other Governments	<u>8,068,884</u>	<u>7,233,100</u>	<u>7,522,673</u>
Total Taxes Collected	<u>\$ 27,934,800</u>	<u>\$ 27,142,597</u>	<u>\$ 25,838,892</u>

Financial Statements

CITY OF PORT ALBERNI
GENERAL GOVERNMENT EXPENDITURES (SCHEDULE 5)
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative figures for 2009)

	2010	2010	2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Legislative	\$ 132,537	\$ 133,605	\$ 164,956
City manager's office	231,982	214,769	223,596
Municipal clerk's office	351,749	337,155	353,936
Legal and bylaw prosecution services	52,000	51,662	77,513
Financial management	682,880	708,137	684,268
Administration vehicle	5,737	11,060	10,559
External audit	13,401	31,568	14,232
Purchasing	212,781	200,296	206,825
Buildings	101,560	121,796	135,776
Information services	485,034	568,728	556,559
Personnel	224,137	206,472	217,560
Election expenses	300	387	779
Training and development	150,965	114,188	148,865
Damage claims	25,500	37,793	44,411
Grants and grant funded programs	10,000	490,345	821,836
Office equipment supplies and printing	232,336	290,551	282,170
Public liability insurance	129,438	91,388	90,971
Other general services	-	110,681	133,737
General government - capital assets	369,000	-	-
Administration recoveries	<u>(276,005)</u>	<u>(261,005)</u>	<u>(246,854)</u>
	<u>\$ 3,135,332</u>	<u>\$ 3,459,576</u>	<u>\$ 3,921,695</u>

CITY OF PORT ALBERNI
PROTECTIVE SERVICES (SCHEDULE 6)
FOR THE YEAR ENDED DECEMBER 31, 2010
 (with comparative figures for 2009)

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Police protection	\$ 5,507,752	\$ 5,073,378	\$ 5,395,408
Fire protection	2,545,446	2,505,469	2,378,826
Emergency measures	2,550	13,066	10,504
Building and plumbing inspections	112,753	101,720	110,679
Animal pound operations	114,153	118,114	118,730
Protective services - capital assets	<u>767,165</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,049,819</u>	<u>\$ 7,811,747</u>	<u>\$ 8,014,147</u>

Financial Statements

**CITY OF PORT ALBERNI
TRANSPORTATION SERVICES (SCHEDULE 7)
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative figures for 2009)**

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
COMMON SERVICES:			
Engineering administration	\$ 460,049	\$ 499,105	\$ 547,639
Engineering consulting services	119,898	107,578	121,825
Public works supervision	340,000	332,264	350,188
Equipment and supplies	33,740	95,142	81,131
Building and yard maintenance	171,833	205,187	181,596
Equipment maintenance	<u>749,308</u>	<u>967,297</u>	<u>958,171</u>
	<u>1,874,828</u>	<u>2,206,573</u>	<u>2,240,550</u>
ROADS AND STREET MAINTENANCE:			
Roadway surfaces maintenance	823,292	1,614,131	1,643,354
Snow and ice removal	210,000	129,206	344,370
Parking	7,902	6,525	4,173
Gravel	125,000	151,346	81,818
Ditch and dyke maintenance	154,005	127,931	169,269
Storm sewers	<u>243,135</u>	<u>446,082</u>	<u>411,990</u>
	<u>1,563,334</u>	<u>2,475,221</u>	<u>2,654,974</u>
Bridges and retaining walls	20,000	29,001	25,056
Street lighting	235,088	294,467	303,096
Traffic control	236,940	246,193	230,496
Public transit	753,670	773,971	773,531
Other	132,110	113,552	190,030
Transportation services - capital assets	820,871	-	-
Recoveries	<u>(1,510,510)</u>	<u>(1,138,734)</u>	<u>(1,226,304)</u>
	<u>\$ 4,126,331</u>	<u>\$ 5,000,244</u>	<u>\$ 5,191,429</u>

CITY OF PORT ALBERNI
RECREATION AND CULTURAL SERVICES (SCHEDULE 8)
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative figures for 2009)

