



— CITY OF —  
**PORT ALBERNI**

Consolidated Financial Statements of

# **CITY OF PORT ALBERNI**

Year Ended December 31, 2020

**CITY OF PORT ALBERNI**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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To the Mayor and Council of the City of Port Alberni:

## Opinion

We have audited the consolidated financial statements of the City of Port Alberni (the "City"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2020, and the results of its consolidated operations, changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Matters

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including schedules 1 to 11, has been presented for purposes of additional analysis. The supplementary information in schedules 1, 2,3, and 4 has been subjected to the auditing procedures applied in the consolidated financial statements and, in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the consolidated financial statements taken as a whole. We do not express an opinion on schedules 5 to 11 because our examination did not extend to the detailed information therein.

## Other information

Management is responsible for the other information consisting of the annual report, which is expected to be made available to use after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

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

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

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nanaimo, British Columbia

May 10, 2021

*MNP LLP*

Chartered Professional Accountants

**CITY OF PORT ALBERNI**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at December 31, 2020*

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 10,980,337	\$ 10,050,393
Investments (Note 3)	26,487,148	28,458,862
Accounts receivable (Note 4)	6,556,170	5,061,586
Inventory for resale	52,859	31,415
Investment in government business enterprise (Note 5)	1,512,323	3,136,187
	<b>45,588,837</b>	<b>46,738,443</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	6,135,519	6,484,864
Deferred revenue (Note 7)	7,145,763	6,776,757
Refundable deposits	314,332	446,211
Short-term debt (Note 8)	-	4,450,000
Long-term debt (Note 8, Schedule 3)	13,943,928	9,835,068
	<b>27,539,542</b>	<b>27,992,900</b>
<b>NET FINANCIAL ASSETS</b>	<b>18,049,295</b>	<b>18,745,543</b>
<b>Commitments and Contingencies (Note 14)</b>		
<b>Significant Event (Note 15)</b>		
<b>NON-FINANCIAL ASSETS</b>		
Inventory of supplies	475,837	490,306
Prepaid expenses	273,226	242,899
Tangible Capital Assets (Note 11, Schedule 1)	132,151,528	122,477,625
	<b>132,900,591</b>	<b>123,210,830</b>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 150,949,886</b>	<b>\$ 141,956,373</b>

Approved on behalf of the City



Andrew McGifford  
 Director of Finance

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

**CITY OF PORT ALBERNI**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
*As at December 31, 2020*

	<b>Budget (Note 16)</b>	<b>2020</b>	<b>2019</b>
<b>REVENUE</b>			
Taxation (Schedule 4)	\$ 23,739,850	\$ <b>23,730,348</b>	\$ 23,439,470
Sale of services	10,463,865	<b>10,541,469</b>	10,463,191
Other revenue from own sources	668,715	<b>785,252</b>	942,393
Investment income	268,000	<b>440,146</b>	716,073
Grants and transfers (Note 13)	2,124,260	<b>9,121,805</b>	11,172,799
Gain (loss) on disposal of tangible capital assets	-	<b>684,376</b>	(49,853)
Income from investment in government business enterprise (Note 5)	-	<b>376,136</b>	1,565,052
Other	395,000	-	4,629
	<u>37,659,690</u>	<u><b>45,679,531</b></u>	<u>48,253,754</u>
<b>EXPENSES</b>			
General government services	\$ 3,804,937	\$ <b>4,526,974</b>	\$ 4,408,643
Protective services	11,891,415	<b>11,593,909</b>	11,606,813
Transportation services	4,134,868	<b>5,698,081</b>	6,078,785
Environmental health services	991,353	<b>1,023,172</b>	1,000,776
Environmental and economic development	1,678,193	<b>1,835,748</b>	1,321,252
Recreation and cultural services	5,913,479	<b>7,579,114</b>	7,505,019
Water utility	1,714,544	<b>2,489,889</b>	2,369,605
Sewer utility	1,707,289	<b>1,933,765</b>	1,969,552
Other	-	<b>5,365</b>	26,750
	<u>31,836,078</u>	<u><b>36,686,018</b></u>	<u>36,287,195</u>
<b>ANNUAL SURPLUS</b>	5,823,612	<b>8,993,513</b>	11,966,559
Accumulated surplus, beginning of year	141,956,373	<b>141,956,373</b>	129,989,814
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ 147,779,985</u>	<u><b>\$ 150,949,886</b></u>	<u>\$ 141,956,373</u>

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

**CITY OF PORT ALBERNI**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
*As at December 31, 2020*

	<b>Budget (Note 16)</b>	<b>2020</b>	<b>2019</b>
<b>ANNUAL SURPLUS</b>	\$ 5,823,612	\$ 8,993,513	\$ 11,966,559
Acquisition of tangible capital assets	(14,698,195)	<b>(14,564,960)</b>	(19,234,060)
Amortization of tangible capital assets	-	<b>4,597,550</b>	4,658,156
Loss (gain) on disposal of tangible capital assets	-	<b>(684,376)</b>	50,128
Proceeds from sale of tangible capital assets	-	<b>977,883</b>	39,530
	<b>(8,874,583)</b>	<b>(680,390)</b>	<b>(2,519,687)</b>
Acquisition of supply inventory	-	<b>(475,837)</b>	(490,306)
Acquisition of prepaid expenses	-	<b>(273,226)</b>	(242,899)
Consumption of inventory of supplies	-	<b>490,306</b>	488,077
Use of prepaid expenses	-	<b>242,899</b>	201,989
	<b>-</b>	<b>(15,858)</b>	<b>(43,139)</b>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>(8,874,583)</b>	<b>(696,248)</b>	<b>(2,562,826)</b>
Net financial assets, beginning of year	18,745,543	<b>18,745,543</b>	21,308,369
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>\$ 9,870,960</b>	<b>\$ 18,049,295</b>	<b>\$ 18,745,543</b>

