

City of Port Alberni British Columbia

2011 Comprehensive Annual Financial Report

For the year ended December 31, 2011



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

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
2011**

FISCAL YEAR ENDED DECEMBER 31, 2011

This Document
Prepared by the Finance Department

CITY OF PORT ALBERNI

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DECEMBER 31, 2011

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INTRODUCTORY SECTION



July 23, 2012
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, 2011 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, 2011. 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 2011 fiscal year with an increase in the consolidated accumulated surplus of \$431,170.

A summary of the 2011 overall accumulated surplus increases (decreases) are as follows:

Operating Fund	\$ (3,055,128)
Capital Fund	3,274,320
Reserve Accounts	(540,596)
Reserve Fund Operations	<u>752,574</u>
	\$ 431,170

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 increased from \$137,799 in 2010 to \$243,196 in 2011. Total investment income was \$163,702 in 2009, \$615,181 in 2008, and \$771,636 in 2007.

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
2011	\$0	\$0
2010	\$559,000	\$0
2008	\$0	\$0
2008	\$43,000	\$29
2007	\$582,000	\$1,164

The City's 2011 long-term debt decreased from \$3,851,824 to \$3,618,804. The City's 2011 capital program of \$5,038,759 includes capital items funded \$1,265,384 from current revenue; \$1,790,000 from grants and donations; and \$1,960,628 from Reserves.

The municipal statistics section of the report indicates that total current taxes collected as a percentage of current levy is 95.36% for 2010. The 2011 performance level is on track with normal collection statistics. The 2010 percentage of taxes collected was 94.77% of levy.

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 2011
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, 2010. 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.

2010 marks the eighteenth 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, 2010

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.



Linda C. Sandison
President

Jeffrey L. Esser
Executive Director

Directory of Officials

Port Alberni

Mayor and City Council 2008 – 2011



Back row: Councillors J. Douglas, Ike Patterson, C. Solda, K. Whiteman

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

Port Alberni

Mayor and City Council 2011 – 2013



Back row: Councillors R. Cole, J. McLeman, H. Chopra, C. Solda
Front row: Councillor W. Kerr, Mayor J. Douglas, Councillor D. Washington

Declaration and Identification of Disqualified Council Members:

In accordance with Section 98(2)(e) of the Community Charter, there were no declarations of disqualification made under Section 111 of the Community Charter in 2011

Appointed Officials

City Manager	K. Watson
City Clerk/Deputy City Manager	D. Sparrow
Director of Finance	C. Rothwell
City Engineer.....	G. Cicon
Director of Parks and Recreation.....	S. Kenny
Manager of Human Resources and Community Development.....	T. Kingston
Fire Chief.....	T. Pley
Building Inspector	D. Cappus
Manager of Information Services	J. Pelech
City Planner.....	S. Smith
Licence Inspector/Bylaw Enforcement Officer.....	T. Hautzinger
Area Assessor - B.C. Assessment	B. MacGougan
Solicitor	Beckingham & Co.
RCMP Officer In Charge	G. Wellar
Emergency Planning Coordinator	L. L'Heureux
Chair - V.I. Health Authority	D. Hubbard
Auditors	Duncan Sabine Collyer Partners LLP
Bankers	BMO Bank of Montreal

Directory of Officials (continued)

2011/12 Advisory Planning Commission

S. Chrest
C. Colclough
V. Barnett
W. Hewitt
S. Dhaliwal
L. Ransom
L. Kelsall
H. Chopra (Council Liaison)
K. Murray (RMCP Liaison)
R. Thoen (Fire Dept. Liaison)

2011/12 Community Heritage Commission

D. Tranfield	D. Coulson
M. McDowall	B. Simpson
S. Steven	J. Carlson
R. Rogers	D. Washington
L. George	B. Lekich
P. Craig	M. Williamson
N. Malbon	G. Flostrand
P. Cote	



Argyle Street

CITY OF PORT ALBERNI

MUNICIPAL COUNCIL RESPONSIBILITIES FOR CITY SERVICES DECEMBER 31, 2011

Mayor John Douglas <ul style="list-style-type: none">- Director, Alberni Clayoquot Regional District- Board Member, Island Coastal Economic Trust- Director, Upnit Power Corporation- Chair, Personnel Committee- Emergency Planning Program- Liaison, Port Alberni International Twinning Society
Councillor Hira Chopra <ul style="list-style-type: none">- Liaison, Advisory Planning Commission- Liaison, Alberni Valley Chamber of Commerce- Chair, Audit Committee- Member, Personnel Committee- Court of Revision
Councillor Rob Cole <ul style="list-style-type: none">- Liaison, Advisory Traffic Committee- Liaison, SD 70/North Island College- Community Investment Program/Permissive Tax Exemption Committee
Councillor Wendy Kerr <ul style="list-style-type: none">- Vancouver Island Regional Library Board- Member, Personnel Committee- Liaison, Continuing Care Societies- Liaison, Community Stakeholders Initiative on Homelessness
Councillor Jack McLeman <ul style="list-style-type: none">- Member of Audit Committee- Liaison, AV Community Forest Corporation- Liaison, Centennial Committee- Member of West Island Woodlands Advisory Group
Councillor Cindy Solda <ul style="list-style-type: none">- Director, Alberni Clayoquot Regional District- Chair, Regional Hospital District- Director, AVICC- Member, RCMP Contract Management Committee (UBCM)- Court of Revision
Councillor Dan Washington <ul style="list-style-type: none">- Member, Audit Committee- Liaison, Alberni Valley Heritage Commission

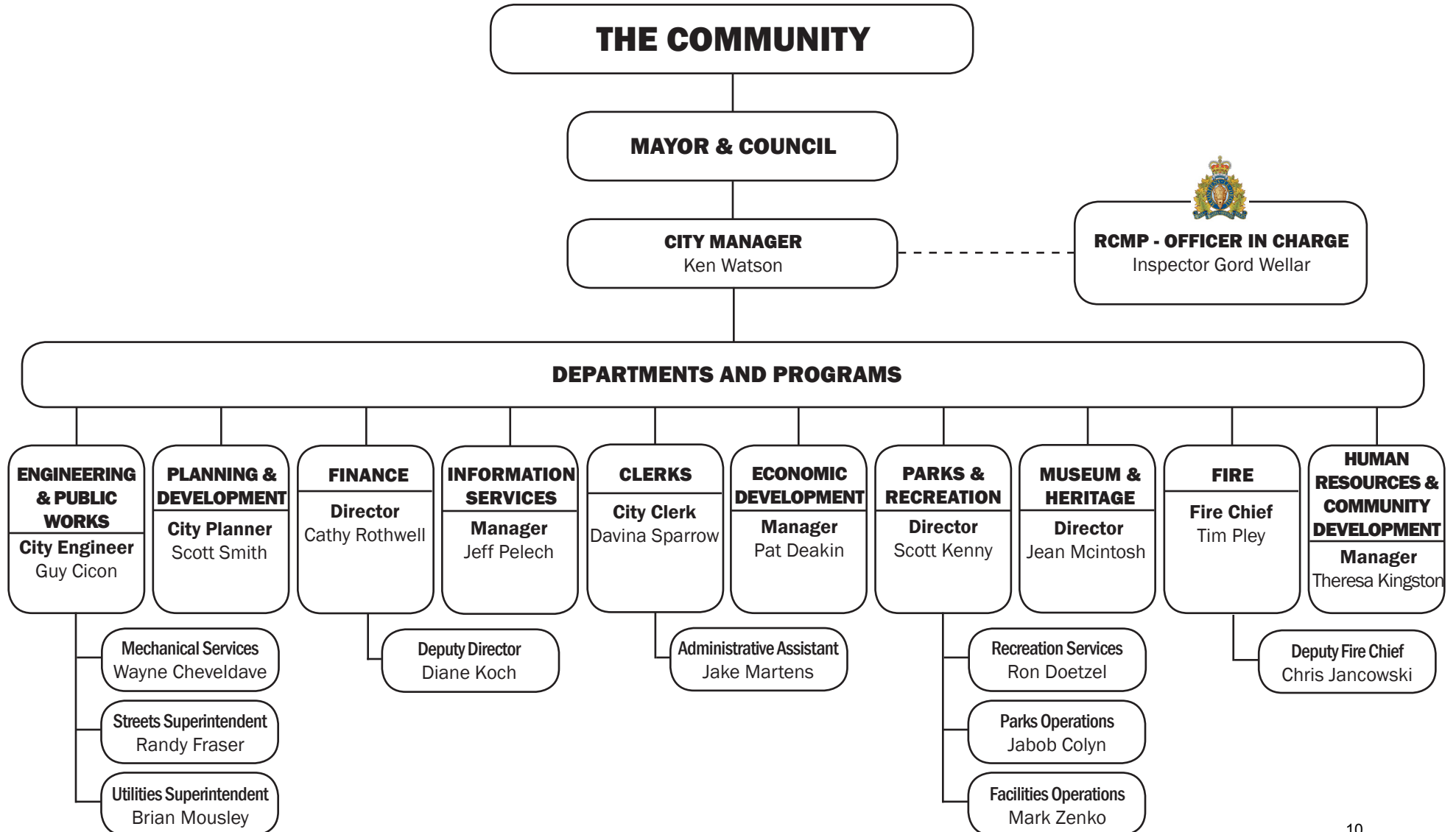


ORGANIZATIONAL CHART

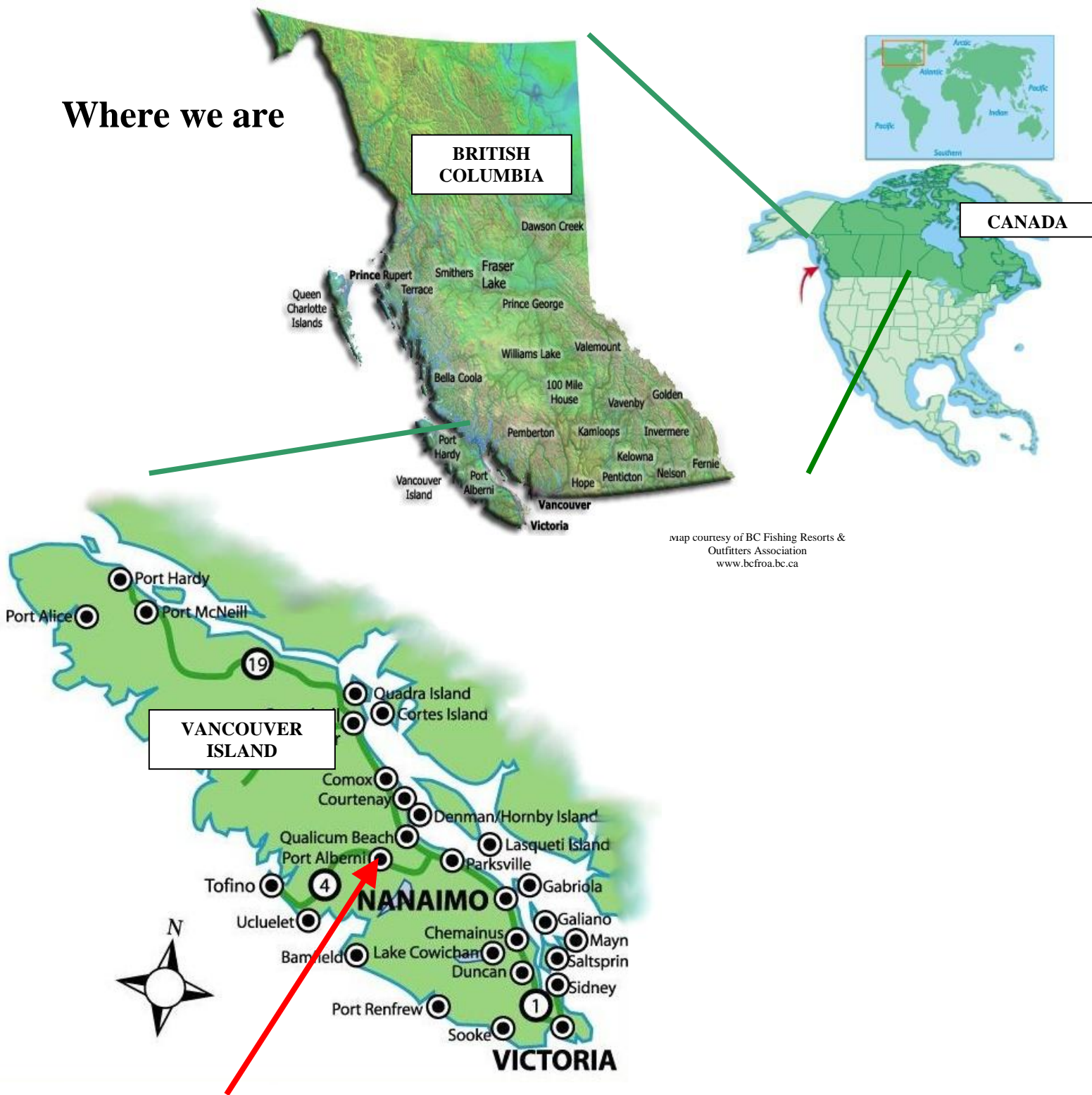
City Hall, 4850 Argyle Street, Port Alberni, BC V9Y 1V8 Phone: 250.723.2146 Website: www.portalberni.ca

