

City of Port Alberni British Columbia

Comprehensive Annual Financial Report

For the year ended December 31, 2018



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

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
2018**

FISCAL YEAR ENDED DECEMBER 31, 2018

This Document
Prepared by the Finance Department

Cover photo credit: Tashia Potter

CITY OF PORT ALBERNI
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DECEMBER 31, 2018

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INTRODUCTORY SECTION



June 24, 2019
Mayor and Council
City of Port Alberni

CITY OF PORT ALBERNI

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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, 2018 as audited by R. Anderson & Associates.

The purpose of this Comprehensive Annual Financial Report is to present the financial operations results and the financial position of the City for the fiscal period December 31, 2018. 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 notes and schedules, and the independent external auditors' report. These statements and schedules show comparative amounts for the current and prior years, and the current year's approved budget.
- Statistics Section – presents relevant current and historical statistical and financial information.

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 Canadian public sector accounting standards. 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 R. Anderson & Associates 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 2018 fiscal year with an increase of \$3,812,940 in the consolidated accumulated surplus (see below for summary by fund):

Operating Funds	\$ (1,442,802)
Capital Funds	3,063,325
Statutory Reserve Funds	485,660
Restricted Reserve Funds	(47,357)
Unrestricted Reserve Funds	<u>1,754,114</u>
	\$ 3,812,940

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 Canadian public sector accounting standards. 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 optimize cash flow and 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.

Investment earnings increased from \$415,873 in 2017 to \$577,082 in 2018. Total historical investment income was \$415,078 in 2016, \$309,796 in 2015, and \$286,558 in 2014.

The City's 2018 long-term debt decreased from \$10,163,466 to \$10,783,927. The City's 2018 capital program of \$4,601,508 includes capital items of \$1,581,535 funded from current operations revenue; \$1,811,073 from grants and donations; and \$1,208,900 from Reserves.

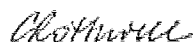
Consolidated revenues decreased by \$1,052,629, from \$39,479,687 in 2017 to \$38,427,058 in 2018. This decrease is attributed mostly to: decrease in grant funding of approximately \$2.6 million; increase in property tax levy of \$678,000; increase in developer contributions of \$615,000, and decrease in sale of property of \$269,000. The decrease in grant funding is a result of deferring Community Works Gas Tax funds until completion of gas tax funded capital projects; grant funds received in advance of expense submissions for the sewage lagoon project; and grant funded projects completed in 2017 and in progress in 2018. Water and sewer utility fees revenue increased as scheduled in accordance with the Water and Sewer Rates Review adopted in 2013. Expenses for 2018 are consistent with 2017. Consolidated expenses decreased by \$483,719, from \$35,097,838 in 2017 to \$34,614,118 in 2018. This net decrease is attributed to a combination of increases and decreases city-wide, most notably in protective services.

The municipal statistics section of the report indicates that total current taxes collected as a percentage of current levies is 95.8% for 2018 (94.4% in 2017).

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

Economic Condition and Outlook
Highlights
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 its annual financial report for the fiscal year ended December 31, 2017. 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 to determine its eligibility for another award.

2017 marks the twenty-fifth year the City has received the award.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**City of Port Alberni
British Columbia**

For its Annual
Financial Report
for the Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

Directory of Officials

Port Alberni

Mayor and City Council 2018



Back row: Councillor J. McLeman, Mayor M. Ruttan, Councillors D. Washington, R. Paulson
Front row: Councillors C. Alemany, S. Minions, D. Sauvé

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 2018

Appointed Officials

Chief Administrative Officer	T. Pley
City Clerk	D. Hartwell
Director of Finance.....	C. Rothwell
Director of Engineering and Public Works	W. Taekema
Director of Parks, Recreation & Heritage.....	W. Thorpe
Fire Chief.....	Vacant
Building Inspector	K. Peters
Manager of Information Technology.....	J. Pelech
Director of Development Services	Vacant
Licence Inspector/Bylaw Enforcement Officers.....	T. Hautzinger, N. Bourelle
Area Assessor - B.C. Assessment	T. Ireland
Solicitor	Young, Anderson
RCMP Officer In Charge	B. Hunter
Emergency Planning Coordinator	R. Shanks
Chair – Island Health Authority	L. Hollins
Auditors	R. Anderson & Associates
Bankers	BMO Bank of Montreal