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

**CITY OF PORT ALBERNI**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
*As at December 31, 2020*

	2020	2019
Cash provided by (used in):		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 8,993,513	\$ 11,966,559
Non-cash items		
Amortization of tangible capital assets	4,597,550	4,658,156
Loss on disposal of tangible capital assets	(684,376)	50,128
Income from investment in government business enterprise	(376,136)	(1,565,052)
Actuarial adjustment	(86,584)	(73,841)
Inventory of supplies	14,470	(2,229)
Prepaid expenses	(30,327)	(40,910)
Changes in working capital balances		
Accounts receivable	(1,494,584)	(498,317)
Inventory for resale	(21,444)	21,853
Accounts payable and accrued liabilities	(349,345)	(28,025)
Deferred revenue	369,006	2,069,186
Refundable deposits	(131,879)	109,498
	<b>10,799,864</b>	<b>16,667,006</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(14,564,960)	(19,234,060)
Proceeds from sale of tangible capital assets	977,883	39,530
	<b>(13,587,077)</b>	<b>(19,194,530)</b>
<b>INVESTING ACTIVITIES</b>		
Dividend from government business enterprise	2,000,000	150,000
Change in investments	1,971,714	2,307,340
	<b>3,971,714</b>	<b>2,457,340</b>
<b>FINANCING ACTIVITIES</b>		
Acquisition of short-term debt	-	4,450,000
Repayment of long-term debt	(254,557)	(254,557)
	<b>(254,557)</b>	<b>4,195,443</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>929,944</b>	<b>4,125,259</b>
Cash and cash equivalents - beginning of year	10,050,393	5,925,134
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 10,980,337</b>	<b>\$ 10,050,393</b>

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

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**1. General**

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

In December 2009 the City of Port Alberni incorporated a company known as Alberni Valley Community Forest Corporation. The City 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. Significant Accounting Policies**

The consolidated financial statements of the City are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies are as follows:

***Reporting entity***

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the City. Inter-departmental balances and transactions have been eliminated.

The City's business partnership, the Alberni Valley Community Forest Corporation, which is owned and controlled by the City but not dependent on the City for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Under the modified equity method, the accounting policies for the wholly owned subsidiary are not adjusted to conform to those of the city. The Alberni Valley Community Forest Corporation reports under International Financial Reporting Standards. The City's investment in this entity is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post acquisition losses and distributions received.

The City administers certain trusts on behalf of external parties which are excluded from the financial statements.

***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:

**General Revenue Funds** 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.

**Capital Funds** account for all capital assets and unfunded work-in-progress of the City and offset by long-term debt and investment in capital assets.

**Reserve Funds** 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.

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**2. Significant Accounting Policies** *(continued from previous page)*

**Water and Sewer Funds** 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.

***Basis of accounting***

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

***Revenue recognition***

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. Charges for water and sewer usage, solid waste collection and recreation programs and admissions are recorded as sales of service and are recognized as revenue when the service or product is rendered by the City. Development contributions are recorded as contributed tangible capital assets at their fair value on the date of contribution. Other revenue is recorded when performance of services is complete, amounts are measurable, and collectability is reasonably assured. Income from investments in government business enterprises is recorded using the modified equity method based on the annual earnings from the government business enterprise for the year.

***Government transfers***

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

***Deferred revenue***

Deferred revenue includes non-government grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired. Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred development cost charges are recognized as revenue in amounts which equal the associated expenses.

***Investment income***

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance. Investment income is allocated to various reserves and operating funds on a proportionate basis.

***Cash equivalents***

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

***Debt***

Debt is recorded net of principal repayments and actuarial adjustments.

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**2. Significant Accounting Policies** *(continued from previous page)*

***Employee future benefits***

The City and its employees participate in a Municipal Pension Plan. The Plan is a multi-employer contributory defined benefit pension plan. Payments in the year are expensed. Sick leave benefits and retirement severance benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service and estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefit costs as employees earn the future benefits.

***Non-financial assets***

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

***Tangible capital assets***

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. Contributed tangible capital assets are recorded as revenue at fair value at the time of contribution. The useful life is applied straight line to calculate amortization at the following estimated useful lives:

Asset	Useful life - years
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

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

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

The City has capitalized interest costs associated with the construction of tangible capital assets, during the period of construction only.

Natural resources that have not been purchased are not recognized as assets in the financial statements.

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

***Inventory of supplies***

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost, using the first in, first out method.

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**2. Significant Accounting Policies** *(continued from previous page)*

***Use of estimates***

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accounts receivable, inventory, accrued liabilities, performing calculations of employee future benefits and estimating the useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City is responsible for. Developer contributions of tangible capital assets are recorded at the City's best estimate of fair value on the date of contribution, calculated using engineering plans and standardized item cost estimates. Actual results could differ from these estimates.

***Refundable deposits***

Receipts restricted by third parties are deferred and reported as refundable deposits under certain circumstances. Refundable deposits are returned when the third party meets their obligations, or the deposits are recognized as revenue when qualifying expenditures are incurred.

***Liability for contaminated sites***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2020.

At each financial reporting date, the City reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

***Reserve accounts***

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

***Financial instruments***

The City's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, refundable deposits, short-term debt 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. Investments**

Investments include funds invested in Guaranteed Investment Certificates and Money Market Funds with Raymond James and the Municipal Finance Authority of B.C. The investments are carried at market value which is equal to the carrying value. The investments have various maturity dates between Jan 2021 and Mar 2021 with a range of interest rates between 0.65% and 2.40%.

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**4. Accounts Receivable**

	2020	2019
Property taxes	\$ 978,414	\$ 818,044
Provincial government	186,686	469,001
Federal government	108,159	136,681
General	5,282,911	3,637,860
	\$ 6,556,170	\$ 5,061,586

**5. Investment in government business enterprise**

The investment in the Alberni Valley Community Forest Corporation (AVCFC) is reported as a government business enterprise (GBE) and accounted for using the modified equity method. Under this method, the government business' accounting principles are not adjusted to conform with those of the City and inter-corporate transactions are not eliminated. The City owns 100% of the issued and outstanding shares.

In the prior and current year, the AVCFC financial statements were prepared under International Financial Reporting Standards (IFRS).