Updated: October 2011

CITY OF PORT ALBERNI



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, 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 energy 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 2011 capital works projects totaling \$4.1 million were completed. Significant projects included the road upgrades on Burde Street and Anderson Avenue; storm drain construction on Anderson Avenue; sewer force main construction on Argyle; and completion of phase 2 of The China Creek Supply Main Renewal. Work continues on the next phases of water supply upgrades. Funding for these projects included \$1.8 million in government grants and \$2 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 \$13.5 million be raised from borrowing.

Debt per capita in 2011 has reduced to \$204, a decrease of 7% from 2010.

Significant Local Events 2011

Planning

The Planning Department processed several subdivision applications in 2011. Final approval was issued for a 30 lot bare land strata subdivision on Tomswood Road.

Construction continued for the new high school, and will complete in 2012. Expected construction costs are \$37 million for the LEED (Leadership in Energy and Environmental Design) Gold Standard building. The National Institute of Disability Management and Research completed construction on its Pacific Coast University for Workplace Health Sciences campus; the Alberni Valley Senior Citizens Home Society completed its project of 10 four-plex units for seniors; construction began on a new medical services building, a Department of Fisheries and Oceans building, and a boat showroom and repair facility.

Fire Department

During 2011, Port Alberni Fire Department responded to 1,186 calls for service (1,197 in 2010). The department conducted 1,182 fire inspections in 2011 (781 in 2010) throughout the year, and monitored a number of third party inspections during the same time period. Perhaps most notably, a fire in the Downtown Manor at 4th Avenue and Athol Street resulted in the total loss of the structure and the displacement of 26 families, and the loss of at least two pets. The incident stretched the community's firefighting resources, the emergency support network that

provided shelter and relocation assistance for the tenants. There was one death from a residential structure fire in the City. In 2011, Port Alberni continued to maintain 2010 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.

In 2011, the Fire Department continued to pursue Council's strategic initiative of developing a regional approach to the delivery of fire protection services. The City of Port Alberni and the Alberni Clayoquot Regional District collaborated on the development and funding of a Regional Fire Services Coordinator that will facilitate and guide participating fire departments toward providing fire protection services in a cooperative and sustainable manner.

Parks & Recreation

Significant events for 2011 included:

KidSport provided financial assistance of \$24,500 for 135 Alberni Valley children. Ron Doetzel, Recreation Services Manager, has chaired the program since its inception in 2005 and was instrumental in obtaining a startup grant of \$10,000 for the chapter from the 2004 BC Winter Games Legacy Fund.

Parks staff replaced a number of trees along the east side of lower

Third Avenue funded through a grant from the Tree Canada BC Hydro program in the amount of \$8,000.

ADSS students, under the direction of Anne Ostwald, created colourful art coverings for the trash containers at Harbour Quay. Some of the containers were painted and others covered with vinyl wrap as a trial.

The Alberni Valley Baseball Association conducted their official opening of the Seredick Place baseball complex at Klitsa Park on April 28, 2012. The opening followed two years of new baseball field and amenity construction at the park.

Parks staff installed a number of precast planters at Harbour Quay in market square. The planters were part of those removed from City boulevards in 2010 as part of the budget reduction strategy and were situated adjacent water service connection points to allow for automated irrigation. The planters included a selection of trees, shrubs, perennials and annual flowers to add life and colour to the area. The planters will act as barriers between vehicles and pedestrians.

Disc golf has arrived! The Sunshine Club was successful in obtaining a \$10,000 grant from the UBCM Seniors Housing Initiative to assist with the development in the Echo Park area adjacent Echo Centre. The nine hole course was constructed with assistance by Sunshine Club volunteers who cleared the tall brush from the fairways located in the wooded area and constructed the tee boxes.

Weaver Park neighbours and volunteers had their dream come true as they completed the construction of their new playground on November 12. “Let Them Be Kids” representatives were on hand to direct the various construction activities and all work was completed by noon! The Weaver Fundraising Committee exceeded their goal of raising \$7,425 towards the project which was matched by the City and Let Them Be Kids.

Consultants “Shift Energy” completed the energy audits and related implementation plans for City Hall and Echo Centre. The summary concluded that Both Echo Centre and City Halls buildings represent great opportunities for energy cost savings. The projects were included in the 2012 Capital budget for consideration.

Following a series of public open houses, staff and key volunteers completed work on the aquatic centre feasibility study. The final concept selected, included a new facility to be built adjacent the existing aquatic centre featuring a new pool for lane swimming, leisure pool hot tub, waterslides and lazy river. The existing facility would be recycled into dry floor activity space. The projected cost is \$17 million.

Alberni Valley Museum

The Alberni Valley Museum mission is to conserve, strengthen and share the unique heritage of the Alberni Valley. The Museum partners with the community in 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 2011: 16,581; and 1784 children participated in the museum’s educational programs.

Notable 2011 initiatives include the partnership with the Tseshaht First Nation, which resulted in the publication of the book, *Hisheenqu’as, Living Together: Port Alberni and the Birth of the Forest Industry*, a record of the 2010-2011 in-house exhibit of the same name. The Museum also integrated a new, more effective, collections management system and initiated web based access to the historic photograph collection. This project was funded by the Irving K. Barber Learning Centre at UBC and Dr. Linda Warren. New artworks by Lori Wilson (a donation box) and Todd Robinson (glass donor wall) were commissioned for the gallery.

Attendance at educational programs doubled as a result of the partnership between the Museum and Beta Sigma Phi Sorority who have created a Youth Museum Education Legacy Fund.

Heritage Fair, a major museum educational initiative for grades 4 – 9 was supported financially by the Lions Club, the Val Hughes Memorial fund, Quality Foods, the Alberni Valley Times and the BC Heritage Fairs Society. The Alberni Valley Community Foundation and a private donor supported the publication of the *Hisheenqu’as* book. The BC Arts Council awarded operating funds of \$54,500. Individual donations and sales of merchandise add to earned revenue.

Museum staff assisted the Maritime Heritage Society with exhibits at the Maritime Discover Centre complex: 1964 tsunami and current tsunami research, west coast lighthouses, and Port Alberni 1911 – 1914 through Mary Collinge’s paintings and writings. Attendance at that complex increased by 1,000 to over 6,000. The first Centennial event was held December 2011, commemorating the 100th anniversary of the arrival of the first passenger train, a precursor to the many events planned to celebrate the 2012 Centennial.

2011 Works Program

Each year a number of capital projects are undertaken to maintain and improve the City’s infrastructure. In 2011 street projects included Anderson Avenue, Maitland Street, 11th Avenue, 15th Avenue, and 18th Avenue.

A number of storm/sanitary sewers were replaced throughout the City including the replacement of a main storm sewer on Anderson Avenue; construction of the Wood Avenue interceptor, and replacement and upgrade of the Wallace/Argyle force main chamber. The China Creek Water Main Phase 2 was completed, and various improvements were made to our water distribution network, replacing mains and decreasing the number of dead end mains in the network.

Two new automated arm garbage trucks were purchased in 2011, and collection services were restored to weekly pickup. Recycling is actively promoted to reduce costs and encourage better stewardship of the environment.

Work continues 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, Tseshah and Uchucklesaht First Nations, as well as the summer tourist destinations of Sproat Lake and Great Central Lake. The total area population served by Port Alberni Detachment is approximately 30,000 full-time residents, plus 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 Police based Victim Services. Our Community Policing Program engages volunteers who have donated more than 10,000 hours in support of policing initiatives.

In 2011, 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. Enhanced response to domestic violence situations resulted in a 34% decrease in spousal assaults. The efforts of the RCMP have been complemented through the integration of external partner agencies, such as Corrections, Court Services, VIHA and First Nations.

Some of the highlights for 2011 include: the opening of the Community Policing Office at Harbour Quay; continued success with the Offender Management Program; introduction of the Uniform Division Commander position to increase accountability, oversight, and assistance to front line personnel. Crimestoppers website has been up and running for over a year. 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 2012, the detachment committed to higher visibility through periodic foot and bike patrols in the downtown core and on site at community special events.

The RCMP responded to a combined business line total of 12,439 calls for service in 2010, up 3% from 2009. There were 1,977 prisoners incarcerated in detachment cells in 2011, down 1.4% from 2010.

Looking forward to 2012, the RCMP is committed to: continued implementation and evolution of the Crime Reduction Strategy; strengthening external partnerships to better address violence in the community; focus on high risk youth through expansion of the School Resources Officer position and dedication to youth issues; road safety initiatives that concentrate on impaired and distracted drivers; and increased community engagement with programs such as Speed Watch, Citizens on Patrol, Crime Stoppers, and Block Watch.

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. In 2011, anchor bolts were replaced on the Victoria Quay bridge over Roger Creek.

Future significant 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 was completed 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 of 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.

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 tot's 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

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 hock-

ey, 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. New servers and financial software will be implemented in 2012.

Systems in place as of December 2011 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

CITY OF PORT ALBERNI
BUDGET PROCESS AND TIMING

BUDGET PROCESS FOR THE YEAR 2011

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 2011 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 2011. In the months following the discussion City Council reviewed the input received both during the discussion and subsequent submissions. In February and March 2011 Council received presentations from City staff on departmental budgets and reports on reserves and debt levels. Council then provided direction for the 2011-2015 five year plan. The five year plan Bylaw #4770 was adopted April 26, 2011.

The five year plan Bylaw #4770 was amended by Bylaw #4797 which was adopted March 26, 2012.