Directory of Officials (continued)

2018/19 Advisory Planning Commission

A. Anaka
C. Dick
J. Douglas
D. Ferster
R. Gaudreault (Parks, Rec & Heritage Liaison)
D. Haggard (Council Liaison)
K. McRae
S. McRuer
R. Newberry (Fire Dept. Liaison)
J. Nichols
L. Ransom (SD70 Liaison)
T. Smith (RCMP Liaison)
J. Tatoosh

2018/19 AV Heritage Commission

D. Beaudoin
N. Blair
J. Carlson
B. Collette
P. Cote
P. Craig
J. Dick
J. Douglas
G. Flostrand
J. Manson
B. Simpson
D. Washington



**CITY OF PORT ALBERNI
MUNICIPAL COUNCIL RESPONSIBILITIES
FOR CITY SERVICES
DECEMBER 31, 2018**

<p>Mayor Mike Ruttan</p> <ul style="list-style-type: none"> - Director, Alberni Clayoquot Regional District - Member, North Island-Sunshine Coast Regional Advisory Committee - Director, Upnit Power Corporation - Chair, Personnel Committee - Court of Revision
<p>Councillor Chris Alemany</p> <ul style="list-style-type: none"> - Liaison, Advisory Traffic Committee - Air Quality Council - Member, Emergency Planning Committee - Member, ACRD Transportation Committee - Liaison, Island Corridor Foundation Local Government Liaison Committee - Member, Food Security & Climate Disruption Committee
<p>Councillor Jack McLeman</p> <ul style="list-style-type: none"> - Director, Alberni Clayoquot Regional District - Member, AV Community Forest Legacy Committee - Liaison, AV Community Forest Corporation - Member, Personnel Committee - Liaison, McLean Mill Society
<p>Councillor Sharie Minions</p> <ul style="list-style-type: none"> - Trustee, Vancouver Island Regional Library Board - Liaison, Alberni Valley Chamber of Commerce - Liaison, West Coast Native Healthcare Society - Court of Revision - Member, Reconciliation Committee
<p>Councillor Ron Paulson</p> <ul style="list-style-type: none"> - Liaison, Continuing Care Societies - Liaison, School District 70/North Island College - Member, Community Investment Program/Permissive Tax Exemption Committee - Member, AV Community Forest Legacy Committee - Member, Audit Committee
<p>Councillor Denis Sauvé</p> <ul style="list-style-type: none"> - Liaison, Port Alberni International Twinning Society - Liaison, Advisory Planning Commission - Court of Revision - Member, Audit Committee - Member, Personnel Committee - Member, Seniors Advisory Committee - Liaison, Community Stakeholders Initiative on Homelessness
<p>Councillor Dan Washington</p> <ul style="list-style-type: none"> - Chair, Audit Committee - Liaison, Alberni Valley Heritage Commission - Liaison, West Island Woodlands Advisory Group