	2010 Budget Revenue	2010 Actual Revenue	2010 Budget Expenditure	2010 Actual Expenditure	2010 Budget Operating Deficit	2010 Actual Operating Deficit	2009 Actual Operating Deficit
RECREATION SERVICES:							
Administration	\$ -	\$ -	\$ 458,600	\$ 443,650	\$ (458,600)	\$ (443,650)	\$ (467,798)
Leisure Centre	238,389	221,874	329,141	330,159	(90,752)	(108,285)	(191,182)
Swimming pool	327,400	292,675	393,255	404,700	(65,855)	(112,025)	(150,030)
Arena	723,800	633,820	908,560	1,353,581	(184,760)	(719,761)	(855,377)
Parks, playgrounds and other	114,688	121,779	1,228,088	1,512,944	(1,113,400)	(1,391,165)	(1,198,961)
Programs	255,080	461,272	1,220,676	1,166,061	(965,596)	(704,788)	(908,237)
Capital assets	-	-	2,110,000	-	(2,110,000)	-	-
	<u>1,659,357</u>	<u>1,731,420</u>	<u>6,648,320</u>	<u>5,211,095</u>	<u>(4,988,963)</u>	<u>(3,479,674)</u>	<u>(3,771,585)</u>
CULTURAL SERVICES:							
Museum services	23,000	28,885	499,696	519,586	(476,696)	(490,701)	(507,638)
McLean Mill	281,605	232,835	517,205	568,353	(235,600)	(335,518)	(345,108)
Regional library	-	-	526,200	513,460	(526,200)	(513,460)	(515,884)
Capital assets	-	-	109,900	-	(109,900)	-	-
	<u>304,605</u>	<u>261,720</u>	<u>1,653,001</u>	<u>1,601,399</u>	<u>(1,348,396)</u>	<u>(1,339,679)</u>	<u>(1,368,630)</u>
	<u>\$ 1,963,962</u>	<u>\$ 1,993,140</u>	<u>\$ 8,301,321</u>	<u>\$ 6,812,494</u>	<u>\$ (6,337,359)</u>	<u>\$ (4,819,353)</u>	<u>\$ (5,140,215)</u>

Financial Statements

**CITY OF PORT ALBERNI
SALE OF SERVICES (SCHEDULE 9)
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative figures for 2009)**

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
GENERAL REVENUE:			
General Services	\$ 1,797,155	\$ 1,891,693	\$ 2,075,210
Arena	723,800	633,821	657,467
Leisure Centre	238,389	221,874	211,384
Parks, playgrounds and other	114,688	121,779	139,443
Pool	327,400	292,675	316,823
Programs	255,080	461,272	445,257
Museum	23,000	28,885	52,108
McLean Mill	<u>281,605</u>	<u>232,835</u>	<u>224,862</u>
	<u>3,761,117</u>	<u>3,884,834</u>	<u>4,122,554</u>
MISCELLANEOUS REVENUE:			
Miscellaneous receipts/sales	-	553,362	314,508
SERVICES PROVIDED TO OTHER GOVERNMENTS:			
Services provided to other governments	110,000	166,825	190,750
SEWER REVENUE:			
Connections and sundry charges	48,246	106,209	60,984
Sale of sewer service	<u>1,249,215</u>	<u>1,170,137</u>	<u>1,131,424</u>
	<u>1,297,461</u>	<u>1,276,346</u>	<u>1,192,408</u>
WATER REVENUE:			
Sale of water	2,010,000	1,959,899	2,029,045
Connections and sundry charges	<u>38,556</u>	<u>138,713</u>	<u>48,572</u>
	<u>2,048,556</u>	<u>2,098,612</u>	<u>2,077,617</u>
	<u>\$ 7,217,134</u>	<u>\$ 7,979,979</u>	<u>\$ 7,897,837</u>

CITY OF PORT ALBERNI
OTHER REVENUE FROM OWN SOURCES (SCHEDULE 10)
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative figures for 2009)

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Licences and permits	\$ 214,100	\$ 269,967	\$ 221,649
Fines and costs	18,500	4,205	9,978
Land and building rentals	101,030	116,516	66,779
Penalties and interest	141,000	249,804	507,030
Miscellaneous revenue	113,727	113,800	220,808
Other revenue from own sources - capital fund	79,591	(133,933)	(30,629)
Other revenue from own sources - reserve funds	-	139,288	42,963
	<u>\$ 667,948</u>	<u>\$ 759,647</u>	<u>\$ 1,038,578</u>

Financial Statements

**CITY OF PORT ALBERNI
SEWER AND WATER UTILITIES (SCHEDULE 11)
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative figures for 2009)**

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
SEWER UTILITY:			
Administration	\$ 290,100	\$ 294,190	\$ 281,293
Sewage treatment and disposal	180,000	271,754	285,339
Sewage collection system	321,390	505,291	511,732
Sewage pump stations	169,320	225,876	290,438
Other operating costs	2,500	4,799	3,151
Sewer utility - capital	<u>213,832</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,177,142</u>	<u>\$ 1,301,910</u>	<u>\$ 1,371,953</u>
WATER UTILITY:			
Administration	\$ 306,500	\$ 268,901	\$ 326,451
Service of supply	189,800	248,678	269,714
Pumping	189,700	224,126	210,835
Transmission and distribution	564,550	963,707	919,081
Other operating costs	7,500	42,065	16,001
Water utility - capital fund	<u>423,391</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,681,441</u>	<u>\$ 1,747,477</u>	<u>\$ 1,742,082</u>