The following table provides condensed supplementary financial information for the corporation at December 31, 2020:

	2020	2019
<b>Financial position</b>		
Assets	\$ 2,022,376	\$ 3,500,118
Liabilities	501,309	355,187
Equity	1,521,067	3,144,931
	2,022,376	3,500,118
<b>Operations</b>		
Revenue	637,061	3,056,224
Expenses	260,925	1,491,172
Net income (loss)	376,136	1,565,052
 <b>Summary of investment in GBE</b>		
AVCFC shares	\$ 1	\$ 1
Accumulated earnings to date	1,512,322	3,136,186
	\$ 1,512,323	\$ 3,136,187

During the year the City received a dividend from AVCFC of \$2,000,000 (2019 - \$150,000)

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**6. Accounts payable and accrued liabilities**

	2020	2019
Other local governments	25,700	27,888
Trade accounts	3,088,966	3,846,529
Salaries and wages	578,318	529,455
Accrued debenture interest	83,556	63,419
Accrued employee benefits	2,358,979	2,017,573
	<b>\$ 6,135,519</b>	<b>\$ 6,484,864</b>

*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.

	2020	2019
Benefit liability – beginning of year	\$ 724,800	\$ 694,200
Add: current service costs	50,700	49,000
Interest on accrued benefit obligations	29,400	28,800
Amortization of actuarial loss	16,300	16,300
Less: Benefits paid	(63,500)	(63,500)
Benefit liability – end of year	757,700	724,800
Unamortized actuarial loss (gain)	79,000	95,300
Accrued benefit obligation – end of year	\$ 836,700	\$ 820,100

The retirement liability requires no contribution from the employees.

b) Accrued vacation liability

	2020	2019
Accrued vacation liability – end of year	\$ 1,192,279	\$ 1,097,743

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 December 31, 2020 this liability is estimated at \$330,000 (2019 - \$100,000).

d) Employee benefit obligations

	2020	2019
Accrued retirement benefits	\$ 836,700	\$ 820,100
Accrued vacation payable	1,192,279	1,097,473
Accumulated sick leave liability	330,000	100,000
Total employee benefit obligations	\$ 2,358,979	\$ 2,017,573

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**7. Deferred revenue**

Capital grants are restricted to spending on capital project expenses. Other deferred revenue is not restricted. Federal Gas Tax Agreement funding has broad guidelines for use for projects that result in cleaner air, clearer water, or decreased greenhouse gas emissions.

	<b>2020</b>		<b>2019</b>
Capital grants, opening balance	\$ 27,997	\$	25,997
Capital grants, receipts	-		2,000
Capital projects recognized into revenue	-		-
Capital grants, ending balance	<b>27,997</b>		27,997
Property taxes	1,566,136		1,476,755
Other	1,135,099		1,180,447
Development cost charges (DCC's)	1,763,639		1,581,681
Federal Gas Tax Agreement	2,652,892		2,509,877
\$	<b>7,145,763</b>	\$	6,776,757

Development cost charges (DCCs)

Opening balance	\$ 1,581,681		\$ 924,469
Add: DCCs received during the year	175,713		648,021
Less: Amount recognized as revenue	-		-
Add: Interest	6,245		9,191
\$	<b>1,763,639</b>	\$	1,581,681

Federal Gas Tax funds

Opening balance	\$ 2,509,877		\$ 1,531,885
Add: Funding received during the year	799,581		1,638,361
Less: Amount recognized as revenue	(674,419)		(742,875)
Add: Interest	17,853		82,506
\$	<b>2,652,892</b>	\$	2,509,877

Federal Gas Tax funding is provided by the Federal government. The use of funding is established by a funding agreement between the City and the Union of British Columbia Municipalities (UBCM). These funds may be used towards designated infrastructure projects that help communities build and revitalize public infrastructure supporting economic growth and a clean environment.

**8. Debt**

*Debt Reserve Fund*

The Alberni-Clayoquot Regional District (ACRD) obtains long-term debt, on behalf of the City, through the Municipal Finance Authority (MFA), pursuant to security issuing bylaws under the authority of the Local Government Act, to finance certain capital expenditures.

The MFA 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 MFA pays into the Debt Reserve Fund these monies from which interest earned thereon less administrative expenses becomes an obligation to the regional districts.

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**8. Debt** (continued from previous page)

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.

The loan agreements with the ACRD and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect to such borrowings, the resulting deficiency becomes a liability of the City.

As a condition of the loan agreements, the City is obligated to provide security by way of demand notes and interest-bearing cash deposits (sinking fund balances) based on the amount of the debt. If the debt is repaid without default, the deposits are refunded to the City. The demand notes are held by the MFA and upon maturity of the debt, the demand notes are released. As of December 31, 2020, there are contingent demand notes of \$258,452 (2019 - \$203,829) that are not recorded in the City's financial statements.

*Short-term Debt*

During the year, short-term debt in the amount of \$4,450,000 was converted into long-term debt.

*Long-term Debt*

All debenture debt is owed to the MFA and is reported at gross amount. The City has no debt assumed by others on its behalf and has assumed no debt for others. Debenture debt by Bylaw is detailed on Schedule 3.

Principal payments on long-term debt as of December 31, 2020 for the next five years are as follows:

Long-term Debt		
2021		364,249
2022		364,249
2023		364,249
2024		364,249
2025		364,249
<b>Total</b>	<b>\$</b>	<b>1,821,245</b>

Scheduled long-term debt repayments may be suspended in the event of excess sinking fund earnings within the MFA. Principal paid during the year was \$254,557 (2019 - \$254,557). Total interest expense during the year was \$237,062 (2019 - \$345,855). Included in revenue is \$86,584 (2019 - \$73,841) of actuarial adjustments on the City's annual debt principal repayments invested by MFA. This annual investment income results in a reduction in the overall cost of borrowing.

**9. Trust Funds**

The City operates the cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Internment and Funeral Services Act. The trust fund assets and liabilities are not included in the consolidated financial statements. As at December 31, 2020, the balance of funds held in trust was \$167,608 (2019 - \$176,428).

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**10. Municipal Pension Plan**

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2.866 billion funding surplus for basic pension benefits on a going concern basis.