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

USE OF FUNDING

FIRE PROTECTION:

Firehall ceiling insulation	\$ 29,358	
Pickup	40,574	
Rescue truck	<u>117,601</u>	\$ 187,533

PUBLIC WORKS:

Two automated tandem axle garbage trucks	510,799	
Flusher truck	<u>315,314</u>	825,933
Paving and road reconstruction:		
Anderson Ave 2400 – 2600 block	193,173	
18 th Ave Argyle to Hillgrass	99,033	
Maitland St 8 th to 10th	88,869	
11 th Ave Argyle to China Creek	62,091	
15 th Ave Burde to Redford	247,991	
Anderson Ave Argyle to Bruce	<u>154,533</u>	845,690

Storm Drain Construction:

South Morgan Cr lane	27,761	
Leslie & Princess to 4861 Leslie	5,251	
Gordon St lane south of Ballson to Lathom	6,644	
Regina 4850 Regina to Johnston	33,022	
Anderson Ave Bruce to Neill	159,205	
4943 Gertrude	24,453	
Wood Ave interceptor	<u>315,517</u>	571,853

PARKS AND RECREATION:

Parks equipment replacement	22,748	
Pickup	30,169	
Klitsa Ball Field	5,087	
Lower truck shed roof	<u>51,382</u>	109,386

WATER SYSTEM:

Equipment replacement	19,609	
Distribution system	<u>2,130,379</u>	2,149,988

SEWER SYSTEM:

Renewals and relines	119,933	
Treatment and pumping – Wallace/Argyle force main chamber	<u>228,443</u>	<u>348,376</u>

\$ 5,038,759

CITY OF PORT ALBERNI
SOURCE AND USE OF CAPITAL FUNDING

SOURCE OF FUNDING

Revenue Funds	\$ 1,265,384
Equipment Replacement Reserve Fund	974,275
Capital Reserves	986,353
Government Grants	1,750,000
Contributed by Others	<u>62,747</u>
	<u>\$ 5,038,759</u>

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FINANCIAL SECTION

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**CITY OF PORT ALBERNI
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

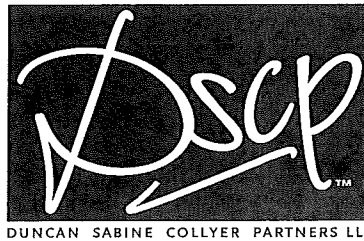
AUDITORS' REPORT

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CERTIFIED GENERAL ACCOUNTANTS
MANAGEMENT CONSULTANTS

WWW.DSCP.CA

5155 ARGYLE STREET
PORT ALBERNI BC CANADA V9Y 1V3

T 250.724.5717
F 250.724.5155

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of City of Port Alberni

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, 2011 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 for public sector entities 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.

(continues)

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.

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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for public sector entities.

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.

Duncan Sabini Collyer Business SLP

CERTIFIED GENERAL ACCOUNTANTS

Port Alberni, B.C.
July 13, 2012

DSCP

CONSOLIDATED FINANCIAL STATEMENTS

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CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (STATEMENT A)
FOR THE YEAR ENDED DECEMBER 31, 2011
(with comparative figures for 2010)

	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
FINANCIAL ASSETS:		
Cash (Note 2)	\$ 24,218,891	\$ 23,735,477
Accounts receivable (Note 4)	3,543,650	3,636,595
Inventory for resale (Note 2)	12,099	50,019
Long Term Investments (Note 9)	<u>498,045</u>	<u>125,000</u>
	<u>28,272,685</u>	<u>27,547,091</u>
LIABILITIES:		
Interim capital financing	279,368	419,051
Accounts payable and accrued liabilities (Note 6)	4,936,290	4,384,729
Deferred revenue (Note 7)	2,736,352	2,031,910
Refundable deposits	552,787	466,886
Debenture debt (Note 8, Schedule 3)	<u>3,618,804</u>	<u>3,851,824</u>
	<u>12,123,601</u>	<u>11,154,400</u>
NET FINANCIAL ASSETS	<u>16,149,084</u>	<u>16,392,691</u>
NON-FINANCIAL ASSETS:		
Inventory of supplies (Note 2)	394,046	400,660
Prepaid expenses	145,596	91,729
Tangible Capital Assets (Notes 2 and 13, Schedule 1)	<u>90,171,799</u>	<u>89,544,276</u>
	<u>90,711,441</u>	<u>90,036,665</u>
ACCUMULATED SURPLUS	<u>\$ 106,860,525</u>	<u>\$ 106,429,356</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, 2011
(with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
REVENUES:			
Taxes (Schedule 4)	\$ 19,441,901	\$ 19,773,973	\$ 19,909,496
Sale of services (Schedule 9)	7,136,704	7,769,572	7,920,879
Other revenue from own sources (Schedule 10)	788,137	1,186,258	759,647
Investment income	84,280	243,196	137,799
Grants (Note 11)	1,317,478	1,724,128	4,064,660
Developer contributions	-	33,628	152,405
Parkland dedication deposits	-	22,450	12,093
Gain (loss) on disposal of assets	-	3,602	686,901
	<u>28,768,500</u>	<u>30,756,807</u>	<u>33,643,880</u>
EXPENSES:			
General government (Schedule 5)	3,277,317	3,460,247	3,459,571
Protective services (Schedule 6)	8,723,964	8,920,744	7,811,747
Transportation services (Schedule 7)	5,750,276	5,411,991	5,000,244
Environmental health services	1,053,734	1,138,853	1,099,000
Environmental development	984,401	708,188	653,542
Recreation and cultural services (Schedule 8)	6,832,441	7,232,444	6,812,494
Interest	259,285	239,007	235,091
Debt reserve	28,180	2,070	1,910
Water utility (Schedule 11)	1,860,581	1,825,531	1,747,477
Sewer utility (Schedule 11)	1,643,239	1,383,249	1,301,910
Cost of sales and service	-	3,313	209,480
	<u>30,413,418</u>	<u>30,325,637</u>	<u>28,332,466</u>
ANNUAL SURPLUS	(1,644,918)	431,170	5,311,414
Accumulated surplus - beginning of year	<u>106,429,354</u>	<u>106,429,354</u>	<u>101,117,941</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$104,784,436</u>	<u>\$106,860,524</u>	<u>\$106,429,355</u>

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

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (STATEMENT C)
FOR THE YEAR ENDED DECEMBER 31, 2011
(with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
ANNUAL SURPLUS	\$ (140,678)	\$ 431,170	\$ 5,311,413
Acquisition of tangible capital assets	-	(4,390,811)	(5,154,695)
Amortization	-	3,694,491	3,655,293
(Gain) loss on disposal of assets	-	(3,602)	(686,901)
Proceeds from sale of assets	-	72,400	625,800
	<u>(140,678)</u>	<u>(196,352)</u>	<u>3,750,910</u>
Acquisition of supply inventory		(394,046)	(400,660)
Acquisition of prepaid expenses		(145,596)	(91,729)
Consumption of inventory of supplies		400,660	427,691
Use of prepaid expenses		91,729	55,268
		<u>(47,253)</u>	<u>(9,430)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS		(243,605)	3,741,480
NET FINANCIAL ASSETS - BEGINNING OF YEAR		<u>16,392,689</u>	<u>12,651,211</u>
NET FINANCIAL ASSETS - END OF YEAR		<u>\$ 16,149,084</u>	<u>\$ 16,392,691</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, 2011
 (with comparative figures for 2010)

	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
CASH PROVIDED BY (USED FOR) OPERATIONS:		
Annual surplus for the year	\$ 431,170	\$ 5,311,414
Non-cash items		
Add: amortization of tangible capital assets	3,694,491	3,655,293
Deduct: gain on disposal of tangible capital assets	(3,602)	(686,901)
Decrease inventory of supplies	6,614	27,032
(Increase) prepaid expenses	(53,867)	(36,460)
Deduct: developer contributions	-	(152,405)
Changes in working capital balances		
Accounts receivable	92,945	3,576,441
Inventory for resale	37,920	(29,884)
Accounts payable and accrued liabilities	551,561	(191,443)
Deferred revenue	704,442	(1,100,865)
Refundable deposits	<u>85,900</u>	<u>73,353</u>
	<u>5,547,574</u>	<u>10,445,575</u>
CASH PROVIDED BY (USED FOR) FINANCING:		
Repayment interim capital financing	(139,683)	(139,683)
Debenture debt repayment	<u>(233,020)</u>	<u>(223,924)</u>
	<u>(372,703)</u>	<u>(363,607)</u>
Acquisition of tangible capital assets	(4,982,184)	(6,395,005)
Acquisition of investment	(373,045)	(125,000)
(Increase) decrease in work-in-progress	591,370	1,392,712
Proceeds from sale of assets	<u>72,400</u>	<u>625,800</u>
	<u>(4,691,459)</u>	<u>(4,501,493)</u>
INCREASE IN CASH AND SHORT TERM INVESTMENTS	483,412	5,580,475
Cash and short term investments - beginning of year	<u>23,735,479</u>	<u>18,155,004</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 24,218,891</u>	<u>\$ 23,735,479</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, 2011**

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, and Sewer Capital Fund.

In December, 2009 the City of Port Alberni incorporated a company known as Alberni Valley Community Forest Corporation. During 2011 the City purchased an additional 1,250 common shares for \$125,000 and retains full ownership of the company. Alberni Valley Community Forest Corporation general operations include forestry and business activities associated with forestry including harvesting and selling timber and non-timber forest products.

2. 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 through user charges.

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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, Land Sale Reserve Fund, and Development Cost Charges 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 expenses 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 expenses 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, construction, or interest from financing 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, 2011

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, 2011 were comprised as follows:

	<u>2011</u>	<u>2010</u>
Cash	\$ 3,526,140	\$ 6,400,948
Municipal Finance Authority, Money Market Funds	<u>20,692,751</u>	<u>17,334,529</u>
	<u>\$ 24,218,891</u>	<u>\$ 23,735,477</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, 2011**

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:

	2010 Balance	Interest	Receipts	Expenditures	2011 Balance
Cemetery Trust	\$ <u>150,154</u>	\$ <u>1,981</u>	\$ <u>3,165</u>	\$ <u>-</u>	\$ <u>155,300</u>

4. Accounts Receivable

	2011	2010
Property taxes	\$ 854,386	\$ 871,772
Federal government	58,233	12,288
General	<u>2,631,031</u>	<u>2,752,535</u>
	\$ <u>3,543,650</u>	\$ <u>3,636,595</u>

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 Saturday, December 31, 2011 the total investment of the Debt Reserve Fund was comprised of:

	<u>2011</u>	<u>2010</u>
General Revenue	\$ 133,400	\$ 131,955
Sewer Revenue	<u>92,617</u>	<u>91,992</u>
	<u>\$ 226,017</u>	<u>\$ 223,947</u>

6. Accounts Payable and Accrued Liabilities

	<u>2011</u>	<u>2010</u>
Due to senior governments	\$ 360	\$ 84,127
Other local governments	10,002	35,342
Trade accounts	2,635,564	2,062,138
Salaries and wages	433,687	550,397
Accrued debenture interest	46,978	46,978
Accrued employee benefits	<u>1,809,700</u>	<u>1,605,746</u>
	<u>\$ 4,936,291</u>	<u>\$ 4,384,728</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, 2011

	<u>2011</u>	<u>2010</u>
Benefit liability - beginning of year	\$ 488,853	\$ 467,853
Add: current service costs	29,900	29,300
interest on accrued benefit obligation	29,200	27,800
amortization of actuarial loss	3,200	3,200
Less Benefits paid	<u>(25,200)</u>	<u>(39,300)</u>
Benefit liability - end of year	525,953	488,853
 Add ERIP reserve	 93,000	 93,000
Unamortized actuarial loss (gain)	<u>102,047</u>	<u>25,547</u>
 Accrued benefit obligation - end of year	 <u>\$ 721,000</u>	 <u>\$ 607,400</u>

The retirement liability requires no contribution from the employees.