STATISTICS SECTION

Statistics

CITY OF PORT ALBERNI MISCELLANEOUS STATISTICS AT DECEMBER 31, 2010

Date of Incorporation	1912
Form of Government	City/Council/Manager
Number of employees (excluding police and fire)	
Classified	100
Exempt	20
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	23
Number of calls received - Fire/Rescue/First Responder	1,197
Number of inspections conducted	781
Police Protection:	
Number of stations	1
Number of police personnel and officers	34
Number of law violations:	
Physical arrests	1,977
Number of reported criminal incidents	3,038
Sewerage System:	
Kilometers of sanitary sewers and storm sewer	257
Number of treatment plants	1
Number of service connections	6,784
Daily average treatment of cubic meters	18,791
Water System:	
Kilometers of water mains	170
Number of service connections	6,733
Number of fire hydrants	723
Daily average consumption in cubic meters	10,315
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, 2010**

	2010	2009	2008	2007	2006
Population(based on last census) ⁽¹⁾	17548	17548	17548	17548	17548
Assessed valuations for General Purposes⁽²⁾					
Land					
Residential	\$ 480,657,900	\$ 520,949,600	\$ 512,031,400	\$ 488,407,600	\$ 301,869,600
Commercial	\$ 69,928,611	\$ 63,215,257	\$ 63,623,894	\$ 57,806,842	\$ 49,967,179
Industrial	\$ 10,606,700	\$ 8,761,100	\$ 8,873,100	\$ 8,059,900	\$ 7,692,200
Other	\$ 2,198,827	\$ 3,392,567	\$ 3,476,407	\$ 3,202,911	\$ 2,922,346
	\$ 563,392,038	\$ 596,318,524	\$ 588,004,801	\$ 557,477,253	\$ 362,451,325
Improvements					
Residential	\$ 849,283,500	\$ 849,583,900	\$ 840,294,400	\$ 707,666,900	\$ 626,642,400
Commercial	\$ 124,069,131	\$ 117,084,143	\$ 117,162,056	\$ 82,316,008	\$ 66,672,721
Industrial	\$ 97,986,500	\$ 98,575,800	\$ 102,301,800	\$ 99,538,600	\$ 95,837,800
Other	\$ 2,935,700	\$ 6,346,200	\$ 6,231,200	\$ 5,443,450	\$ 4,878,095
	\$ 1,074,274,831	\$ 1,071,590,043	\$ 1,065,989,456	\$ 894,964,958	\$ 794,031,016
Total	\$ 1,637,666,869	\$ 1,667,908,567	\$ 1,653,994,257	\$ 1,452,442,211	\$ 1,156,482,341
General & Debt Tax Rates					
Residential	\$ 7.6185	\$ 5.9440	\$ 5.5436	\$ 5.9345	\$ 7.8668
Utilities	\$ 40.0860	\$ 43.0587	\$ 42.4666	\$ 52.3553	\$ 66.3174
Major Industrial	\$ 55.0405	\$ 57.1291	\$ 58.9797	\$ 64.8900	\$ 70.5655
Light Industrial	\$ 33.3172	\$ 33.5555	\$ 34.6043	\$ 38.6842	\$ 42.9529
Business & Other	\$ 16.0346	\$ 17.2235	\$ 16.9867	\$ 20.9586	\$ 26.5112
Seasonal Recreational	\$ 7.6185	\$ 5.9440	\$ 5.5436	\$ 5.9345	\$ 7.8668
Farm	\$ 7.6185	\$ 5.9440	\$ 5.5436	\$ 5.9345	\$ 7.8668
School Tax Rates					
Residential	\$ 2.5671	\$ 2.5078	\$ 2.4797	\$ 2.7638	\$ 3.4488
Utilities	\$ 14.4000	\$ 14.5000	\$ 14.2000	\$ 14.7000	\$ 14.9000
Major Industrial	\$ 6.8000	\$ 7.0000	\$ 9.3000	\$ 12.5000	\$ 12.5000
Light Industrial	\$ 6.8000	\$ 7.0000	\$ 6.8000	\$ 7.9000	\$ 9.2000
Business & Other	\$ 6.8000	\$ 7.0000	\$ 6.8000	\$ 7.9000	\$ 9.2000
Seasonal Recreational	\$ 3.5000	\$ 3.7000	\$ 3.6000	\$ 3.9000	\$ 4.2000
Farm	\$ 6.8000	\$ 6.9000	\$ 6.8000	\$ 6.8000	\$ 6.8000
Tax Rates for Residential Class					
General	\$ 7.5211	\$ 5.8613	\$ 5.4653	\$ 5.8491	\$ 7.6317
Debt	\$ 0.0974	\$ 0.0827	\$ 0.0783	\$ 0.0854	\$ 0.2351
School District-Residential	\$ 2.5671	\$ 2.5078	\$ 2.4797	\$ 2.7638	\$ 3.4488
Regional Hospital District	\$ 0.3678	\$ 0.4063	\$ 0.4181	\$ 0.4858	\$ 0.5866
Municipal Finance Authority	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0003	\$ 0.0003
Regional District	\$ 0.2621	\$ 0.3137	\$ 0.3178	\$ 0.3428	\$ 0.4612
B.C. Assessment	\$ 0.0664	\$ 0.0641	\$ 0.0615	\$ 0.0677	\$ 0.0816
Total Residential Rate	\$ 10.8821	\$ 9.2361	\$ 8.8209	\$ 9.5949	\$ 12.4453