The City of Port Alberni paid \$1,318,011 (2019 - \$1,282,286) for employer contributions while employees contributed \$1,110,075 (2019 - \$1,072,171) to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

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

**11. Tangible capital assets**

Tangible Capital Assets are stated at their net book value.

	<b>2020</b>	2019
Land	\$ <b>4,079,264</b>	4,084,040
Land Improvements	<b>4,979,712</b>	5,246,097
Buildings	<b>16,704,894</b>	17,676,838
Machinery and Equipment	<b>5,281,935</b>	5,191,725
Engineering Structures	<b>2,987,812</b>	2,845,108
Storm Drains	<b>16,168,911</b>	16,326,832
Transportation	<b>8,390,332</b>	8,909,681
Water	<b>20,867,741</b>	20,743,351
Sewer	<b>20,284,318</b>	21,150,326
Leased assets	<b>68,889</b>	68,889
	<b>99,813,808</b>	102,242,887
Work-in-progress: Assets under construction not being amortized	<b>32,337,720</b>	20,234,738
	<b>\$ 132,151,528</b>	122,477,625

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**11. Tangible capital assets** (continued from previous page)

For more information on additions, disposals, and amortization, refer to Schedule of Tangible Capital Assets (Schedule 1).

There were no write-downs of tangible capital assets in 2020 (2019 - \$ nil). Contributed assets recognized in 2020 were nil (2019 \$ nil). Interest capitalized in 2020 was \$236,280 (2019 \$nil). No amortization has been recorded on assets not in use in 2020.

**12. Accumulated surplus**

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2020	2019
<b>Operations</b>		
General	\$ (23,697,457)	\$ (18,875,937)
Water	2,021,061	1,908,123
Sewer	(1,641,587)	(2,250,609)
	\$ (23,317,983)	\$ (19,218,423)
<b>Capital</b>		
General	\$ 34,571,374	\$ 25,853,347
Water	(6,410,839)	1,314,782
Sewer	(5,859,378)	518,578
	\$ 22,301,157	\$ 27,686,707
<b>Equity in tangible capital assets</b>		
General	\$ 49,856,058	\$ 57,458,828
Water	27,927,943	20,179,525
Sewer	40,423,599	30,554,204
	\$ 118,207,600	\$ 108,192,557
<b>Reserves</b>		
Reserve funds – statutory		
Parkland acquisition	\$ 294,898	\$ 292,894
Land Sale	1,795,875	840,843
	2,090,773	1,133,737
Reserve funds – restricted		
Equipment replacement	6,749,653	6,438,022
Carbon fund	171,313	170,267
Parks and recreation capital	2,331,444	2,259,221
Capital works	1,011,301	991,977
Alberni Valley Community Forest Corporation reserve	2,259,347	258,420
	12,523,058	10,117,907
Reserve funds – unrestricted		
General fund – projects and purchases	5,100,368	2,749,926
Loss on taxation	1,351,000	1,351,000
Museum purchases	59,789	58,627
RCMP – contract surplus	2,000,000	1,085,188
McLean Mill projects	334,300	334,300
Water fund – projects and purchases	5,287,908	4,162,123
Sewer fund – projects and purchases	5,011,916	4,302,724
	19,145,281	14,043,888
<b>Total reserves</b>	<b>33,759,112</b>	<b>25,295,532</b>
	\$ 150,949,886	\$ 141,956,373

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**12. Accumulated Surplus** (continued from previous page)

The COVID-19 Safe Restart Grant for Local Governments was provided to local governments to assist with the increased operating costs and revenue short-falls as a result of the COVID-19 pandemic. The COVID-19 Safe Restart Grant may be used towards specific eligible costs for funding such as addressing revenue short-falls, facility reopening and operating costs, emergency planning and response costs, bylaw enforcement and protective services, computer and other technology costs, and services for vulnerable persons.

The City of Port Alberni received \$3,536,000 in COVID-19 Safe Restart Grant and reports the balance in the General fund – projects and purchases reserve.

	<b>2020</b>
COVID-19 Safe restart grant received	<b>\$3,536,000</b>
Deductions:	
Parks and recreation revenue shortfall	(417,849)
Parks and recreation expenditures	(82,941)
COVID-19 costs	(330,374)
BC transit revenue (net) shortfall	(106,950)
Community gaming funds shortfall	(356,864)
Closing balance of unspent funds	<b>\$2,241,022</b>

**13. Grants and Transfers**

The City recognizes the transfer of government funding as revenue in the period received and when all related eligibility criteria and stipulations have been satisfied. The government transfers reported on the Consolidated Statement of Operations are:

	2020	2019
<b>Operating Grants</b>		
Federal	\$ 3,536,000	\$ -
Provincial	1,397,067	1,385,016
<b>Total Government Operating Grants</b>	<b>4,933,067</b>	<b>1,385,016</b>
Local	12,721	31,833
<b>Capital</b>		
Federal	699,419	6,118,452
Federal/Provincial	3,476,598	3,599,134
	4,176,017	9,717,586
<b>Total Government Grants and Transfers</b>	<b>9,121,805</b>	<b>11,134,435</b>
Other Grants – Non-Government	-	38,364
<b>Total Grants and Transfers</b>	<b>\$ 9,121,805</b>	<b>\$ 11,172,799</b>

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**14. Commitments and Contingencies:**

a) 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.

b) Claims for damages:

In the normal course of a year, the City is faced with lawsuits and other claims for damages of a diverse nature. At year end, the City's estimated exposure for such liabilities is not considered to be significant. The City carried general liability insurance with a private insurance carrier in the amount of \$5 million, plus an umbrella policy in the amount of \$45 million. When claims are paid the expense is charge to the General Government expense category.

c) Commitments:

The City entered into a long-term contract with the Royal Canadian Mounted Police for the provision of police services effective April 1, 2012. Under the terms of this contract, the City is responsible for 90% of policing costs. The 2021 estimated cost of this contract is \$6,195,994 (2020 - \$5,733,013).