	<u>2011</u>	<u>2010</u>
b) Accrued vacation liability as at Saturday, December 31, 2011	\$ <u>958,700</u>	\$ <u>942,346</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 Saturday, December 31, 2011 this liability is estimated at \$130,000 (2010 - \$56,000)

d) Employee benefit obligations:

	<u>2011</u>	<u>2010</u>
Retirement benefits payments	\$ 721,000	\$ 607,400
Accrued vacation pay	958,700	942,346
Accumulated sick leave	<u>130,000</u>	<u>56,000</u>
	<u>\$ 1,809,700</u>	<u>\$ 1,605,746</u>

The Employee Benefit Obligations liability was determined by actuarial valuation. The actuarial valuation was performed by AON Hewitt 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, 2011. The significant actuarial assumptions adopted in estimating the City's accrued benefit obligation are as follows:

Discount rates	4.00% per annum
Expected future inflation rates	2.25% per annum
Expected wage and salary increases	2.50% per annum

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

7. Deferred Revenue

	<u>2011</u>	<u>2010</u>
Property taxes	\$ 752,707	\$ 647,443
Capital grants	23,637	21,637
Other	485,705	303,558
Federal Gas Tax agreement	<u>1,474,302</u>	<u>1,059,272</u>
	<u>\$ 2,736,351</u>	<u>\$ 2,031,910</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 Saturday, December 31, 2011 are as follows:

	Principal	Interest	Total
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
2016	124,956	178,354	303,310

9. Long Term Investments

The City of Port Alberni owns 100% of the issued and outstanding shares of Alberni Valley Community Forest Corporation. The original investment is recorded at cost, and accumulated earnings to date are recorded on the equity basis.

	<u>2011</u>	<u>2010</u>
Alberni Valley Community Forest Corporation		
Original investment	\$ 250,000	\$ 125,000
Accumulated earnings to date	<u>248,045</u>	<u>-</u>
	<u>\$ 498,045</u>	<u>\$ 125,000</u>

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

10. Expenses by Object

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Salaries Wages and Benefits	\$ 14,011,368	\$ 12,433,090	\$ 13,518,963	\$ 13,199,639	\$ 13,162,597
Debt Servicing	248,658	247,738	249,433	250,221	250,801
RCMP Contract	3,978,661	3,597,767	3,836,207	3,647,928	3,675,691
Grants	97,956	93,982	123,125	146,790	188,509
Other Contracts	1,413,647	1,171,707	1,124,190	880,705	729,622
Goods and Services	6,880,855	7,132,888	7,096,231	7,206,659	11,142,809
Amortization	<u>3,694,491</u>	<u>3,655,293</u>	<u>3,496,152</u>	<u>3,394,773</u>	<u>-</u>
	<u>\$ 30,325,636</u>	<u>\$ 28,332,465</u>	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

11. Grants and Transfers

	<u>2011</u>	<u>2010</u>
Operating Grants		
Federal		
Green Municipal Fund Study Grant	\$ -	\$ 83,705
Federal Gas Tax Revenue	<u>-</u>	<u>27,220</u>
	<u>-</u>	<u>110,925</u>
Provincial		
Revenue Sharing	590,578	590,399
Community Gaming	425,000	500,000
BC Arts Council - Museum	54,500	82,500
Brownfield Renewal Program	145,515	-
Infrastructure Planning Grant Program	10,000	-
Community Programs	<u>-</u>	<u>65,836</u>
	<u>1,225,593</u>	<u>1,238,735</u>
Local - Alberni-Clayoquot Regional District		
McLean Mill Grant In Aid	29,900	29,900
Community Wildfire Protection	15,000	-
Economic Development	<u>28,500</u>	<u>26,000</u>
	<u>73,400</u>	<u>55,900</u>
Local - Port Alberni Port Authority		
Economic Development	<u>18,000</u>	<u>18,000</u>
Capital		
Federal		
Recreational Infrastructure Canada	-	612,113
Western Economic Diversification Canada	-	250,000
Federal Gas Tax Revenue	<u>353,817</u>	<u>772,080</u>
	<u>799,984</u>	<u>1,634,193</u>
Provincial		
Municipal Rural Infrastructure Fund	-	440,000
Island Coastal Economic Development	-	352,955
Joint Emergency Preparedness Program	40,000	-
Heritage Legacy Fund	<u>12,500</u>	<u>-</u>
	<u>52,500</u>	<u>792,955</u>
Total Government Grants and Transfers	1,723,310	3,850,708
Other Grants - Non-Government	<u>817</u>	<u>213,952</u>
Total Grants and Transfers	<u>1,724,127</u>	<u>4,064,660</u>

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 contributors from local governments.

The latest 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. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The City of Port Alberni paid \$937,398 (\$785,894 for 2010) for employer contributions to the Plan in fiscal 2011, while employees contributed \$771,354 (\$626,280 for 2010) to the Plan in fiscal 2011.

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

13. Tangible Capital Assets

	2011	2010
Land	\$ 3,441,502	\$ 3,441,502
Land Improvements	4,085,182	4,312,821
Buildings	20,764,890	21,481,072
Machinery and Equipment	5,223,459	4,813,983
Engineering Structures	1,070,707	1,089,478
Storm Drains	12,581,244	12,265,440
Transportation	10,266,827	10,316,289
Water	16,924,922	15,455,879
Sewer	<u>14,957,401</u>	<u>14,920,780</u>
	89,316,134	88,097,244
Work-in-progress	<u>855,663</u>	<u>1,447,033</u>
	<u>\$ 90,171,797</u>	<u>\$ 89,544,277</u>

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

There were no writedowns of tangible capital assets in 2011 (2010 - \$ nil). Contributed assets recognized in 2011 were \$56,078 (2010 - \$152,405) 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, 2011

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 and economic development

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

Recreation and cultural services

The mission of the Parks 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, 2011

16. Accumulated Surplus

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

	2011	2010
Operations		
General	\$ 952,113	\$ 3,510,258
Water	4,448,097	4,602,677
Sewer	<u>(36,045)</u>	<u>306,358</u>
	<u>5,364,165</u>	<u>8,419,293</u>
Capital		
General	2,483,786	6,531,083
Water	399,999	237,409
Sewer	<u>390,534</u>	<u>127,167</u>
	<u>3,274,319</u>	<u>6,895,659</u>
Equity in tangible capital assets		
General	57,519,676	50,988,593
Water	15,971,220	15,733,810
Sewer	<u>13,817,376</u>	<u>13,690,209</u>
	<u>87,308,272</u>	<u>80,412,612</u>
Reserves		
Reserve funds - statutory		
Parkland Acquisition	134,834	111,155
Capital Works	1,398,671	1,433,314
Equipment Replacement	4,409,978	5,030,049
Land Sale	1,362,667	1,272,229
Reserve funds - unrestricted		
General Fund - projects and purchases	1,043,839	703,930
Loss on taxation	1,351,000	1,351,000
Museum purchases	33,235	26,845
RCMP - special investigation	300,000	-
Parks and Recreation building	352,644	202,671
Water Fund - projects and purchases	438,080	443,080
Sewer Fund - projects and purchases	<u>88,819</u>	<u>127,517</u>
	<u>10,913,767</u>	<u>10,701,790</u>
	<u>\$ 106,860,523</u>	<u>\$ 106,429,354</u>

SUPPORTING SCHEDULES

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CITY OF PORT ALBERNI
SCHEDULE OF TANGIBLE CAPITAL ASSETS (SCHEDULE 1)
AT DECEMBER 31, 2011

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE		NET BOOK VALUE	
	Balance December 31, 2010	2011 Additions	2011 Disposals	Balance December 31, 2011	Balance December 31, 2010	2011 Additions	2011 Disposals	Balance December 31, 2011	2011 VALUE	2010 VALUE	2011 VALUE	2010 VALUE
Land	\$ 3,441,502	\$ -	\$ -	\$ 3,441,502	\$ -	\$ -	\$ -	\$ -	\$ 3,441,502	\$ 3,441,502		
Land Improvements	9,688,135	27,836	-	9,715,971	5,375,314	255,474	-	5,630,788	4,085,183	4,312,821		
Buildings	32,935,992	80,741	-	33,016,733	11,454,920	796,922	-	12,251,842	20,764,891	21,481,072		
Machinery & Equipment	11,374,413	1,043,336	457,611	11,960,138	6,560,430	574,860	398,612	6,736,678	5,223,460	4,813,983		
Structures	2,271,426			2,271,426	1,181,948	18,771	-	1,200,719	1,070,707	1,089,479		
Storm Drains	17,935,432	582,877	19,870	18,498,439	5,669,992	247,203	-	5,917,195	12,581,244	12,265,440		
Transportation	38,385,680	845,680	57,613	39,173,747	28,069,391	905,354	67,823	28,906,922	10,266,825	10,316,289		
Water	26,799,368	2,010,741	31	28,810,078	11,343,489	541,697	31	11,885,155	16,924,923	15,455,878		
Sewer	21,629,728	390,982	1,254	22,019,456	6,708,948	354,210	1,103	7,062,055	14,957,401	14,920,780		
Work in progress	1,447,033	855,663	1,447,033	855,663	-	-	-	-	855,663	1,447,033		
	<u>\$ 165,908,709</u>	<u>\$ 5,837,856</u>	<u>\$ 1,983,412</u>	<u>\$ 169,763,153</u>	<u>\$ 76,364,432</u>	<u>\$ 3,694,491</u>	<u>\$ 467,569</u>	<u>\$ 79,591,354</u>	<u>\$ 90,171,799</u>	<u>\$ 89,544,277</u>		

Financial Statements

CITY OF PORT ALBERNI
SEGMENTED INFORMATION (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental & Economic Development
Revenue					
Taxes	\$ 19,773,973	\$ -	\$ -	\$ -	\$ -
Sales of services	151,492	447,382	282,286	951,677	147,742
Other revenue from own sources	438,782	308,517	-	7,104	-
Investment income	153,784	-	-	-	-
Grants	1,186,911	-	-	-	46,500
Developer contributions	-	-	-	-	-
Gain/loss on disposal of assets	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	21,704,942	755,899	282,286	958,781	194,242
Expenses					
Operating:					
Salaries, wages and benefits	2,350,302	3,889,267	2,297,137	514,892	325,597
Debt servicing	16,811	161,625	-	-	-
RCMP contract	-	3,978,661	-	-	-
Grants	28,956	-	-	-	69,000
Other contracts	294,817	120,334	928,632	-	27,232
Goods and services	798,815	616,808	661,245	620,441	144,962
	3,489,701	8,766,695	3,887,014	1,135,333	566,791
Amortization	62,830	315,673	1,524,978	3,521	65,941
Total expenses	3,552,531	9,082,368	5,411,992	1,138,854	632,732
Excess (deficiency) in revenue over expenses	\$ 18,152,411	\$ (8,326,469)	\$ (5,129,706)	\$ (180,073)	\$ (438,490)