Statistics

**CITY OF PORT ALBERNI
GENERAL COMPARATIVE STATISTICS
AT DECEMBER 31, 2010**

	2010	2009	2008	2007	2006
Current Tax Levy					
General	\$ 18,955,730	\$ 17,379,109	\$ 17,112,830	\$ 17,021,215	\$ 17,440,276
Debt	\$ 245,448	\$ 245,273	\$ 245,194	\$ 248,383	\$ 537,232
School District-Residential	\$ 3,415,457	\$ 2,446,295	\$ 2,681,653	\$ 3,305,722	\$ 3,204,147
School District-Non-Residential	\$ 2,449,940	\$ 3,042,924	\$ 3,352,789	\$ 2,874,544	\$ 2,794,552
Other Levies-Special Assessments	\$ 752,989	\$ 1,124,781	\$ 1,050,118	\$ 974,427	\$ 960,448
Regional Hospital District	\$ 818,594	\$ 911,531	\$ 935,653	\$ 955,864	\$ 955,047
Municipal Finance Authority	\$ 449	\$ 453	\$ 354	\$ 436	\$ 351
Regional District	\$ 583,443	\$ 703,834	\$ 711,212	\$ 674,412	\$ 750,888
Assessment Authority	\$ 187,269	\$ 185,357	\$ 178,969	\$ 171,931	\$ 167,869
Business Improvement Area	\$ -	\$ -	\$ -	\$ -	\$ 5,104
Total Levy	\$ 27,409,319	\$ 26,039,557	\$ 26,268,772	\$ 26,226,934	\$ 26,815,914
Per Capita Levy	\$ 1,561.96	\$ 1,483.90	\$ 1,496.97	\$ 1,494.58	\$ 1,528.15
Tax Collection					
Current Taxes Payments	\$ 22,417,886	\$ 17,460,865	\$ 21,579,407	\$ 22,272,213	\$ 22,891,726
Provincial Home Owner Grants	\$ 3,558,659	\$ 3,547,141	\$ 3,534,047	\$ 3,481,594	\$ 3,463,021
Total Current Taxes Collected	\$ 25,976,545	\$ 21,008,006	\$ 25,113,454	\$ 25,753,807	\$ 26,354,747
Percentage of Current Levy	94.77%	80.68%	95.60%	98.20%	98.28%
Arrears and Delinquent Collected	\$ 4,765,142	\$ 718,572	\$ 608,765	\$ 605,084	\$ 679,443
Percentage of Current Levy	17.39%	2.76%	2.32%	2.31%	2.53%
Total Taxes Collected	\$ 30,741,687	\$ 21,726,578	\$ 25,722,219	\$ 26,358,891	\$ 27,034,190
Percentage of Current Levy	112.16%	83.44%	97.92%	100.50%	100.81%
Unpaid Taxes					
Current	\$ 639,389	\$ 4,278,431	\$ 486,610	\$ 339,226	\$ 452,009
Arrears	\$ 232,383	\$ 218,860	\$ 176,563	\$ 207,943	\$ 179,804
Total Unpaid Taxes	\$ 871,772	\$ 4,497,291	\$ 663,173	\$ 547,169	\$ 631,813
Per Capita	\$ 49.68	\$ 256.29	\$ 37.79	\$ 31.18	\$ 36.00
Summary of Surplus and Reserves					
Funded Reserves	\$ 11,347,796	\$ 15,042,046	\$ 11,793,008	\$ 10,332,782	\$ 10,081,559
Capital Fund	\$ -	\$ -	\$ -	\$ (1,466,808)	\$ (1,164,283)
Equity in Capital Assets	\$ 80,412,612	\$ 80,412,611	\$ 81,703,135	\$ -	\$ -
Operating Surplus	\$ 8,419,293	\$ 5,663,283	\$ 4,001,720	\$ 6,553,497	\$ 5,794,501