**15. Significant Event**

During the year, there was an outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, municipality operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the City as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographical spread of the disease and the duration of the outbreak, including the duration of travel restrictions, office closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**16. Budget**

The budget data presented in these consolidated financial statements includes both operating and capital budgets. The City of Port Alberni budget was approved by Council on April 27th, 2020 with the adoption of the Five-Year Financial Plan (2020-2027) Bylaw No 5003, 2020. The chart below reconciles the approved budget per the Financial Plan to the budget reported in these consolidated financial statements.

	<b>2020 Budget</b>
Consolidated Budgeted Surplus, per City of Port Alberni Financial Plan Bylaw No. 5003	\$ -
Add	
Acquisition of tangible capital assets	14,698,195
Contingency	500,000
Debt repayments	476,634
Less	
Proceeds of borrowing	5,680,000
Transfers from reserves	4,171,217
Consolidated Budgeted Surplus, per City of Port Alberni Statement of Operations	\$5,823,612

**17. Comparative figures**

Certain comparative figures have been restated to conform with the current year's presentation.

**18. 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), Chief Administrator's Office, City Clerk's Department, Financial Services, Information Technology, and Human Resources.

**CITY OF PORT ALBERNI**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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**18. Segmented information** (continued from previous page)

*Protective services - Police, Fire, and Building Inspection*

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

**CITY OF PORT ALBERNI**  
**SCHEDULE 1: TANGIBLE CAPITAL ASSETS**  
*As at December 31, 2020*

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE 2020	NET BOOK VALUE 2019
	Balance December 31, 2019	2020 Additions	2020 Disposals	Balance December 31, 2020	Balance December 31, 2019	2020 Additions	2019 Disposals	Balance December 31, 2020		
Land	4,084,040	-	(4,776)	4,079,264	-	-	-	-	<b>4,079,264</b>	4,084,040
Land Improvements	12,697,755	107,073	-	12,804,828	7,451,658	373,458	-	7,825,116	<b>4,979,712</b>	5,246,097
Buildings	36,785,064	-	(174,676)	36,610,388	19,108,226	971,944	(174,676)	19,905,494	<b>16,704,894</b>	17,676,838
Machinery & Equipment	14,786,343	1,026,461	(578,747)	15,234,057	9,594,618	676,242	(318,738)	9,952,122	<b>5,281,935</b>	5,191,725
Engineered Structures	4,056,593	183,515	-	4,240,108	1,211,485	40,811	-	1,252,296	<b>2,987,812</b>	2,845,108
Storm Drains	24,689,022	182,522	-	24,871,544	8,362,190	340,443	-	8,702,633	<b>16,168,911</b>	16,326,832
Transportation	43,837,649	336,307	(2,068)	44,171,888	34,927,968	855,656	(2,068)	35,781,556	<b>8,390,332</b>	8,909,681
Water	37,120,152	973,787	(154,714)	37,939,225	16,376,801	820,883	(126,200)	17,071,484	<b>20,867,741</b>	20,743,351
Sewer	31,879,300	161,658	(514,436)	31,526,522	10,728,974	518,113	(4,883)	11,242,204	<b>20,284,318</b>	21,150,326
Leased assets	1,425,000	-	-	1,425,000	1,356,111	-	-	1,356,111	<b>68,889</b>	68,889
Work in progress	20,234,738	15,106,987	(3,004,005)	32,337,720	-	-	-	-	<b>32,337,720</b>	20,234,738
	<b>231,595,656</b>	<b>18,078,310</b>	<b>(4,433,422)</b>	<b>245,240,544</b>	<b>109,118,031</b>	<b>4,597,550</b>	<b>(626,565)</b>	<b>113,089,016</b>	<b>132,151,528</b>	<b>122,477,625</b>

**CITY OF PORT ALBERNI**  
**SCHEDULE 2: SEGMENTED INFORMATION**  
**As at December 31, 2020**

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental & Economic Development	Recreation and Cultural Services	Water Utility	Sewer Utility	Other Funds	Consolidated 2020	Budget (Note 16)	Consolidated 2019
<b>Revenue</b>												0
Taxes	\$ 23,730,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,730,348	\$ 23,739,850	\$ 23,439,470
Sales of services	243,511	446,312	310,501	764,904	152,394	885,462	3,697,711	3,157,946	882,727	10,541,469	10,463,865	10,463,191
Other revenue from own sources	239,441	311,210	-	(6)	148,123	-	(54)	(46)	86,584	785,252	668,715	942,393
Investment income	259,720	-	-	-	-	-	30,956	43,738	105,733	440,146	268,000	716,073
Grants	4,154,067	-	-	-	679,301	137,420	-	3,476,598	674,419	9,121,805	2,124,260	11,172,799
Gain/loss on disposal of assets	-	-	-	-	-	-	-	-	684,376	684,376	-	(49,853)
Income (loss) from investment in Government Business	-	-	-	-	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	376,136	-	-	-	-	376,136	-	1,565,052
Other	-	-	-	-	-	-	-	-	-	-	395,000	4,629
<b>Total revenue</b>	<b>28,627,087</b>	<b>757,522</b>	<b>310,501</b>	<b>764,898</b>	<b>1,355,955</b>	<b>1,022,882</b>	<b>3,728,613</b>	<b>6,678,235</b>	<b>2,433,838</b>	<b>45,679,531</b>	<b>37,659,690</b>	<b>48,253,754</b>
<b>Expenses</b>												
Salaries, wages, and benefits	2,523,980	5,445,514	2,668,438	348,435	563,917	3,562,238	842,183	433,542	-	16,388,247	17,191,482	17,248,682
Debt servicing	16,284	86,223	-	-	-	7,087	92,761	83,009	-	285,363	487,816	345,855
RCMP contract	-	4,778,443	-	-	-	-	-	-	-	4,778,443	5,550,410	4,863,405
Grants	49,615	-	-	-	218,279	-	-	-	-	267,894	130,700	502,024
Other contracts	33,213	-	869,236	-	63,236	-	-	-	-	965,685	955,082	1,177,254
Goods and services	1,743,838	1,004,725	508,945	672,554	922,254	2,911,991	734,062	899,102	5,365	9,402,836	7,520,587	7,491,819
	4,366,930	11,314,905	4,046,619	1,020,989	1,767,686	6,481,316	1,669,006	1,415,652	5,365	32,088,468	31,836,077	31,629,039
Amortization	160,044	279,005	1,651,462	2,183	68,062	1,097,798	820,883	518,113	-	4,597,550	-	4,658,156
<b>Total expenses</b>	<b>4,526,974</b>	<b>11,593,909</b>	<b>5,698,081</b>	<b>1,023,172</b>	<b>1,835,748</b>	<b>7,579,114</b>	<b>2,489,889</b>	<b>1,933,765</b>	<b>5,365</b>	<b>36,686,018</b>	<b>31,836,077</b>	<b>36,287,195</b>
<b>Annual surplus (deficit)</b>	<b>24,100,113</b>	<b>(10,836,388)</b>	<b>(5,387,580)</b>	<b>(258,274)</b>	<b>(479,793)</b>	<b>(6,556,232)</b>	<b>1,238,724</b>	<b>4,744,470</b>	<b>2,428,473</b>	<b>8,993,513</b>	<b>5,823,613</b>	<b>11,966,559</b>