THE COMMUNITY

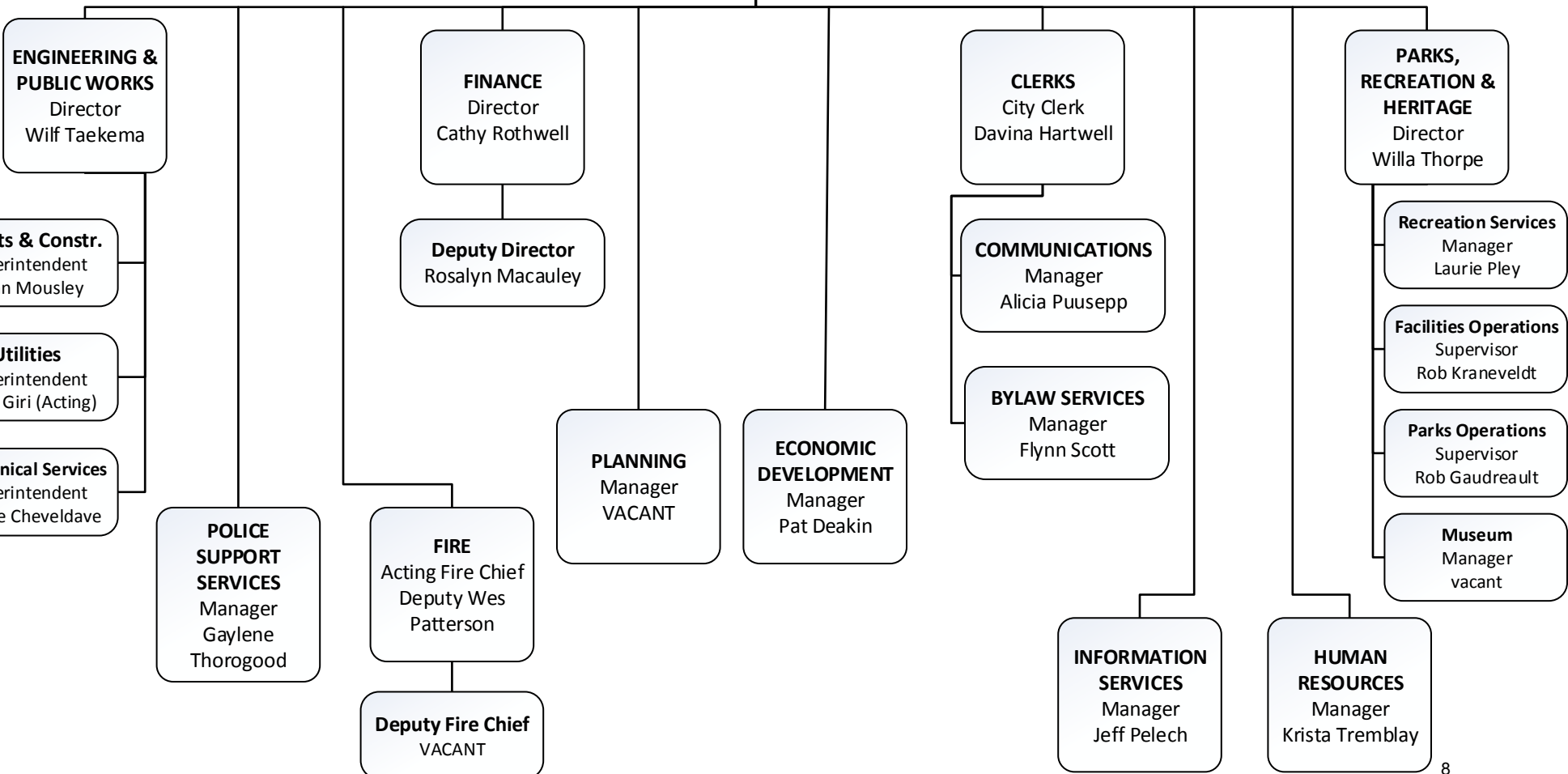
ORGANIZATIONAL CHART City of Port Alberni

MAYOR & COUNCIL

CHIEF ADMINISTRATIVE OFFICER
Tim Pley

RCMP – OFFICER IN CHARGE
Inspector Brian Hunter

DEPARTMENTS AND OPERATIONS



Where we are



VISION

MISSION

VALUES

Vision

The City of Port Alberni is a vibrant waterfront community at the heart of the west coast that is:

- Sustainable and environmentally responsible;
- Safe, caring, and healthy;
- Economically robust and diverse;
- Welcoming, accessible, and attractive;
- Actively creating its future.

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 internal/external 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 centre. 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, deep sea port activities, the arts, agriculture, clean energy technologies, and investments in lifestyle amenities.

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. 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 investors, retirees, and young families wanting to own their own homes.

In Port Alberni, Western Forest Products, Island Health, School District 70, and Catalyst Paper are the major employers. The lumber and paper industries are the primary individual taxpayers. These indus-

tries have a tremendously positive local impact.

In 2012 the City completed its commitment program of accelerated tax reductions for the Major Industry class totaling \$2.1 million over the five years (2008-2012). For the years 2013 through 2017, the City had committed to no tax increase for the Major Industry class as per the sewage lagoon purchase agreement reached with Catalyst in 2013. 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 challenging economic conditions.