**CITY OF PORT ALBERNI
GENERAL COMPARATIVE STATISTICS
AT DECEMBER 31, 2010**

	2010	2009	2008	2007	2006
Debenture Debt					
Water	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer	\$ 780,939	\$ 908,105	\$ 1,030,304	\$ 1,147,730	\$ 1,260,571
General	\$ 3,070,885	\$ 3,167,642	\$ 3,260,626	\$ 3,349,985	\$ 3,435,862
Gross Debenture Debt	\$ 3,851,824	\$ 4,075,747	\$ 4,290,930	\$ 4,497,715	\$ 4,696,433
Per Capita	\$ 219.50	\$ 232.26	\$ 244.53	\$ 256.31	\$ 267.63
Less: Sewer and Water Utilities Debt	\$ 780,939	\$ 908,105	\$ 1,030,304	\$ 1,147,730	\$ 1,260,571
Net Debt Excluding Utilities	\$ 3,070,885	\$ 3,167,642	\$ 3,260,626	\$ 3,349,985	\$ 3,435,862
Per Capita	\$ 175.00	\$ 180.51	\$ 185.81	\$ 190.90	\$ 195.80
Liability Servicing Limit					
Liability Servicing Limit	\$ 7,065,220	\$ 6,609,054	\$ 6,547,605	\$ 6,368,673	\$ 6,087,612
Less Actual Debt Servicing Cost	\$ 600,610	\$ 416,248	\$ 416,247	\$ 434,256	\$ 287,738
Less Estimated Cost - Unissued Debt	\$ -	\$ -	\$ -	\$ 27,000	\$ -
Liability Servicing Capacity Available	\$ 6,464,610	\$ 6,192,806	\$ 6,131,358	\$ 5,907,417	\$ 5,799,874
Debt Payment as a percentage of non-capital expenditures					
Debt payments - gross	1.3%	1.2%	0.8%	0.8%	0.4%
General Revenue Fund Statistics					
Budget	\$ 29,578,186	\$ 32,047,370	\$ 31,811,844	\$ 30,905,185	\$ 30,870,843
Actual Revenues	\$ 33,643,880	\$ 33,034,309	\$ 32,509,207	\$ 31,917,877	\$ 32,204,016
Actual Expenditures	\$ 28,332,467	\$ 35,116,363	\$ 32,987,326	\$ 31,750,186	\$ 31,606,442
Surplus	\$ 5,311,413	\$ (2,082,054)	\$ (478,119)	\$ 167,691	\$ 597,574
Expenditure per Capita	\$ 1,614.57	\$ 2,001.16	\$ 1,879.83	\$ 1,809.33	\$ 1,801.14
Capital Expenditures					
Financed from General Revenue	\$ 579,129	\$ 1,094,779	\$ 1,308,743	\$ 1,281,351	\$ 1,191,782
Other Sources of Revenue					
Provincial Unconditional Grants	\$ 1,090,399	\$ 1,090,398	\$ 904,385	\$ 535,400	\$ 462,152
B.C. Hydro Grant	\$ 412,505	\$ 397,579	\$ 428,287	\$ 461,364	\$ 503,779
Building Permits					
Number Issued	125	130	152	164	156
Construction Values	\$ 28,584,551	\$ 21,298,710	\$ 18,798,533	\$ 23,887,718	\$ 20,169,388

SOURCES:

- (1) Statistics Canada Census 2006
- (2) B.C. Assessment

Statistics

**CITY OF PORT ALBERNI
DEMOGRAPHIC STATISTICS**

BASED ON 2006 CENSUS FIGURES (Statistics Canada Source)

Population Composition

Age	2006			2001		
	Male	Female	Total	Male	Female	Total
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	8,715	8,850	17,565	8,825	8,905	17,730

Legal Married Status

	2006		
	Male	Female	Total
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		
	Male	Female	Total	Male	Female	Total
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
	8,540	8,595	17,135	8,125	8,295	16,420

**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	4,465	3,495	7,960	4,300	3,510	7,810

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
2010 TAXATION YEAR

	Registered Owner	Primary Property	Taxes Levied
1	Catalyst Paper Corporation	Paper Mill	\$ 5,022,566
2	Western Forest Products Inc.	Sawmills	1,477,877
3	Sun Life Assurance Company of Canada	Pacific Rim Shopping Centre	381,906
4	WalMart Canada Corp	Building	362,343
5	Loblaw Properties	Extra Foods	251,574
6	BC Hydro	Building	189,761
7	Port Alberni Retail Development	Alberni Mall	173,296
8	BC Telephone/Telus	Poles, Lines, Building	133,040
9	Marlowe - Yeoman Ltd	10th Avenue Plaza	146,411
10	Canada Safeway	Building	134,122
11	Terasen Gas	Gas Utility	117,274
12	Alberni Valley Gaming Association	Chances RimRock	109,592
13	GDP Investments Ltd	Best Western Barclay Hotel	88,011
14	Marco Investments Ltd	Building	93,617
15	Kelland Food Holdings	Building	101,233
16	517535 BC Ltd	Zellers Port Alberni	86,313
17	Northport Plaza Limited	Johnston Road Plaza	61,222
18	Osler Developments	Hospitality Inn	54,195
19	CLSC Holdings Ltd	Building	56,039
20	Dennis Jonsson Motor Products Ltd	Automobile Dealer	54,126