**CITY OF PORT ALBERNI
SEGMENTED INFORMATION (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2011**

Recreation and Cultural Services	Water Utility	Sewer Utility	Other Funds	Consolidated 2011	Budget 2011	Consolidated 2010
\$ -	\$ -	\$ -	\$ -	\$ 19,773,973	\$ 19,441,901	\$ 19,909,496
1,936,580	2,040,866	1,252,742	558,805	7,769,572	7,136,704	7,920,879
-	25,073	14,866	391,916	1,186,258	788,137	759,647
-	-	624	88,788	243,196	84,280	137,799
96,900	-	-	393,817	1,724,128	1,317,478	4,064,660
-	-	-	33,628	33,628	-	152,405
-	10	(150)	3,742	3,602	-	686,901
-	-	-	22,450	22,450	-	12,093
2,033,480	2,065,949	1,268,082	1,493,146	30,756,807	28,768,500	33,643,880
3,466,609	734,046	433,517	-	14,011,367	18,060,111	12,389,259
-	-	70,222	-	248,658	296,465	237,003
-	-	-	-	3,978,661	4,263,246	3,597,767
-	-	-	-	97,956	90,000	93,982
42,631	-	-	-	1,413,646	1,255,446	1,056,025
2,889,962	549,788	595,522	3,313	6,880,856	6,448,150	7,303,137
6,399,202	1,283,834	1,099,261	3,313	26,631,144	30,413,418	24,677,173
825,641	541,697	354,210	-	3,694,491	-	3,655,293
7,224,843	1,825,531	1,453,471	3,313	30,325,635	30,413,418	28,332,466
\$ (5,191,363)	\$ 240,418	\$ (185,389)	\$ 1,489,833	\$ 431,172	\$ (1,644,918)	\$ 5,311,414

CITY OF PORT ALBERNI
DEBENTURE DEBT - SCHEDULE 3

ALL FUNDS AT DECEMBER 31, 2011 - SHOWING REQUIREMENTS FOR PRINCIPAL AND INTEREST FOR 2012

Security Issuing Bylaw	Purpose	Original Issue	Amount Outstanding Dec. 31, 2011	Term in Years	Annual Interest Rate	Maturity Date	2012 Requirements Interest	2012 Requirements Principal	Sinking Fund Addition	Debt Reserve Cash Balance
4280	L.I. General	98,120	34,088	20	4.43%	25-Sep-16	4,347	2,967	2,908	2,193
4575		3,375,064	2,936,115	25	4.65%	19-Apr-31	157,278	81,042	13,765	41,654
		3,473,184	2,970,203				161,625	84,009	16,673	43,847
4280	L.I. Sewer	147,180	51,132	20	4.43%	25-Sep-16	6,520	4,451	4,362	3,290
4559		797,642	356,971	10	4.55%	6-Apr-15	36,293	66,436	14,394	10,241
4601		438,170	240,498	10	4.65%	19-Apr-16	10,419	36,496	6,199	5,408
		1,382,992	648,601				53,232	107,383	24,955	18,939
		4,856,176	3,618,804				214,857	191,392	41,628	62,786

CITY OF PORT ALBERNI
TAX LEVIES and GRANTS IN LIEU OF TAXES (SCHEDULE 4)
FOR THE YEAR ENDED DECEMBER 31, 2011
 (with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
MUNICIPAL PURPOSES:			
Tax Levies:			
General purpose	\$ 18,550,514	\$18,864,937	\$ 19,038,712
Local improvement - streets and drains	186	186	186
Local improvement - sewer	-	33,965	33,965
Off-street parking	4,600	4,583	4,528
Utility	140,999	140,998	139,709
Parcel Tax	<u>231,545</u>	<u>161,522</u>	<u>154,538</u>
	18,927,844	19,206,191	19,371,638
Grants in lieu of taxes	<u>514,057</u>	<u>567,782</u>	<u>537,859</u>
Total Municipal Taxes	<u>19,441,901</u>	<u>19,773,973</u>	<u>19,909,497</u>
COLLECTIONS FOR OTHER GOVERNMENTS:			
Tax Levies:			
School	6,035,429	5,453,970	5,488,721
Alberni Clayoquot Regional Hospital District	879,720	879,720	818,594
Alberni Clayoquot Regional District	941,167	709,622	738,037
B.C. Assessment	185,446	182,763	187,298
Municipal Finance Authority	<u>453</u>	<u>459</u>	<u>450</u>
Total Collections For Other Governments	<u>8,042,215</u>	<u>7,226,534</u>	<u>7,233,100</u>
Total Taxes Collected	<u>\$ 27,484,116</u>	<u>\$ 27,000,507</u>	<u>\$ 27,142,597</u>

CITY OF PORT ALBERNI
GENERAL GOVERNMENT EXPENSES (SCHEDULE 5)
FOR THE YEAR ENDED DECEMBER 31, 2011
(with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
Legislative	\$ 139,352	\$ 132,575	\$ 133,605
City manager's office	264,621	193,579	214,767
Municipal clerk's office	277,884	340,205	337,155
Legal and bylaw prosecution services	125,462	36,914	51,662
Financial management	678,279	658,741	708,137
Administration vehicle	5,852	12,993	11,060
External audit	17,015	24,322	31,568
Purchasing	217,037	218,309	200,296
Buildings	99,874	185,688	121,796
Information services	482,421	624,587	568,728
Appraisals	25,000	-	-
Personnel	228,611	242,854	206,472
Election expenses	34,832	28,008	387
Training and development	153,985	144,518	114,188
Damage claims	40,000	18,678	37,793
Grants and grant funded programs	21,000	133,302	490,345
Office equipment supplies and printing	233,179	289,969	290,551
Public liability insurance	129,438	89,977	91,388
Other general services	-	351,462	110,681
General government - capital assets	385,000	-	-
Administration recoveries	<u>(281,525)</u>	<u>(266,432)</u>	<u>(261,005)</u>
	<u>\$ 3,277,317</u>	<u>\$ 3,460,249</u>	<u>\$ 3,459,574</u>

CITY OF PORT ALBERNI
PROTECTIVE SERVICES (SCHEDULE 6)
FOR THE YEAR ENDED DECEMBER 31, 2011
(with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
Police protection	\$ 5,628,179	\$ 5,548,861	\$ 5,073,378
Fire protection	2,664,250	3,132,932	2,505,470
Emergency measures	3,321	12,431	13,066
Building and plumbing inspections	109,952	99,026	101,720
Animal pound operations	117,262	127,494	118,114
Protective services - capital assets	<u>201,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,723,964</u>	<u>\$ 8,920,744</u>	<u>\$ 7,811,748</u>

CITY OF PORT ALBERNI
TRANSPORTATION SERVICES (SCHEDULE 7)
FOR THE YEAR ENDED DECEMBER 31, 2011
 (with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
COMMON SERVICES:			
Engineering administration	\$ 475,995	\$ 616,021	\$ 499,105
Engineering consulting services	122,398	173,212	107,578
Public works supervision	340,000	335,529	332,264
Equipment and supplies	33,740	90,488	95,142
Building and yard maintenance	176,833	207,487	205,187
Equipment maintenance	<u>759,697</u>	<u>1,030,409</u>	<u>967,297</u>
	<u>1,908,663</u>	<u>2,453,146</u>	<u>2,206,573</u>
ROADS AND STREET MAINTENANCE:			
Roadway surfaces maintenance	833,363	1,702,807	1,614,131
Snow and ice removal	210,000	202,093	129,206
Parking	6,400	1,767	6,525
Gravel	125,000	93,605	151,346
Ditch and dyke maintenance	140,000	102,666	127,931
Storm sewers	<u>263,135</u>	<u>438,990</u>	<u>446,082</u>
	<u>1,577,898</u>	<u>2,541,928</u>	<u>2,475,221</u>
Bridges and retaining walls	57,000	93,204	29,001
Street lighting	235,088	294,239	294,467
Traffic control	224,940	243,184	246,193
Public transit	915,733	928,632	773,971
Other	133,620	152,334	113,552
Transportation services - capital assets	2,238,053	-	-
Recoveries	<u>(1,540,719)</u>	<u>(1,294,676)</u>	<u>(1,138,734)</u>
	<u>\$ 5,750,276</u>	<u>\$ 5,411,991</u>	<u>\$ 5,000,244</u>

CITY OF PORT ALBERNI
RECREATION AND CULTURAL SERVICES (SCHEDULE 8)
FOR THE YEAR ENDED DECEMBER 31, 2011
 (with comparative figures for 2010)

	2011 Budget Revenue	2011 Actual Revenue	2011 Budget Expense	2011 Actual Expense	2011 Budget Operating Deficit	2011 Actual Operating Deficit	2010 Actual Operating Deficit
RECREATION SERVICES:							
Administration	\$ -	\$ -	\$ 471,093	\$ 494,050	\$ (471,093)	\$ (494,050)	\$ (443,650)
Leisure Centre	241,650	218,987	344,255	386,889	(102,605)	(167,902)	(108,285)
Swimming pool	334,200	302,553	402,137	401,218	(67,937)	(98,665)	(112,025)
Arena	712,200	581,208	898,468	1,358,135	(186,268)	(776,927)	(719,761)
Parks, playgrounds and other	110,400	127,745	1,244,929	1,490,307	(1,134,529)	(1,362,562)	(1,391,165)
Programs	230,300	435,827	1,301,705	1,304,325	(1,071,405)	(868,499)	(704,788)
Capital assets	-	-	850,000	-	(850,000)	-	-
	<u>1,628,750</u>	<u>1,666,320</u>	<u>5,512,587</u>	<u>5,434,924</u>	<u>(3,883,837)</u>	<u>(3,768,605)</u>	<u>(3,479,674)</u>
CULTURAL SERVICES:							
Museum services	19,500	26,222	522,215	552,320	(502,715)	(526,098)	(490,701)
McLean Mill	-	244,038	235,600	701,496	(235,600)	(457,458)	(335,518)
Regional library	-	-	532,139	543,704	(532,139)	(543,704)	(513,460)
Capital assets	-	-	29,900	-	(29,900)	-	-
	<u>19,500</u>	<u>270,260</u>	<u>1,319,854</u>	<u>1,797,520</u>	<u>(1,300,354)</u>	<u>(1,527,260)</u>	<u>(1,339,679)</u>
	<u>\$ 1,648,250</u>	<u>\$ 1,936,580</u>	<u>\$ 6,832,441</u>	<u>\$ 7,232,444</u>	<u>\$ (5,184,191)</u>	<u>\$ (5,295,865)</u>	<u>\$ (4,819,353)</u>

CITY OF PORT ALBERNI
SALE OF SERVICES (SCHEDULE 9)
FOR THE YEAR ENDED DECEMBER 31, 2011
 (with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
GENERAL REVENUE:			
General Services	\$ 1,837,739	\$ 1,810,933	\$ 1,832,593
Arena	712,200	581,208	633,821
Leisure Centre	241,650	218,987	221,874
Parks, playgrounds and other	110,400	127,745	121,779
Pool	334,200	302,553	292,675
Programs	230,300	435,827	461,272
Museum	19,500	26,222	28,885
McLean Mill	-	244,038	232,835
	<u>3,485,989</u>	<u>3,747,513</u>	<u>3,825,734</u>
MISCELLANEOUS REVENUE:			
Miscellaneous receipts/sales	-	558,805	553,362
SERVICES PROVIDED TO OTHER GOVERNMENTS:			
Services provided to other governments	140,000	169,646	166,825
SEWER REVENUE:			
Connections and sundry charges	49,212	70,617	106,209
Sale of sewer service	<u>1,311,676</u>	<u>1,182,125</u>	<u>1,170,137</u>
	<u>1,360,888</u>	<u>1,252,742</u>	<u>1,276,346</u>
WATER REVENUE:			
Sale of water	2,110,500	1,966,186	1,959,899
Connections and sundry charges	<u>39,327</u>	<u>74,680</u>	<u>138,713</u>
	<u>2,149,827</u>	<u>2,040,866</u>	<u>2,098,612</u>
	<u>\$ 7,136,704</u>	<u>\$ 7,769,572</u>	<u>\$ 7,920,879</u>