Port Alberni, like many Canadian local governments, faces significant financial challenges in funding necessary upgrades to aging infrastructure. In 2018, capital works projects totaling \$4.6 million were completed. Significant projects included road upgrades on 6th Avenue Avenue; storm drain construction on 6th Avenue and North Park Drive; Gyro Recreation Park revitalization; playground upgrades at Blair Park and Roger Creek Park; installation of an elevator at City Hall; ongoing water meter replacement; and sewer and storm construction on 6th Avenue (Coal Creek outfall) and North Park Drive. Work continues on the next phases of water meter installation; and sewage treatment at the Catalyst lagoon. Funding for the completed projects included \$1.4 million in government grants; \$1.6 million in operating funds; and \$1.2 million in contributions from City reserves.

Capital construction plans over the next five years include necessary

major projects for roads, water supply, storm drains, facilities upgrades, and sewer treatment upgrades. Funding estimates require that \$4.5 million be raised from borrowing.

Total long term debenture debt per capita in 2018 has decreased to \$575 from \$593 in 2017.

Highlights - 2018

Development Services

The Development Services Department processed 161 building permits with an aggregate value of \$31.1 million in 2018. New construction completed on an industrial warehouse on Glenwood Drive, and the Port Alberni Shelter Society modular housing building on 8th Avenue. Construction continued on a 25 unit apartment building at 4th Avenue and Athol Street; and an addition to the complex care facility at Rainbow Gardens.

The department completed an Official Community Plan and Zoning amendment for the former secondary school property on Burde Street; and created an expanded Bylaw Department.

Economic Development highlights include the Façade Improvement Program, administered by Community Futures for local businesses; development of a Cruise Ship Committee; and the marketing of the Alberni Valley and Bamfield through #ExplorePortAlberni.

Fire Department

During 2018, Port Alberni Fire Department responded to 1,605 calls for service (1,492 in 2017). The department conducted 587 fire inspections in 2018 (552 in 2017) throughout the year, and monitored a number of third party inspections during the same time period. In 2018, Port Alberni continued to improve over 2017 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 2012, the Fire Department advanced Council’s strategic initiative of developing a regional approach to the delivery of fire protection services. The 2012 Automatic Mutual Aid Agreement with Sproat Lake, Beaver Creek, and Cherry Creek Fire Departments continues to result in a high level of coordinated service in 2018.

Parks, Recreation & Heritage

Project highlights for 2018 include: revitalization of Gyro Recreation Park facilities in collaboration with Canada 150 grant funding; playground upgrades at Roger Creek Park and Blair Park; and installation of an elevator at City Hall.

Programming highlights include a series of special events for all ages and all seasons – such as Polar Bear Swim, Easter Bunny Express, Our Town, Winter Wonderland, Seniors Week, and Walk with your Doc. Two World Junior pre-competition hockey games were hosted at the Multiplex. The department also partnered with the Arrowsmith Rotary Club to co-sponsor the Community Banner Painting Days at Glenwood Centre.

Parks, Recreation & Heritage continues to work towards its mission by developing and maintaining efficient operations of parks and facilities; ensuring full and equitable

access to a wide range of leisure opportunities; promoting an appreciation of the environment; facilitating partnerships with the volunteer, public and private sector; and providing leadership and personal development opportunities promoting positive community values.

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 2018: 16,631 (16,282 in 2017); and 1,138 children participated in the museum’s educational programs. The gift shop generated sales of approximately \$7,600 in 2018 (\$9,600 in 2017).

The BC Arts Council awarded \$65,000 for funding of operations.

Exhibits and community events in 2018 were very successful and well received by visitors. Highlights include The Home Front: WWII in British Columbia, developed in house and produced in collaboration with the Royal BC Museum; My Place A Personal View, a juried art show of original new works by Vancouver Island artists; Summer of Art, featuring a selection of the museum’s art collection; and Dressing Alberni: Clothes for Work, Sport, and Special Occa-

sions – an exhibit of items from the museum textile collection.

The museum also hosted the 16th annual North Island Regional Heritage Fair, a major museum educational initiative for grades 4 to 9.

The McLean Mill Society was formed in late 2016 to manage operations of the mill site and railway for 2017 forward, under a three part value system: financial responsibility; protection of assets, and reinvigoration of the relationship with the community. Many new and exciting events were initiated, as well as significant upgrades to the grounds and facilities.

Public Works

Each year a number of capital projects are undertaken to maintain and improve the City's infrastructure. In 2018 major street projects included 6th Avenue and North Park Drive.