Statistics

**CITY OF PORT ALBERNI
CONSOLIDATED REVENUE
LAST FIVE FISCAL YEARS COMPARISON**

	2010	2009	2008	2007	2006
Taxes					
Property Taxes	\$ 19,038,712	\$ 17,392,102	\$ 17,124,791	\$ 17,036,887	\$ 17,747,494
Parcel Taxes	154,538	231,534	231,135	231,006	230,907
Other Taxes	178,388	172,332	164,457	153,084	148,694
Grants in Lieu of Taxes	537,859	520,251	546,737	573,672	641,293
Fees and Charges					
Sales of Service	388,4834	4,122,554	4,062,166	3,857,135	3,628,722
Sales of Service/Utilities	337,4958	3,270,025	3,111,440	3,203,145	2,268,417
Service to other Government	166,825	190,750	95,520	112,672	124,317
User Fees/Fines	274,172	231,627	247,836	255,268	245,592
Other Revenue					
Rentals	116,516	66,779	105,121	84,637	71,430
Investment Earnings	137,799	163,667	615,181	771,636	733,935
Grants/Other Governments	4,005,560	2,906,331	2,908,328	2,111,178	2,416,741
Developer Contributions	152,405	933,863	-	-	-
Gain/loss on Disposal of Assets	686,901	1,563,441	-	-	-
Parkland dedication deposits	12,093	21,550	15,500	20,382	33,782
Sale of property and equipment	-	207,500	1,162,042	386,936	764,396
Other	922,320	1,054,680	1,172,409	1,258,801	1,133,489
	<u>\$ 33,643,880</u>	<u>\$ 33,048,986</u>	<u>\$ 31,562,663</u>	<u>\$ 30,056,439</u>	<u>\$ 30,189,209</u>

Statistics

**CITY OF PORT ALBERNI
CONSOLIDATED EXPENSES¹
LAST FIVE FISCAL YEARS COMPARISON**

	2010	2009	2008	2007	2006
<u>Analysis by function</u>					
General government	\$ 3,459,571	\$ 3,921,697	\$ 3,729,650	\$ 2,908,402	\$ 2,747,649
Protective services	7,811,747	8,014,147	7,830,511	7,521,303	7,444,525
Transportation services	5,000,244	5,191,429	4,964,644	3,441,824	3,156,292
Environmental health services	1,099,001	1,273,897	1,340,214	1,249,788	1,356,017
Environmental development	653,542	560,092	528,649	501,682	492,914
Recreation and cultural services	6,812,494	7,187,559	7,095,435	6,127,810	6,225,095
Interest	235,091	230,689	238,727	240,598	187,038
Debt reserve	1,910	1,629	2,304	2,266	1,845
Water utility	1,747,477	1,742,082	1,611,383	1,244,121	1,127,160
Sewer utility	1,301,910	1,371,953	1,250,606	992,047	1,016,255
Cost of sales and services	209,480	(50,873)	134,592	48,313	12,631
Capital assets	-	-	-	4,871,875	8,088,370
	<u>\$ 28,332,467</u>	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>	<u>\$ 31,855,791</u>

Analysis by object

Salaries and benefits	\$ 12,389,259	\$ 13,518,963	\$ 13,199,639	\$ 13,162,597	\$ 13,163,071
Debt Servicing	237,003	249,433	250,220	250,801	196,609
RCMP contract	3,597,767	3,836,207	3,647,928	3,675,691	3,521,447
Grants	93,982	123,125	146,790	188,509	145,335
Other contracts	1,056,025	1,124,190	880,705	729,622	677,879
Goods and services	7,303,137	7,096,231	7,206,660	11,142,809	14,151,450
Amortization	3,655,293	3,496,152	3,394,773	-	-
	<u>\$ 28,332,466</u>	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>	<u>\$ 31,855,791</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 subsequent years reflect the new standards. The amounts reported for 2007 and prior reflect the standards in place in those years.