  

	General Government	Protective Services	Transportation Services	Health Services	& Economic Development	and Cultural Services	Water Utility	Sewer Utility	Other Funds	Consolidated 2019	Budget	Consolidated 2018
<b>Revenue</b>												
Taxes	\$ 23,439,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,439,470	\$ 23,379,646	\$ 22,723,923
Sales of services	64,947	393,959	435,657	770,937	204,868	1,553,664	3,226,565	2,841,349	971,244	10,463,191	10,256,190	9,870,774
Other revenue from own sources	293,729	352,262	-	9,750	145,112	-	35,228	32,472	73,840	942,394	737,940	966,169
Investment income	472,032	-	-	-	-	-	38,986	61,434	143,620	716,072	263,000	571,705
Grants	1,120,424	5,492	23,070	-	302,399	116,994	-	8,509,045	1,095,375	11,172,798	1,349,857	2,905,256
Gain/loss on disposal of assets	-	-	-	-	-	-	-	-	(49,853)	(49,853)	-	(23,800)
Income (loss) from investment in Government Business	-	-	-	-	-	-	-	-	-	-	-	-
Enterprise	-	-	-	-	1,565,052	-	-	-	-	1,565,052	-	(371,888)
Other	-	-	-	-	-	-	-	-	4,629	4,629	456,400	117,139
<b>Total revenue</b>	<b>25,390,602</b>	<b>751,713</b>	<b>458,727</b>	<b>780,688</b>	<b>2,217,431</b>	<b>1,670,657</b>	<b>3,300,779</b>	<b>11,444,301</b>	<b>2,238,856</b>	<b>48,253,754</b>	<b>36,443,033</b>	<b>36,759,278</b>
<b>Expenses</b>												
Salaries, wages, and benefits	2,528,532	5,558,431	2,824,163	364,889	558,711	4,134,992	799,954	479,010	-	17,248,682	16,009,718	15,870,745
Debt servicing	26,812	91,203	-	-	-	21,536	44,508	161,796	-	345,855	396,128	214,561
RCMP contract	-	4,863,405	-	-	-	-	-	-	-	4,863,405	5,606,456	4,593,360
Grants	27,890	-	-	-	474,134	-	-	-	-	502,024	166,152	211,738
Other contracts	18,540	-	1,077,948	-	80,766	-	-	-	-	1,177,254	1,354,472	1,198,756
Goods and services	1,649,673	806,174	489,687	631,728	139,579	2,239,516	721,187	787,525	26,750	7,491,819	7,222,407	6,888,701
	4,251,447	11,319,213	4,391,798	996,617	1,253,190	6,396,044	1,565,649	1,428,331	26,750	31,629,039	30,755,333	28,977,861
Amortization	157,196	287,600	1,686,987	4,159	68,062	1,108,975	803,956	541,221	-	4,658,156	-	4,645,205
<b>Total expenses</b>	<b>4,408,643</b>	<b>11,606,813</b>	<b>6,078,785</b>	<b>1,000,776</b>	<b>1,321,252</b>	<b>7,505,019</b>	<b>2,369,605</b>	<b>1,969,552</b>	<b>26,750</b>	<b>36,287,195</b>	<b>30,755,333</b>	<b>33,623,066</b>
<b>Annual surplus (deficit)</b>	<b>20,981,959</b>	<b>(10,855,100)</b>	<b>(5,620,058)</b>	<b>(220,088)</b>	<b>896,179</b>	<b>(5,834,362)</b>	<b>931,174</b>	<b>9,474,749</b>	<b>2,212,106</b>	<b>11,966,559</b>	<b>5,687,700</b>	<b>3,136,212</b>

**CITY OF PORT ALBERNI**  
**SCHEDULE 3: DEBT**  
*As at December 31, 2020*

Security Issuing Bylaw	Purpose	Term in Years	Annual Interest Rate	Maturity Date	Original Issue	Balance Dec. 31, 2019	Principal Paid	Actuarial Recognized	Balance Dec. 31, 2020	Debt Reserve Cash Balance Dec. 31, 2019	Debt Reserve Income & Expenses	Debt Reserve Cash Balance Dec. 31, 2020
Long-term debt												
4575	General	25	1.75%	19-Apr-31	3,375,064	2,027,592	81,042	53,898	<b>1,892,652</b>	52,042	1,071	<b>53,112</b>
4807	General	30	3.00%	14-Oct-44	428,300	388,316	102,523	1,655	<b>284,138</b>	4,574	94	<b>4,668</b>
4846	General	20	2.20%	8-Apr-35	912,000	776,072	32,249	4,758	<b>739,065</b>	10,187	210	<b>10,396</b>
					<u>4,715,364</u>	<u>3,191,980</u>	<u>215,814</u>	<u>60,311</u>	<b>2,915,855</b>	<u>66,803</u>	<u>1,375</u>	<b>68,177</b>
4848	Water	30	2.20%	8-Apr-45	2,000,000	1,836,702	38,743	5,715	<b>1,792,244</b>	22,339	460	<b>22,799</b>
4807	Waste Water	30	3.00%	14-Oct-44	5,321,700	4,806,386	-	20,557	<b>4,785,829</b>	60,493	1,245	<b>61,738</b>
4939	Waste Water	30	1.45%	09-Apr-50	4,450,000	4,450,000	-	-	<b>4,450,000</b>	-	45,147	<b>45,147</b>
					<u>9,771,700</u>	<u>9,256,386</u>	<u>-</u>	<u>20,557</u>	<b>9,235,829</b>	<u>60,493</u>	<u>46,392</u>	<b>106,885</b>
					<u>16,487,064</u>	<u>14,285,068</u>	<u>254,557</u>	<u>86,583</u>	<b>13,943,928</b>	<u>149,635</u>	<u>48,227</u>	<b>197,862</b>