Construction of storm/sanitary sewers throughout the City included 6th Avenue (Coal Creek Outfall), North Park Drive, Hilton Avenue, and Somass Mill drainage. Replacement of mains and decreasing the number of dead end mains is ongoing. Water construction included continued installation of water meters, and continued replacement of mains renewals. Sewer construction included 6th Avenue (Coal Creek Outfall), North Park Drive, continued construction of the sewage lagoon, and continued renewals and relines of infrastructure.

An EV SUV, a pickup truck, and 3 garbage trucks were replaced as scheduled, funded from the

Equipment Replacement Reserve Fund (ERRF).

Policing

The City of Port Alberni and adjoining rural areas are policed by the RCMP under contract from the Province of British Columbia and the Federal Government. 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, Tseshaht and Uchucklesaht First Nations, as well as 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, Youth Officer, Violence in Relationship Officer, and police based Victim Services. Our Community Policing Program engages volunteers who have donated thousands of hours in support of policing initiatives.

In 2018, the detachment continued to deliver its enhanced Crime Reduction Strategy. The strategy is multi-faceted with the goal of reducing crime and victimization in the community. 2018 saw a 5% increase in violent crime and a 25% increase in property crime. Reducing crime is a community

effort and the RCMP are supported in this by a number of external partner agencies and organizations such as Corrections, Court Services, Citizens on Patrol, Block Watch, Island Health and First Nations.

Some of the highlights for 2018 include: implementation of Watch Clerk positions to better distribute non emergent police duties, thus freeing up officers for more time on the road, continued focus on youth and youth at risk, chronic offenders, and a number of initiatives aimed at increasing road safety and community engagement. Partnerships continue with Mental Health & Addictions, and West Coast General Hospital.

The RCMP managed public safety at our three popular annual events, the Salmon Festival, Thunder in the Valley, and the Fall Fair. The detachment continues to be committed to higher visibility through periodic foot and bike patrols in the downtown core and on site at community special events.

There were 10,393 calls for service in 2018, up from 9,211 in 2017.

Port Alberni RCMP's 2018/2019 Annual Performance Plan will focus on property crime and drugs, family violence, excellence in Aboriginal Policing, traffic safety, crime reduction/offender management, continued partnership with First Nations, and employee wellness.

Municipal Infrastructure

Roads & Transportation

The City's road network consists of approximately 175 km of paved roadways, most of which 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 prioritize maintenance strategies to extend the life of existing roads. In recent years the City has expanded the pavement maintenance to include crack sealing, sand sealing, and chip sealing as well as asphalt recycling.

There are 10 bridges in the City, of varying age and type. Five are vehicular traffic bridges dating from the 1950's, and five are pedestrian bridges. Construction to replace the Gertrude Bridge over Kitsuksis Creek and rehabilitation of Victoria Quay Bridge over Roger Creek was completed in 2016, and rehabilitation of Josephine Street Bridge was completed in 2017.

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. There is a storage dam on Lizard Lake, which feeds a

tributary to China Creek. Growth of the City is limited by an inadequate volume in our China Creek and Bainbridge sources. The City and Regional District are jointly investigating development of new regional sources.

The condition of the City's 170 km of water mains is generally good, with some deterioration due to age. The condition of asbestos cement and cast iron mains is being monitored for structural problems. The state of the waterworks infrastructure is good, and considerable investment has been made in the last 10 years to upgrade facilities. A major upgrade to the supply main trestles from China Creek was completed in 2011, and a new intake and pumps were installed at Bainbridge Lake in 2017. Capital projects completed in 2018 include main renewals and upgrades, and continued water meter installation.

Storm and Sewer

The City's sanitary sewer utility provides service to approximately 98% of the residences and developments within the City. Much of the collection system in the south portion of the City is combined and results in sewer overflows during rainfall events. The collection system in the northern part of the City is separate. Five pump stations pump all of the City's sewage to an aeration lagoon located on the south side of the Somass River. The present treatment facility produces effluent that often fails permit parameters. Bio solids removal from the lagoon was undertaken in 2016.

Most of the collection system dates from before the 1950's and video

inspection indicates that the general condition is fair. Some areas have serious pipe deterioration, root intrusion, or infiltration. Upgrades continue in capital spending programs. Sewer and storm twinning is also a project priority to achieve reduction in 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.