CITY OF PORT ALBERNI
OTHER REVENUE FROM OWN SOURCES (SCHEDULE 10)
FOR THE YEAR ENDED DECEMBER 31, 2011
(with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
Licences and permits	\$ 274,100	\$ 304,602	\$ 269,967
Fines and costs	18,500	3,915	4,205
Land and building rentals	160,844	116,519	116,516
Penalties and interest	141,000	209,670	249,804
Miscellaneous revenue	114,102	159,636	113,800
Other revenue from own sources - capital fund	79,591	391,916	(133,933)
Other revenue from own sources - reserve funds	<u>-</u>	<u>-</u>	<u>139,288</u>
	<u>\$ 788,137</u>	<u>\$ 1,186,258</u>	<u>\$ 759,647</u>

CITY OF PORT ALBERNI
SEWER AND WATER UTILITIES (SCHEDULE 11)
FOR THE YEAR ENDED DECEMBER 31, 2011
 (with comparative figures for 2010)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
SEWER UTILITY:			
Administration	\$ 298,000	\$ 369,121	\$ 294,190
Sewage treatment and disposal	195,000	468,887	271,754
Sewage collection system	321,390	288,987	505,291
Sewage pump stations	182,820	253,469	225,876
Other operating costs	2,500	2,785	4,799
Sewer utility - capital	<u>643,529</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,643,239</u>	<u>\$ 1,383,249</u>	<u>\$ 1,301,910</u>
WATER UTILITY:			
Administration	\$ 322,600	\$ 332,446	\$ 268,901
Service of supply	193,300	279,386	248,678
Pumping	200,200	287,491	224,126
Transmission and distribution	572,550	913,219	963,707
Other operating costs	7,500	12,989	42,065
Water utility - capital fund	<u>564,431</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,860,581</u>	<u>\$ 1,825,531</u>	<u>\$ 1,747,477</u>

STATISTICS SECTION

Statistics

CITY OF PORT ALBERNI MISCELLANEOUS STATISTICS

Date of Incorporation	1912
Form of Government	City/Council/Manager
Number of employees (excluding police and fire)	
Bargaining Unit	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	1,186
Number of inspections conducted	1,182
Police Protection:	
Number of stations	1
Number of police personnel and officers	33
Number of law violations:	
Incarcerations	1,949
Reported incidents	3,376
Sewerage System:	
Kilometers of sanitary sewers and storm sewer	258
Number of treatment plants	1
Number of service connections	6,519
Daily average treatment of cubic meters	18,791
Water System:	
Kilometers of water mains	163
Number of service connections	6,810
Number of fire hydrants	729
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, 2011

	2011	2010	2009	2008	2007
Population (based on last census) ⁽¹⁾	17,743	17,548	17,548	17,548	17,548
Assessed valuations for General Purposes⁽²⁾					
Land					
Residential	\$ 533,863,900	\$ 480,657,900	\$ 520,949,600	\$ 512,031,400	\$ 488,407,600
Commercial	\$ 69,831,231	\$ 69,928,611	\$ 63,215,257	\$ 63,623,894	\$ 57,806,842
Industrial	\$ 10,614,800	\$ 10,606,700	\$ 8,761,100	\$ 8,873,100	\$ 8,059,900
Other	\$ 2,037,087	\$ 2,198,827	\$ 3,392,567	\$ 3,476,407	\$ 3,202,911
	\$ 616,347,018	\$ 563,392,038	\$ 596,318,524	\$ 588,004,801	\$ 557,477,253
Improvements					
Residential	\$ 862,491,700	\$ 849,283,500	\$ 849,583,900	\$ 840,294,400	\$ 707,666,900
Commercial	\$ 125,348,361	\$ 124,069,131	\$ 117,084,143	\$ 117,162,056	\$ 82,316,008
Industrial	\$ 92,260,300	\$ 97,986,500	\$ 98,575,800	\$ 102,301,800	\$ 99,538,600
Other	\$ 3,247,500	\$ 2,935,700	\$ 6,346,200	\$ 6,231,200	\$ 5,443,450
	\$ 1,083,347,861	\$ 1,074,274,831	\$ 1,071,590,043	\$ 1,065,989,456	\$ 894,964,958
Total	\$ 1,699,694,879	\$ 1,637,666,869	\$ 1,667,908,567	\$ 1,653,994,257	\$ 1,452,442,211
General & Debt Tax Rates					
Residential	\$ 7.4227	\$ 7.6185	\$ 5.9440	\$ 5.5436	\$ 5.9345
Utilities	\$ 40.3643	\$ 40.0860	\$ 43.0587	\$ 42.4666	\$ 52.3553
Major Industrial	\$ 53.1288	\$ 55.0405	\$ 57.1291	\$ 58.9797	\$ 64.8900
Light Industrial	\$ 33.7527	\$ 33.3172	\$ 33.5555	\$ 34.6043	\$ 38.6842
Business & Other	\$ 16.1459	\$ 16.0346	\$ 17.2235	\$ 16.9867	\$ 20.9586
Seasonal Recreational	\$ 7.4227	\$ 7.6185	\$ 5.9440	\$ 5.5436	\$ 5.9345
Farm	\$ 7.4227	\$ 7.6185	\$ 5.9440	\$ 5.5436	\$ 5.9345
School Tax Rates					
Residential	\$ 2.4926	\$ 2.5671	\$ 2.5078	\$ 2.4797	\$ 2.7638
Utilities	\$ 14.1000	\$ 14.4000	\$ 14.5000	\$ 14.2000	\$ 14.7000
Major Industrial	\$ 6.6000	\$ 6.8000	\$ 7.0000	\$ 9.3000	\$ 12.5000
Light Industrial	\$ 6.6000	\$ 6.8000	\$ 7.0000	\$ 6.8000	\$ 7.9000
Business & Other	\$ 6.6000	\$ 6.8000	\$ 7.0000	\$ 6.8000	\$ 7.9000
Seasonal Recreational	\$ 3.4000	\$ 3.5000	\$ 3.7000	\$ 3.6000	\$ 3.9000
Farm	\$ 6.6000	\$ 6.8000	\$ 6.9000	\$ 6.8000	\$ 6.8000
Tax Rates for Residential Class					
General	\$ 7.3269	\$ 7.5211	\$ 5.8613	\$ 5.4653	\$ 5.8491
Debt	\$ 0.0958	\$ 0.0974	\$ 0.0827	\$ 0.0783	\$ 0.0854
School District-Residential	\$ 2.4926	\$ 2.5671	\$ 2.5078	\$ 2.4797	\$ 2.7638
Regional Hospital District	\$ 0.3865	\$ 0.3678	\$ 0.4063	\$ 0.4181	\$ 0.4858
Municipal Finance Authority	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0003
Regional District	\$ 0.2408	\$ 0.2621	\$ 0.3137	\$ 0.3178	\$ 0.3428
B.C. Assessment	\$ 0.0621	\$ 0.0664	\$ 0.0641	\$ 0.0615	\$ 0.0677
Total Residential Rate	\$ 10.6049	\$ 10.8821	\$ 9.2361	\$ 8.8209	\$ 9.5949

Statistics

CITY OF PORT ALBERNI GENERAL COMPARATIVE STATISTICS AT DECEMBER 31, 2011

	2011	2010	2009	2008	2007
Current Tax Levy					
General	\$ 18,782,059	\$ 18,955,730	\$ 17,379,109	\$ 17,112,830	\$ 17,021,215
Debt	\$ 245,448	\$ 245,448	\$ 245,273	\$ 245,194	\$ 248,383
School District-Residential	\$ 3,481,842	\$ 3,415,457	\$ 2,446,295	\$ 2,681,653	\$ 3,305,722
School District-Non-Residential	\$ 2,380,056	\$ 2,449,940	\$ 3,042,924	\$ 3,352,789	\$ 2,874,544
Other Levies-Special Assessments	\$ 696,325	\$ 752,989	\$ 1,124,781	\$ 1,050,118	\$ 974,427
Regional Hospital District	\$ 879,720	\$ 818,594	\$ 911,531	\$ 935,653	\$ 955,864
Municipal Finance Authority	\$ 460	\$ 449	\$ 453	\$ 354	\$ 436
Regional District	\$ 547,950	\$ 583,443	\$ 703,834	\$ 711,212	\$ 674,412
Assessment Authority	\$ 182,763	\$ 187,269	\$ 185,357	\$ 178,969	\$ 171,931
Business Improvement Area	\$ -	\$ -	\$ -	\$ -	\$ -
Total Levy	\$ 27,196,623	\$ 27,409,319	\$ 26,039,557	\$ 26,268,772	\$ 26,226,934
Per Capita Levy	\$ 1,532.81	\$ 1,561.96	\$ 1,483.90	\$ 1,496.97	\$ 1,494.58
Tax Collection					
Current Taxes Payments	\$ 21,302,153	\$ 22,417,886	\$ 17,460,865	\$ 21,579,407	\$ 22,272,213
Provincial Home Owner Grants	\$ 4,632,235	\$ 3,558,659	\$ 3,547,141	\$ 3,534,047	\$ 3,481,594
Total Current Taxes Collected	\$ 25,934,388	\$ 25,976,545	\$ 21,008,006	\$ 25,113,454	\$ 25,753,807
Percentage of Current Levy	95.36%	94.77%	80.68%	95.60%	98.20%
Arrears and Delinquent Collected	\$ 1,008,092	\$ 4,765,142	\$ 718,572	\$ 608,765	\$ 605,084
Percentage of Current Levy	3.71%	17.39%	2.76%	2.32%	2.31%
Total Taxes Collected	\$ 26,942,480	\$ 30,741,687	\$ 21,726,578	\$ 25,722,219	\$ 26,358,891
Percentage of Current Levy	99.07%	112.16%	83.44%	97.92%	100.50%
Unpaid Taxes					
Current	\$ 602,282	\$ 639,389	\$ 4,278,431	\$ 486,610	\$ 339,226
Arrears	\$ 258,774	\$ 232,383	\$ 218,860	\$ 176,563	\$ 207,943
Total Unpaid Taxes	\$ 861,056	\$ 871,772	\$ 4,497,291	\$ 663,173	\$ 547,169
Per Capita	\$ 48.53	\$ 49.68	\$ 256.29	\$ 37.79	\$ 31.18
Summary of Surplus and Reserves					
Funded Reserves	\$ 10,913,767	\$ 10,701,790	\$ 15,042,046	\$ 11,793,008	\$ 10,332,782
Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ (1,466,808)
Equity in Capital Assets	\$ 87,308,272	\$ 80,412,612	\$ 80,412,611	\$ 81,703,135	\$ -
Operating Surplus	\$ 5,364,165	\$ 8,419,293	\$ 5,663,283	\$ 4,001,720	\$ 6,553,497