Statistics

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

CAPITAL ACQUISITIONS	2010	2009	2008	2007	2006
General government	\$ -	\$ 72,593	\$ 52,700	\$ 97,979	\$ 172,592
Protective services	875,683	-	40,400	186,147	6,001,467
Transportation services	1,254,682	1,595,159	1,666,623	1,238,686	1,285,663
Environmental development	-	-	-	-	-
Recreation and cultural	4,116,693	274,296	280,948	2,244,196	370,425
Water	192,102	136,544	2,218,733	236,301	301,642
Sewer	-	1,524,482	271,455	558,735	2,532,564
	<u>\$ 6,439,160</u>	<u>\$ 3,603,074</u>	<u>\$ 4,530,859</u>	<u>\$ 4,562,044</u>	<u>\$ 10,664,353</u>

SOURCE OF FINANCING	2010	2009	2008	2007	2006
Revenue Funds	\$ 771,231	\$ 1,072,918	\$ 2,377,522	\$ 1,618,388	\$ 1,596,816
Reserve Funds	4,335,539	1,019,739	942,946	1,790,485	3,526,256
Short Term Borrowing	-	698,417	-	-	-
Long Term Borrowing	-	-	-	-	3,746,502
Grants	1,302,113	530,000	1,166,667	1,071,450	1,626,200
Other	30,277	282,000	43,724	81,721	168,578
	<u>\$ 6,439,160</u>	<u>\$ 3,603,074</u>	<u>\$ 4,530,859</u>	<u>\$ 4,562,044</u>	<u>\$ 10,664,352</u>