**CITY OF PORT ALBERNI**  
**SCHEDULE 4: TAX LEVIES AND GRANTS IN LIEU OF TAXES**  
*As at December 31, 2020*

	Budget (Note 16)	2020	2019
<b>TAX LEVIES</b>			
General purpose	\$ 22,676,150	\$ 22,602,042	\$ 22,383,144
Off-street parking	12,000	10,714	10,859
Utility	698,200	768,761	694,941
Parcel Tax	134,000	123,234	134,857
	<u>23,520,350</u>	<u>23,504,750</u>	<u>23,223,801</u>
Grants in lieu of taxes	219,500	225,598	215,669
Total Municipal Taxes	<u>23,739,850</u>	<u>23,730,348</u>	<u>23,439,470</u>
<b>COLLECTIONS FOR OTHER GOVERNMENTS</b>			
School Districts	4,800,000	5,040,891	5,503,746
Alberni Clayoquot Regional Hospital District	760,000	667,300	692,282
Alberni Clayoquot Regional District	1,304,000	1,495,840	1,464,497
B.C. Assessment	160,000	182,328	166,967
Vancouver Island Regional Library	792,460	792,460	703,212
Municipal Finance Authority	500	676	1,186
	<u>7,816,960</u>	<u>8,179,495</u>	<u>8,531,890</u>
Total Taxes Collected	<u>\$ 31,556,810</u>	<u>\$ 31,909,843</u>	<u>\$ 31,971,360</u>

**CITY OF PORT ALBERNI**  
**SCHEDULE 5: GENERAL GOVERNMENT EXPENSES**  
*As at December 31, 2020*  
(UNAUDITED)

	Budget (Note 16)	2020	2019
Legislative	\$ 208,996	\$ 200,045	\$ 203,843
City manager's office	210,479	228,305	207,680
Municipal clerk's office	553,660	556,200	497,041
Legal fees	41,600	83,092	65,641
Financial management	824,250	863,122	809,990
Administration vehicle	9,643	16,884	15,789
External audit	31,000	26,775	66,988
Purchasing	124,000	138,651	242,709
Buildings	145,906	212,864	207,451
Information services	696,957	822,098	857,135
Appraisals	-	3,425	24,250
Personnel	284,632	328,349	277,125
Election expenses	-	-	3,110
Training and development	124,893	83,791	173,451
Damage claims	21,649	411	6,383
Grants and grant funded programs	11,000	49,615	27,890
Office equipment supplies and printing	443,031	411,555	394,776
Public liability insurance	483,041	466,990	268,751
Other general services	56,200	397,700	424,289
Administration recoveries	(474,000)	(498,000)	(489,000)
Reconciliation Committee	-	5,551	2,879
Asset Management Plan	-	114,100	93,659
Debt servicing	8,000	16,273	26,813
<b>Total</b>	<b>\$ 3,804,937</b>	<b>\$ 4,526,974</b>	<b>\$ 4,408,643</b>

**CITY OF PORT ALBERNI**  
**SCHEDULE 6: PROTECTIVE SERVICES EXPENSES**  
*As at December 31, 2020*  
*(UNAUDITED)*

	<b>Budget (Note 16)</b>	<b>2020</b>	<b>2019</b>
Police protection	\$ 7,508,497	\$ <b>6,936,775</b>	\$ 6,864,236
Fire protection	3,657,489	<b>3,859,631</b>	4,022,747
Emergency measures	500	<b>7,102</b>	7,143
Building and plumbing inspections	110,910	<b>148,537</b>	118,942
Animal pound operations	151,289	<b>149,263</b>	164,238
Bylaw enforcement	371,527	<b>406,379</b>	338,304
Debt servicing	91,203	<b>86,223</b>	91,203
	<b>\$ 11,891,415</b>	<b>\$ 11,593,909</b>	<b>\$ 11,606,813</b>

**CITY OF PORT ALBERNI**  
**SCHEDULE 7: TRANSPORTATION SERVICES EXPENSES**  
*As at December 31, 2020*  
(UNAUDITED)

	Budget (Note 16)	2020	2019
<b>COMMON SERVICES</b>			
Engineering administration	\$ 590,948	\$ 700,665	\$ 565,488
Engineering consulting services	143,647	126,031	169,062
Public works supervision	322,732	374,011	519,064
Equipment and supplies	44,478	36,432	120,916
Building and yard maintenance	263,228	302,388	199,866
Equipment maintenance	759,337	1,021,108	1,180,409
	<u>2,124,370</u>	<u>2,560,633</u>	<u>2,754,805</u>
<b>ROADS AND STREET MAINTENANCE</b>			
Roadway surfaces maintenance	1,190,363	1,784,983	1,811,291
Snow and ice removal	187,231	113,403	106,810
Parking	11,759	14,330	7,895
Gravel	204,441	231,836	236,842
Bridges and retaining walls	43,592	56,152	35,319
Street lighting	306,412	389,974	393,635
Traffic control	235,822	314,001	292,223
	<u>2,179,620</u>	<u>2,904,680</u>	<u>2,884,015</u>
<b>OTHER</b>			
Ditch and dyke maintenance	99,000	112,344	79,690
Storm sewers	211,654	578,667	620,396
Public transit	1,090,133	869,210	1,077,777
Other	89,091	45,641	73,274
Recoveries	(1,659,000)	(1,373,093)	(1,411,172)
	<u>(169,122)</u>	<u>232,768</u>	<u>439,965</u>
	<u>\$ 4,134,868</u>	<u>\$ 5,698,081</u>	<u>\$ 6,078,785</u>