CITY OF PORT ALBERNI
GENERAL COMPARATIVE STATISTICS
AT DECEMBER 31, 2011

	2011	2010	2009	2008	2007
Debenture Debt					
Water	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer	\$ 648,601	\$ 780,939	\$ 908,105	\$ 1,030,304	\$ 1,147,730
General	\$ 2,970,203	\$ 3,070,885	\$ 3,167,642	\$ 3,260,626	\$ 3,349,985
Gross Debenture Debt	\$ 3,618,804	\$ 3,851,824	\$ 4,075,747	\$ 4,290,930	\$ 4,497,715
Per Capita	\$ 203.96	\$ 219.50	\$ 232.26	\$ 244.53	\$ 256.31
Less: Sewer and Water Utilities Debt	\$ 648,601	\$ 780,939	\$ 908,105	\$ 1,030,304	\$ 1,147,730
Net Debt Excluding Utilities	\$ 2,970,203	\$ 3,070,885	\$ 3,167,642	\$ 3,260,626	\$ 3,349,985
Per Capita	\$ 167.40	\$ 175.00	\$ 180.51	\$ 185.81	\$ 190.90
Liability Servicing Limit					
Liability Servicing Limit	\$ 6,926,394	\$ 7,065,220	\$ 6,609,054	\$ 6,547,605	\$ 6,368,673
Less Actual Debt Servicing Cost	\$ 568,078	\$ 600,610	\$ 416,248	\$ 416,247	\$ 434,256
Less Estimated Cost - Unissued Debt	\$ -	\$ -	\$ -	\$ -	\$ 27,000
Liability Servicing Capacity Available	\$ 6,358,316	\$ 6,464,610	\$ 6,192,806	\$ 6,131,358	\$ 5,907,417
Debt Payment as a percentage of non-capital expenditures					
Debt payments - gross	1.1%	1.3%	1.2%	0.8%	0.8%
General Revenue Fund Statistics					
Budget	\$ 33,604,329	\$ 29,578,186	\$ 32,047,370	\$ 31,811,844	\$ 30,905,185
Actual Revenues	\$ 30,756,807	\$ 33,643,880	\$ 33,034,309	\$ 32,509,207	\$ 31,917,877
Actual Expenditures	\$ 30,325,637	\$ 28,332,467	\$ 35,116,363	\$ 32,987,326	\$ 31,750,186
Surplus	\$ 431,170	\$ 5,311,413	\$ (2,082,054)	\$ (478,119)	\$ 167,691
Expenditure per Capita	\$ 1,709.16	\$ 1,614.57	\$ 2,001.16	\$ 1,879.83	\$ 1,809.33
Capital Expenditures					
Financed from General Revenue	\$ 779,186	\$ 579,129	\$ 1,094,779	\$ 1,308,743	\$ 1,281,351
Other Sources of Revenue					
Provincial Unconditional Grants	\$ 1,225,593	\$ 1,090,399	\$ 1,090,398	\$ 904,385	\$ 535,400
B.C. Hydro Grant	\$ 389,054	\$ 412,505	\$ 397,579	\$ 428,287	\$ 461,364
Building Permits					
Number Issued	125	125	130	152	164
Construction Values	\$ 53,041,064	\$ 28,584,551	\$ 21,298,710	\$ 18,798,533	\$ 23,887,718

SOURCES:

(1) Statistics Canada Census 2011

(2) B.C. Assessment

CITY OF PORT ALBERNI
DEMOGRAPHIC STATISTICS
BASED ON 2011 CENSUS FIGURES (Statistics Canada Source)

Population Composition

<u>Age</u>	<u>2011</u>			<u>2006</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
0 - 4 years	465	475	940	470	400	870
5 - 9 years	465	435	900	475	480	955
10 - 14 years	515	495	1010	590	535	1,125
15 - 19 years	570	535	1105	585	545	1,130
20 - 29 years	795	845	1640	860	860	1,720
30 - 39 years	915	980	1895	875	950	1,825
40 - 49 years	1105	1180	2285	1280	1325	2,605
50 - 59 years	1450	1508	2958	1470	1415	2,885
60 - 64 years	685	670	1355	615	575	1,190
65 - 69 years	580	545	1125	455	475	930
70 - 74 years	410	445	855	390	405	795
75 + years	750	925	1675	650	885	1,535
Total	<u>8,705</u>	<u>9,038</u>	<u>17,743</u>	<u>8,715</u>	<u>8,850</u>	<u>17,565</u>

Note: Other demographic census statistics for 2011 not released at the time of this report.

CITY OF PORT ALBERNI

MAJOR PROPERTY TAXPAYERS IN PORT ALBERNI

2011 TAXATION YEAR

	Registered Owner	Primary Property		Taxes Levied
1	Catalyst Paper Corporation	Paper Mill	\$	4,655,230
2	Western Forest Products Inc.	Sawmills	\$	1,295,338
3	Wal-Mart Canada Corp.	Building	\$	401,188
4	Sun Life Assurance Company of Canada	Pacific Rim Shopping Centre	\$	359,731
5	Loblaw Properties West Inc.	Extra Foods	\$	250,019
6	BC Hydro & Power Authority	Building	\$	210,514
7	Port Alberni Retail Development	Alberni Mall	\$	172,293
8	Marlow-Yeoman Limited	10th Avenue Plaza	\$	146,411
9	Canada Safeway Limited	Building	\$	144,153
10	Telus	Poles, Lines, Building	\$	131,433
11	Terasen Gas (Vancouver Island) Inc. (Fortis BC)	Gas Utility	\$	113,913
12	Alberni Valley Gaming Association	Chances Rim Rock	\$	109,128
13	Kelland Foods Ltd.	Building	\$	100,843
16	517535 BC Ltd.	Zellers Port Alberni	\$	96,480
14	Marco Investments Ltd.	Building	\$	93,221
15	GDP Investments Ltd.	Building	\$	87,613
17	Northport Plaza Limited	Johnston Road Plaza	\$	62,700
18	CLCSC Holdings Inc.	Building	\$	55,754
19	PA Hospitality Inns Ltd.	Hospitality Inn	\$	53,869
20	Dennis Jonsson Motor Products Ltd.	Automobile Dealership	\$	53,106

**CITY OF PORT ALBERNI
FIVE YEAR PLAN
2011-2015**

REVENUES	2011	2012	2013	2014	2015
Taxes					
Property Taxes	\$ 18,782,059	\$ 18,801,451	\$ 19,172,902	\$ 19,551,343	\$ 19,937,003
Parcel Taxes	231,545	231,545	231,545	231,545	231,545
Other Taxes	179,750	179,564	179,564	179,564	179,564
Grants in Lieu of Taxes	514,057	511,254	511,254	511,254	511,254
Fees and Charges					
Sales of Service	3,597,089	3,675,508	3,714,842	3,781,471	3,833,704
Sales of Service/Utilities	3,510,715	3,683,593	3,798,583	3,917,940	4,041,852
Service to other Government	140,000	140,000	140,000	140,000	140,000
User Fees/Fines	292,600	247,800	247,800	247,800	247,800
Other Revenue					
Rentals	160,844	160,844	160,844	160,844	160,844
Interest/Penalties	311,102	311,484	311,862	312,259	312,259
Grants/Other Governments	1,176,578	12,504,282	5,486,578	1,136,578	1,136,578
Other	109,491	69,900	29,900	29,900	29,900
	\$ 29,005,830	\$ 40,517,225	\$ 33,985,674	\$ 30,200,498	\$ 30,762,303

EXPENSES

Debt Interest	259,285	330,250	376,591	372,305	372,305
Capital Expenses	4,911,913	18,432,950	12,480,757	4,851,570	5,389,493
Other Municipal Purposes					
General Municipal	2,892,317	2,876,106	2,911,851	3,031,362	3,028,563
Police Services	5,628,179	5,777,620	6,001,324	6,221,439	6,448,166
Fire Services	2,664,250	2,676,322	2,727,342	2,779,384	2,843,194
Other Protective Services	230,535	235,146	239,850	244,647	249,539
Transportation Services	3,512,223	3,536,847	3,607,086	3,678,725	3,751,799
Environmental Health and Development	2,038,135	1,815,028	1,782,202	1,814,985	1,845,685
Parks and Recreation	4,662,587	4,721,523	4,820,362	4,921,330	5,021,157
Cultural	1,289,954	1,307,666	1,296,285	1,317,113	1,338,356
Water	1,296,150	1,321,473	1,347,304	1,373,648	1,400,520
Sewer	999,710	1,018,904	1,038,482	1,058,450	1,078,821
Contingency	83,000	83,000	83,000	83,000	83,000
	\$ 30,468,238	\$ 44,132,835	\$ 38,712,436	\$ 31,747,958	\$ 32,850,598

OTHER

Borrowing Proceeds	-	3,766,667	4,420,000	1,700,000	2,730,000
Debt Principal	(325,392)	(426,137)	(493,972)	(359,972)	(359,972)
Transfer to Other Governments - Repayment	(231,545)	(231,545)	(231,545)	(231,545)	(231,545)
Transfer from Equipment Replacement Reserve	661,923	601,556	756,191	754,138	335,793
Transfer from other reserves	1,902,081	1,010,829	527,500	140,000	98,400
Transfer from Land Sale Reserve	400,000	-	-	-	-
Transfer from (to) Surplus	(944,659)	(1,105,760)	(251,412)	(455,161)	(484,381)
	\$ 1,462,408	\$ 3,615,610	\$ 4,726,762	\$ 1,547,460	\$ 2,088,295

BALANCED BUDGET

\$	-	\$	-	\$	-	\$	-	\$	-
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Statistics

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

	2011	2010	2009	2008	2007
Taxes					
Property Taxes	\$ 18,864,937	\$ 19,038,712	\$ 17,392,102	\$ 17,124,791	\$ 17,036,887
Parcel Taxes	161,522	154,538	231,534	231,135	231,006
Other Taxes	179,732	178,388	172,332	164,457	153,084
Grants in Lieu of Taxes	567,782	537,859	520,251	546,737	573,672
Fees and Charges					
Sales of Service	3,747,513	3,884,834	4,122,554	4,062,166	3,857,135
Sales of Service/Utilities	3,293,608	3,374,958	3,270,025	3,111,440	3,203,145
Service to other Government	169,646	166,825	190,750	95,520	112,672
User Fees/Fines	308,517	274,172	231,627	247,836	255,268
Other Revenue					
Rentals	116,519	116,516	66,779	105,121	84,637
Investment Earnings	243,196	137,799	163,667	615,181	771,636
Grants/Other Governments	1,677,628	4,005,560	2,906,331	2,908,328	2,111,178
Developer Contributions	33,628	152,405	933,863	-	-
Gain/loss on Disposal of Assets	62,330	686,901	1,563,441	-	-
Parkland dedication deposits	22,450	12,093	21,550	15,500	20,382
Sale of property and equipment	-	-	207,500	1,162,042	386,936
Other	1,022,469	922,320	1,054,680	1,172,409	1,258,801
	<u>\$ 30,471,477</u>	<u>\$ 33,643,880</u>	<u>\$ 33,048,986</u>	<u>\$ 31,562,663</u>	<u>\$ 30,056,439</u>

CITY OF PORT ALBERNI
CONSOLIDATED EXPENSES
LAST FIVE YEARS COMPARISON

	2011	2010	2009	2008	2007
<u>Analysis by function</u>					
General government	\$ 3,313,467	\$ 3,459,571	\$ 3,921,697	\$ 3,729,650	\$ 2,908,402
Protective services	8,920,743	7,811,747	8,014,147	7,830,511	7,521,303
Transportation services	5,411,991	5,000,243	5,191,429	4,964,644	3,441,824
Environmental health services	1,138,854	1,099,001	1,273,897	1,340,214	1,249,788
Environmental development	708,188	653,542	560,092	528,649	501,682
Recreation and cultural services	7,232,444	6,812,494	7,187,559	7,095,435	6,127,810
Interest	239,007	235,091	230,689	238,727	240,598
Debt reserve	2,070	1,910	1,629	2,304	2,266
Water utility	1,825,531	1,747,477	1,742,082	1,611,383	1,244,121
Sewer utility	1,383,249	1,301,910	1,371,953	1,250,606	992,047
Cost of sales and services	3,313	209,480	(50,873)	134,592	48,313
Capital assets	-	-	-	-	4,871,875
	<u>\$ 30,178,857</u>	<u>\$ 28,332,466</u>	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>

Analysis by object

Salaries and benefits	\$ 13,864,589	\$ 12,389,259	\$ 13,518,963	\$ 13,199,639	\$ 13,162,597
Debt Servicing	248,658	237,003	249,433	250,220	250,801
RCMP contract	3,978,661	3,597,767	3,836,207	3,647,928	3,675,691
Grants	97,956	93,982	123,125	146,790	188,509
Other contracts	1,413,647	1,056,025	1,124,190	880,705	729,622
Goods and services	6,880,855	7,303,137	7,096,231	7,206,660	11,142,809
Amortization	3,694,491	3,655,293	3,496,152	3,394,773	-
	<u>\$ 30,178,857</u>	<u>\$ 28,332,466</u>	<u>\$ 29,444,301</u>	<u>\$ 28,726,715</u>	<u>\$ 29,150,029</u>

GENERAL COMPARATIVE STATISTICS

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.