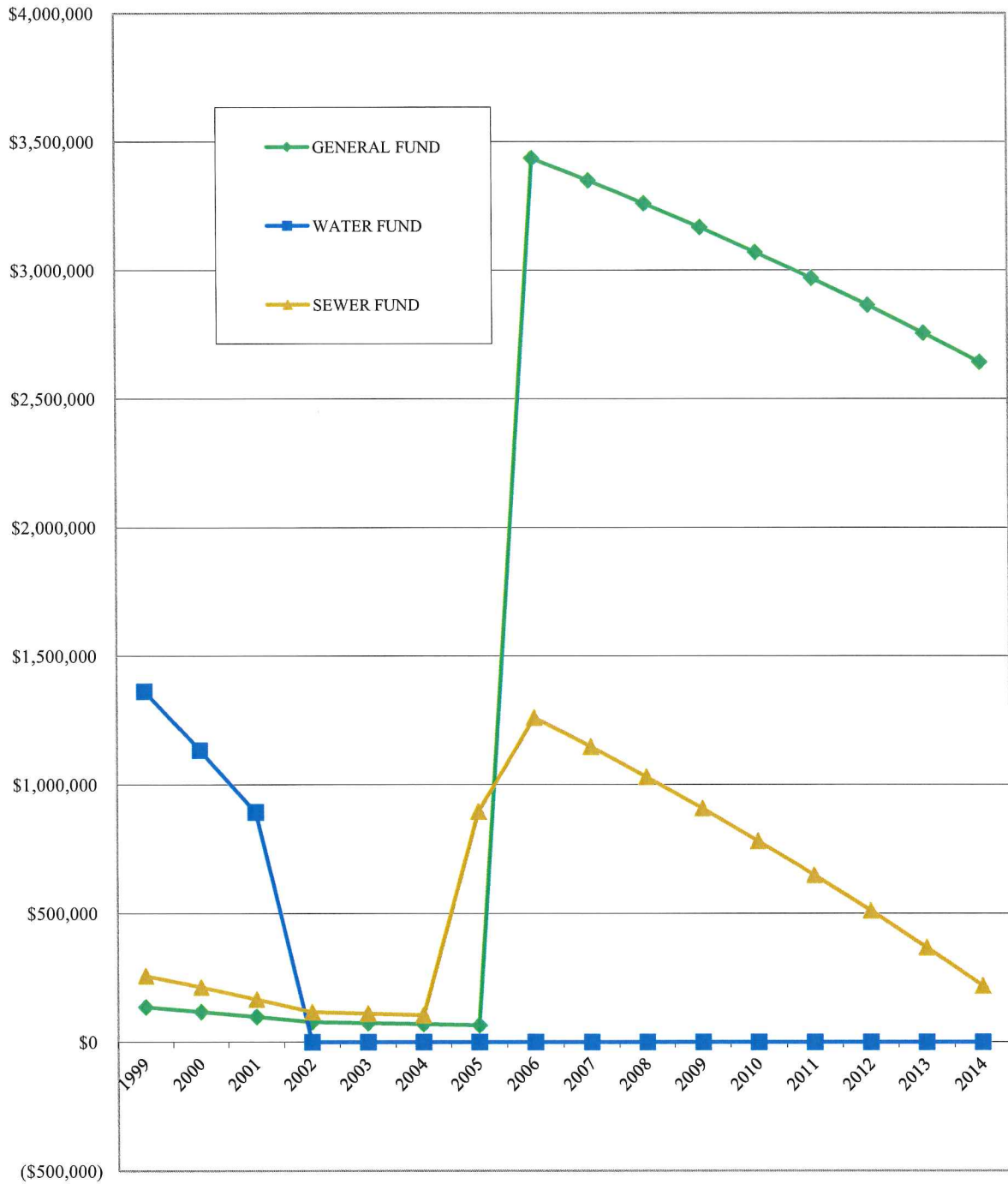
Statistics

**CITY OF PORT ALBERNI
SURPLUS AND NET FINANCIAL ASSETS
AT DECEMBER 31, 2010
LAST FIVE FISCAL YEARS COMPARISON**

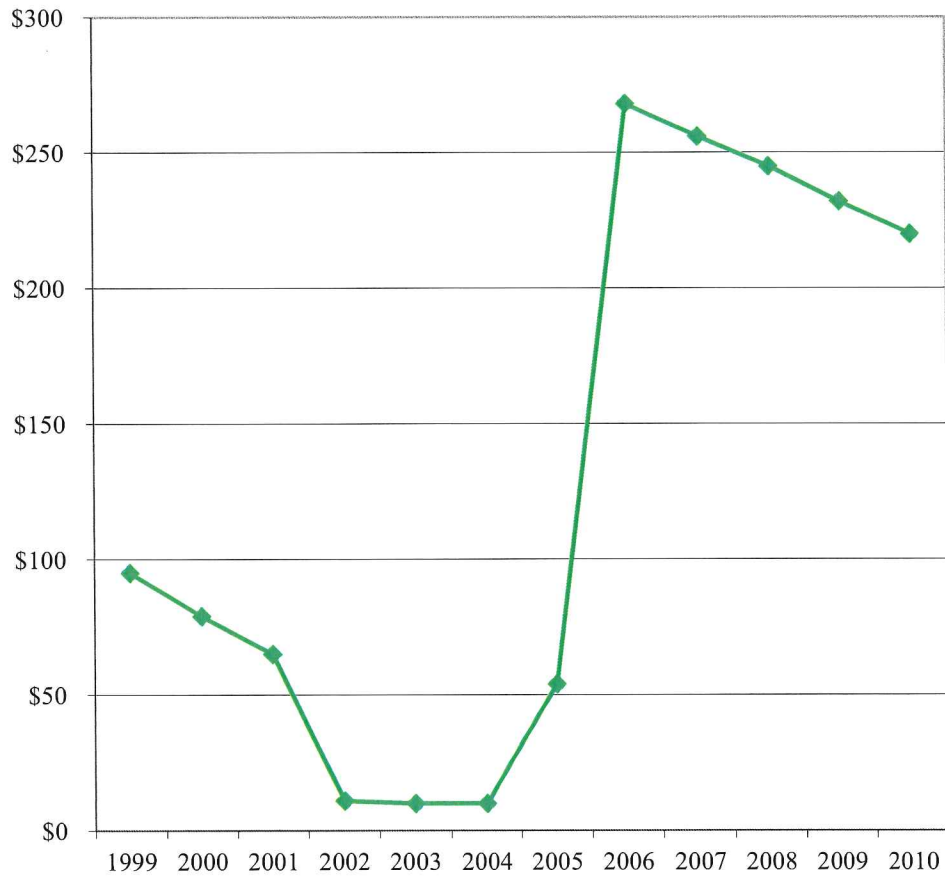
SURPLUS	2010	2009	2008	2007	2006
Annual surplus	\$ 5,311,413	\$ 3,604,685	\$ 2,835,949	\$ 707,695	\$ 2,043,706
Accumulated surplus, beginning of year	101,117,941	97,513,255	94,677,307	14,711,776	12,668,070
Reallocation adjustment for PSAB reporting	-	-	-	79,257,836	-
Accumulated surplus, end of year	<u>\$106,429,354</u>	<u>\$101,117,940</u>	<u>\$ 97,513,256</u>	<u>\$ 94,677,307</u>	<u>\$ 14,711,776</u>

NET FINANCIAL ASSETS	2010	2009	2008	2007	2006
Increase (decrease) in financial assets	\$ 3,741,480	\$ 74,237	\$ 1,456,077	\$ (590,467)	\$ 2,129,982
Net financial assets, beginning of year	12,651,211	12,576,973	11,120,889	19,050,886	16,920,904
Reallocation adjustment for PSAB reporting	-	-	-	(7,339,530)	-
Net financial assets, end of year	<u>\$ 16,392,691</u>	<u>\$ 12,651,210</u>	<u>\$ 12,576,966</u>	<u>\$ 11,120,889</u>	<u>\$ 19,050,886</u>

CITY OF PORT ALBERNI-DEBT RETIREMENT



CITY OF PORT ALBERNI - DEBT PER CAPITA



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**City of Port Alberni
4850 Argyle Street
Port Alberni, BC
Canada V9Y 1V8**

**Phone: 250-723-2146
Fax: 250-723-1003**



www.portalberni.ca