**CITY OF PORT ALBERNI**  
**SCHEDULE 8: RECREATION AND CULTURAL SERVICES**  
*As at December 31, 2020*  
*(UNAUDITED)*

	2020				2019		
	Budget Revenue	Actual Revenue	Budget Expense	Actual Expense	Budget Operating Deficit	Actual Operating Deficit	Actual Operating Deficit
<b>RECREATION SERVICES</b>							
Administration	\$ -	\$ -	\$ 565,046	\$ 416,445	\$ (565,046)	\$ (416,445)	\$ (509,663)
Leisure Centre	279,685	195,122	694,240	531,491	(414,555)	(336,368)	(354,300)
Swimming pool	173,340	98,586	506,149	430,386	(332,809)	(331,800)	(199,973)
Arena	470,143	353,646	934,796	1,410,799	(464,653)	(1,057,153)	(1,076,550)
Parks, Playgrounds, and other Programs	29,100	11,545	1,616,823	1,859,073	(1,587,723)	(1,847,529)	(2,009,720)
	131,401	180,835	1,019,854	1,256,537	(888,453)	(1,075,703)	(1,096,694)
	<u>1,083,669</u>	<u>839,734</u>	<u>5,336,908</u>	<u>5,904,732</u>	<u>(4,253,239)</u>	<u>(5,064,998)</u>	<u>(5,246,900)</u>
<b>CULTURAL SERVICES</b>							
Museum services	35,500	15,828	386,571	352,773	(351,071)	(336,945)	(367,892)
McLean Mill	-	29,900	190,000	1,321,609	(190,000)	(1,291,709)	(219,569)
	<u>35,500</u>	<u>45,728</u>	<u>576,571</u>	<u>1,674,382</u>	<u>(541,071)</u>	<u>(1,628,654)</u>	<u>(587,461)</u>
	<u>\$ 1,119,169</u>	<u>\$ 885,462</u>	<u>\$ 5,913,479</u>	<u>\$ 7,579,114</u>	<u>\$ (4,794,310)</u>	<u>\$ (6,693,652)</u>	<u>\$ (5,834,361)</u>

**CITY OF PORT ALBERNI**  
**SCHEDULE 9: SALES OF SERVICES**  
*As at December 31, 2020*  
*(UNAUDITED)*

	Budget (Note 16)	2020	2019
<b>GENERAL REVENUE</b>			
General Services	\$ 2,288,955	\$ 1,809,954	\$ 1,812,998
Arena	470,143	353,646	607,303
Leisure Centre	279,685	195,122	275,087
Parks, playgrounds and other	29,100	11,545	27,146
Swimming Pool	173,340	98,586	300,419
Programs	131,401	180,835	272,077
Museum	35,500	15,828	43,793
McLean Mill	-	29,900	27,840
	<u>3,408,124</u>	<u>2,695,416</u>	<u>3,366,663</u>
<b>MISCELLANEOUS REVENUE</b>	-	<b>882,727</b>	971,242
<b>SERVICES PROVIDED TO OTHER GOVERNMENTS</b>	167,000	<b>107,669</b>	57,371
<b>WATER REVENUE</b>			
Sale of water	3,763,660	3,613,668	3,223,319
Connections and sundry charges	53,712	84,043	3,247
	<u>3,817,372</u>	<u>3,697,711</u>	<u>3,226,566</u>
<b>SEWER REVENUE</b>			
Sale of sewer service	2,997,544	2,939,811	2,749,393
Connections and sundry charges	73,825	218,134	91,956
	<u>3,071,369</u>	<u>3,157,946</u>	<u>2,841,349</u>
	<u>\$ 10,463,865</u>	<u>\$ 10,541,469</u>	<u>\$ 10,463,191</u>

**CITY OF PORT ALBERNI**  
**SCHEDULE 10: OTHER REVENUE FROM OWN SOURCES**  
*As at December 31, 2020*  
*(UNAUDITED)*

	<b>Budget (Note 16)</b>	<b>2020</b>	<b>2019</b>
Licences and permits	\$ 220,140	\$ <b>297,705</b>	\$ 305,789
Fines and costs	17,000	<b>13,506</b>	46,473
Land and building rentals	144,300	<b>148,123</b>	145,112
Penalties and interest	164,500	<b>189,507</b>	273,567
Miscellaneous revenue	122,775	<b>49,828</b>	97,612
Other revenue from own sources - Capital Fund	-	<b>86,584</b>	73,840
	<b>\$ 668,715</b>	<b>\$ 785,252</b>	<b>\$ 942,393</b>

**CITY OF PORT ALBERNI**  
**SCHEDULE 11: SEWER AND WATER UTILITIES**

*As at December 31, 2020*

(UNAUDITED)

	<b>Budget (Note 16)</b>	<b>2020</b>	<b>2019</b>
<b>WATER UTILITY</b>			
Administration	488,714	<b>607,168</b>	526,695
Service of supply	116,844	<b>249,304</b>	224,014
Pumping	292,263	<b>334,733</b>	314,055
Transmission and distribution	772,723	<b>1,254,225</b>	1,260,333
Debt servicing	44,000	<b>44,460</b>	44,508
	<u>\$ 1,714,544</u>	<u>\$ 2,489,889</u>	<u>\$ 2,369,605</u>
<b>SEWER UTILITY</b>			
Administration	\$ 541,451	<b>\$ 511,569</b>	\$ 415,006
Sewage treatment and disposal	314,000	<b>488,871</b>	529,692
Sewage collection system	337,620	<b>576,402</b>	627,529
Sewage pump stations	167,605	<b>273,668</b>	235,406
Other	2,000	<b>246</b>	123
Debt servicing	344,613	<b>83,009</b>	161,796
	<u>1,707,289</u>	<u>1,933,765</u>	<u>1,969,552</u>