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

CAPITAL ACQUISITIONS	2011	2010	2009	2008	2007
General government	\$ 49,308	\$ -	\$ 72,593	\$ 52,700	\$ 97,979
Protective services	187,533	875,683	-	40,400	186,147
Transportation services	2,243,477	1,254,682	1,595,159	1,666,623	1,238,686
Recreation and cultural	109,387	4,116,693	274,296	280,948	2,244,196
Water	2,149,989	192,102	136,544	2,218,733	236,301
Sewer	348,376	-	1,524,482	271,455	558,735
	<u>\$ 5,088,070</u>	<u>\$ 6,439,160</u>	<u>\$ 3,603,074</u>	<u>\$ 4,530,859</u>	<u>\$ 4,562,044</u>

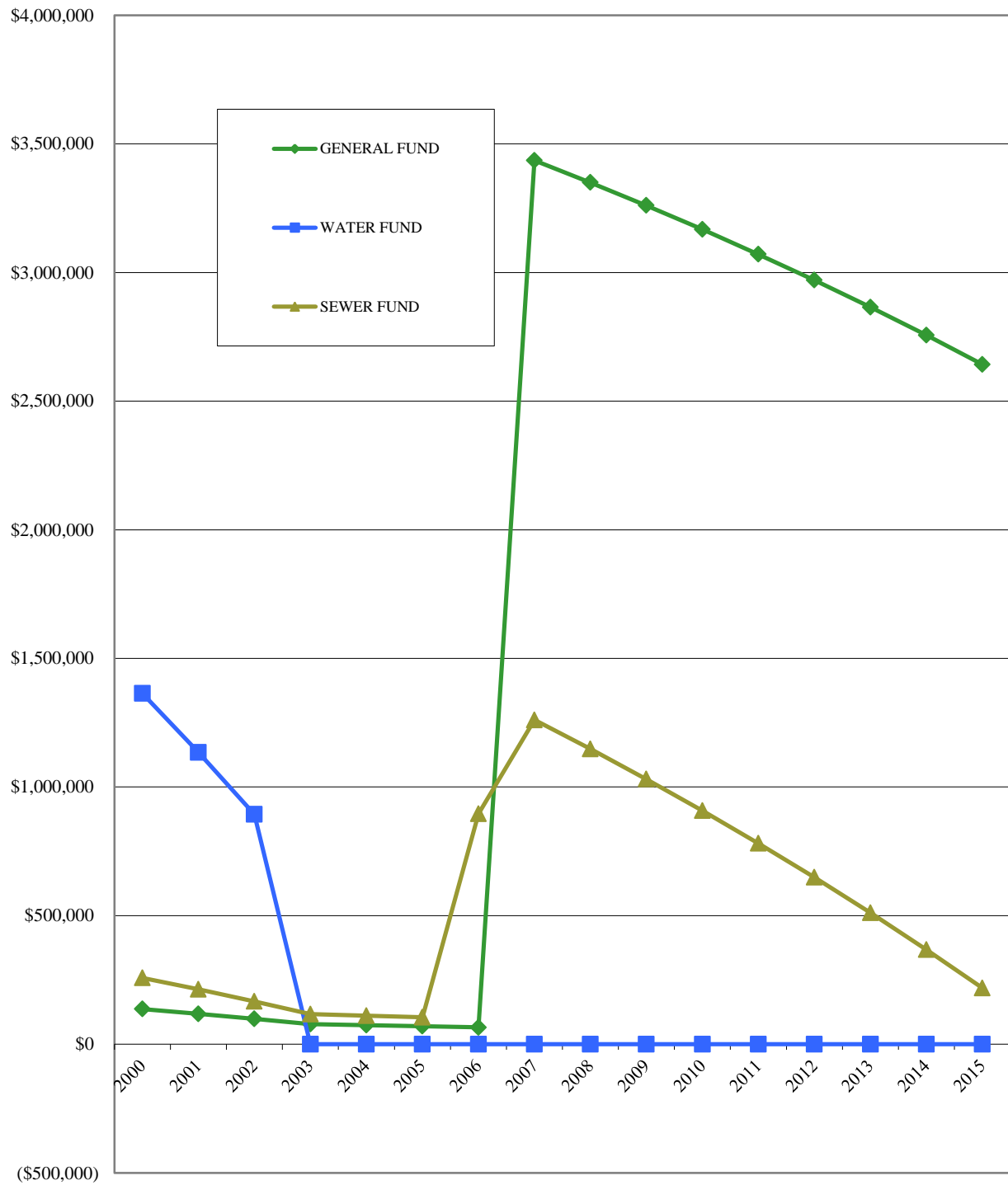
SOURCE OF FINANCING	2011	2010	2009	2008	2007
Revenue Funds	\$ 1,265,384	\$ 771,231	\$ 1,072,918	\$ 2,377,522	\$ 1,618,388
Reserve Funds	2,009,938	4,335,539	1,019,739	942,946	1,790,485
Short Term Borrowing	-	-	698,417	-	-
Long Term Borrowing	-	-	-	-	-
Grants	1,750,000	1,302,113	530,000	1,166,667	1,071,450
Other	62,748	30,277	282,000	43,724	81,721
	<u>\$ 5,088,070</u>	<u>\$ 6,439,160</u>	<u>\$ 3,603,074</u>	<u>\$ 4,530,859</u>	<u>\$ 4,562,044</u>

CITY OF PORT ALBERNI
SURPLUS AND NET FINANCIAL ASSETS
LAST FIVE YEARS COMPARISON

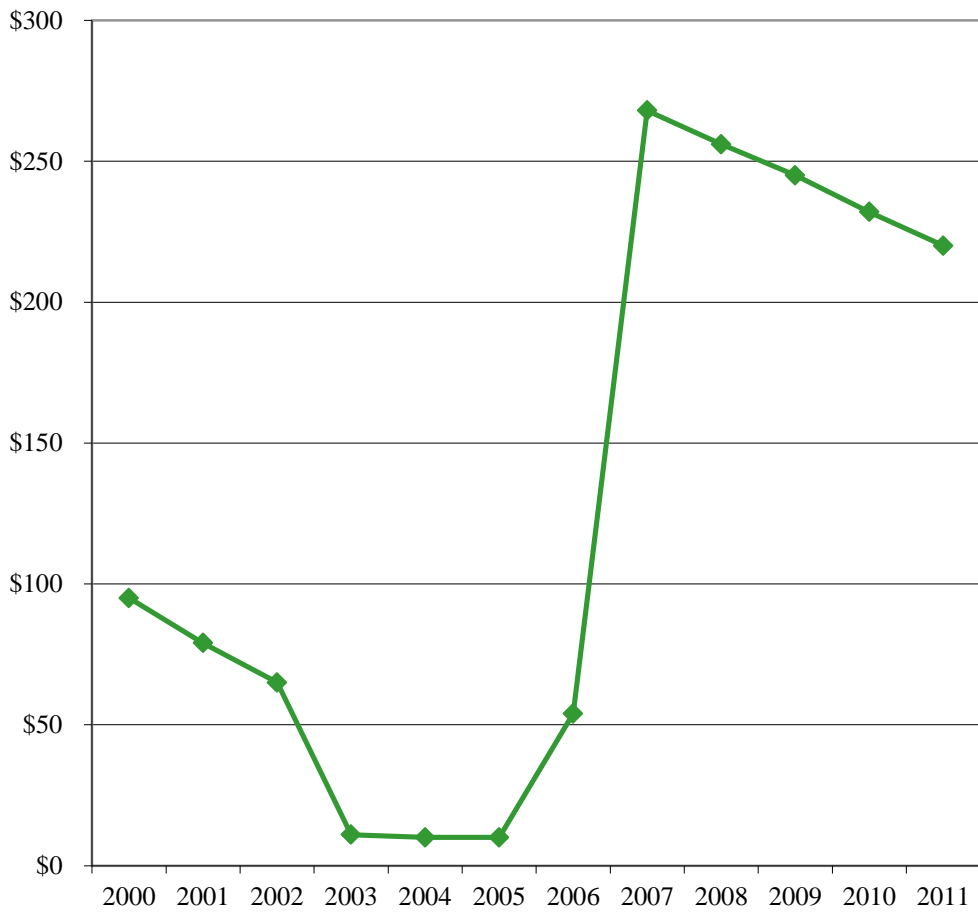
SURPLUS	2011	2010	2009	2008	2007
Annual surplus	\$ 431,170	\$ 5,311,413	\$ 3,604,685	\$ 2,835,949	\$ 707,695
Accumulated surplus, beginning of year	109,429,354	101,117,941	97,513,255	94,677,307	14,711,776
Reallocation adjustment for PSAB reporting	-	-	-	-	79,257,836
Accumulated surplus, end of year	<u>\$ 109,860,524</u>	<u>\$ 106,429,354</u>	<u>\$ 101,117,940</u>	<u>\$ 97,513,256</u>	<u>\$ 94,677,307</u>

NET FINANCIAL ASSETS	2011	2010	2009	2008	2007
Increase (decrease) in financial assets	\$ (243,605)	\$ 3,741,480	\$ 74,237	\$ 1,456,077	\$ (590,467)
Net financial assets, beginning of year	16,392,691	12,651,211	12,576,973	11,120,889	19,050,886
Reallocation adjustment for PSAB reporting	-	-	-	-	(7,339,530)
Net financial assets, end of year	<u>\$ 16,149,086</u>	<u>\$ 16,392,691</u>	<u>\$ 12,651,210</u>	<u>\$ 12,576,966</u>	<u>\$ 11,120,889</u>

CITY OF PORT ALBERNI-DEBT RETIREMENT



CITY OF PORT ALBERNI - DEBT PER CAPITA



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In Memoriam

The City of Port Alberni was very saddened to learn of the sudden passing of Councillor Ike Patterson on Sunday, May 1st, 2011.

Ike was elected to Council in 2002 and would have completed three full terms in November 2011. Ike was known and respected for his thoughtful contributions and his valuable input to the City's decision making processes.

Throughout his years on Council, Ike served the community on many Boards and Commissions. His portfolio of responsibilities has been primarily related to Heritage, Culture and Education. He served as Council's liaison to the McLean Mill Advisory Committee and the Heritage Commission. He has represented Council as a member of the Vancouver Island Library Board and was Council's liaison to North Island College and School District 70.

Ike was also on the Board of Directors of the Historical Society and very much valued their work. Ike was a well known local historian and a familiar face at the Alberni Valley Museum. In 2005 Ike received a Heritage Award from the City for his engaging historical columns published in the Pennyworth newspaper. Most recently he was a member of the Centennial Committee working towards the 2012 City of Port Alberni and Alberni centennial celebrations.

As well as his contributions to City Council, he will be remembered for his many years as local radio personality "Old Ike" at CJAV radio and more recently for his features and articles published in the Pennyworth newspaper.

Predeceased by his wife Linda, Councillor Patterson is survived by his three children, Tara (Steve), Kris and Arron (Michelle) and eight grandchildren. Ike was 64.



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

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



www.portalberni.ca