In 2013, the City acquired the sewage lagoon from Catalyst Paper, one of the first steps to upgrades planned in 2013 through 2020. Sewage treatment plant upgrades will continue for 2017 through 2020, funded through borrowing and federal grants. Plans include wetland restoration for the old lagoon when the new lagoon is operational.

Solid Waste

The City operates a weekly residential collection service with three trucks. Solid waste is taken to the Alberni Valley Landfill operated by the Alberni-Clayoquot Regional District.

Curbside collection of recyclables is provided by Multi-Material BC (MMBC). The Alberni-Clayoquot Regional District operates a central depot on 3rd Avenue.

Cemetery

The City operates and maintains the Greenwood Cemetery, with a section dedicated as a Field of Honour. A permanent row marker installation was completed in 2017.

City Hall

The Port Alberni City Hall located at 4850 Argyle was constructed in 1958. Renovations to the roof, heating and lighting systems were completed in 2013. A cedar façade renovation was completed in 2016, funded in part from corporate donations. An extensive renovation to the lower floor was completed in 2018, as was the installation of an elevator. City Hall houses the City Council Chambers and Committee Rooms, as well as the General Administrative Offices on the main floor. The Engineering and Development Services, and Economic Development Departments' administration and technical offices are located on the lower floor.

The City operates with various municipal software for finance, planning, utilities, elections, parks and recreation program registration, and data management. Implementation of new financial software (Microsoft Dynamics GP) was completed in 2014. Migration to paperless billing was launched in 2016. Payroll records went completely paperless in 2016. New Parks & Recreation software (PerfectMIND) was implemented in 2018, and a corporate-wide internet based telephone system installation was completed in 2017.

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 21 fire fighters, four fire trucks and an emergency rescue vehicle. Seismic upgrading of the fire hall was completed in 2000.

New control room equipment was installed in 2017.

Public Safety Building

The Public Safety Building at 4444 Morton Street was completed in the fall of 2006. This facility provides a safe and efficient building which houses our RCMP detachment. This \$6 million project was financed through City reserve funds and borrowing. Upgrades in 2014 included a closed circuit video system.

Works Yard

The Works Yard at 4150 - 6th Avenue was constructed in 1966. This facility houses the public works operations, parks operations, stores, and inventory. Approximately 54 employees are dispatched from the various shops including water, sewer, streets, parks, facilities, and mechanical. A fleet of about 100 vehicles and 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 can combine into one large room, capable of hosting groups as large as 332 persons. Two well-equipped kitchens are adjacent.

The Centre also contains two craft studios, a branch of the Vancouver

Island Regional Library, the Alberni Valley Museum and Echo Aquatic Centre. The Aquatic Centre facility provides 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. Renovations to the roof, heating and lighting system were completed in 2013.

Community Arena

Construction of the fully accessible 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. Energy efficient upgrades were made in 2014 with funding from Gas Tax, and an office addition was added in 2015 with funds from the Alberni Valley Community Forest Legacy fund.

Features of the Alberni Valley Multiplex include two regulation size ice surfaces with four dressing rooms for each ice surface, and a Junior A hockey team room and office for the Alberni Valley Bulldogs. The facility has a heated viewing and food services lounge that overlooks both ice surfaces, as

well as a large deck off the upper lounge which gives a spectacular view of the Alberni Valley and some of the adjacent playfields.

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 many community special events. Those events range from exhibitions and dog shows, to Fall Fair exhibits. Energy Audit Upgrades were completed in 2014 with funding from Gas Tax grants.

Gyro Youth Centre

Surrounded by parkland, the Centre houses an activity area for teens, seniors, and other groups. It is equipped with a small kitchen. Tennis courts, a lacrosse box, a spray park, and a children's playground are adjacent to the Centre. A number of upgrades were made to the tennis courts and playground in 2015. A successful grant application in 2017 contributed significantly to major upgrades in 2017.

Bob Dailey Stadium

Opened for the City of Port Alberni's hosting of the 1992 B.C. Summer Games, this stadium is the one of the jewels of our outdoor recreation facilities. This 400 metre synthetic surface track is complemented by an infield suitably sized for sports such as soccer, football, field hockey, etc. Areas for high jump, javelin, shot put, and pole vault events are part of this stadium fa-

cility. A grandstand with a seating capacity of 650 overlooks the track and the field, with Mount Arrowsmith providing a spectacular backdrop to the setting. The track was resurfaced in 2013 with funding from Land Sale Reserve. An outdoor fitness circuit park was added in 2016.

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. Interior upgrades were completed in 2016.

Klitsa Park Baseball Fields

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

Alberni Harbour Quay

The "Quay" is Port Alberni's well used and popular park-marketplace by the sea. This facility is managed by the Parks, Recreation & Heritage Department. The commercial area has shops, charter services, seasonal booths and retail marketplace, generating rental revenue for the City. There is a park with a picnic area, lawn, Shipwreck

Playground, and the Clock Tower. The Babe Gunn "Life Cycle of the Pacific Salmon" stone sculpture in a central fountain is in the centre of the Quay.

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 *Our Town Finale*, the *Farmer's Market*, the *Austin Healey Rendezvous*, and various "Show and Shines."

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

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)
- Recycling Pickup (Alberni-Clayoquot Regional District)
- Landfill (Alberni-Clayoquot Regional District)
- Municipal Pension Plan (Provincial Plan)
- Debt Marketing (Municipal Finance Authority)
- Flood Control (Provincial Government)
- Library 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 and recycling services. Debt placement on behalf of the City of Port Alberni through the Municipal Finance Authority

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.

The 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 visitor 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

BUDGET PROCESS FOR THE YEAR 2018

Bill 88, passed in the fall of 2000, requires municipalities to prepare a Five Year Financial Plan bylaw which is adopted annually, prior to the property tax rates bylaw adoption deadline of 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 2018 budget activities began with a presentation of the Draft 2018-2022 Five Year Financial Plan in January 2018, followed by several special Budget Meetings for Council to consider public input and operations and capital funding requirements. The five year plan 2018-2022 Bylaw 4960 was adopted March 26, 2018.

**CITY OF PORT ALBERNI
SOURCES AND USES OF CAPITAL FUNDING IN 2018**

USES OF FUNDING

PUBLIC WORKS:

Transportation:

EV Bylaw Vehicle	52,199	
Pickup truck	38,504	
3 Freightliner garbage trucks	<u>1,016,499</u>	1,107,202

Paving and Road Reconstruction:

Miscellaneous	2,947	
Coal Creek Phase 2	232,695	
North Park Dr – 7 th Ave to 10 th Ave	<u>74,326</u>	309,968

Traffic Upgrades:

Traffic Light Controller		22,225
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Storm Drain Construction:

Hilton Ave culvert	21,930	
Somass Mill drain	21,802	
Coal Creek Phase 2	437,417	
North Park Dr – 7 th Ave to 10 th Ave	<u>155,158</u>	636,307

Other:

Fencing – Fall Fairgrounds		24,200
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PARKS, RECREATION & HERITAGE:

Millstone Park	64,144	
Bob Dailey Stadium site irrigation	15,467	
Lower Dry Creek Trail bridge	38,221	
Recreation Park revitalization	358,977	
Roger Creek playground	97,211	
Blair Park playground	112,762	
Harbour Quay playground surface	36,762	
Echo Centre chemical storage	31,908	
Echo Centre water bottle refilling stations	5,470	
Argyle Pier	10,090	
Gyro Youth Centre perimeter drains & walkway	86,786	
Gyro Youth Centre access ramp	11,214	
City Hall elevator	173,329	
McLean Mill Capital Projects	<u>124,922</u>	1,167,263

ADMINISTRATION:

City Hall renovations	47,461	
Computer and server replacements	<u>83,815</u>	131,276

FIRE:

Control room console	40,081	
Gas detection equipment	<u>8,754</u>	48,835

WATER SYSTEM:

Distribution system – main renewals and upgrades	94,004	
Water Meter Replacement	<u>153,590</u>	247,594

SEWER SYSTEM:

Coal Creek Phase 2 storm/sani separation	575,860	
North Park Dr – 7 th Ave to 10 th Ave	194,640	
Renewals and relines	<u>136,138</u>	<u>906,638</u>

\$ 4,601,508

SOURCES OF FUNDING

Revenue Funds	\$ 1,581,535
Equipment Replacement Reserve Fund	1,178,900
Land Sale Reserve Fund	30,000
Gas Tax Community Works	535,455
Federation of Canadian Municipalities	721,972
Western Economic Diversification	206,477
Other Sources	<u>347,169</u>

\$ 4,601,508

FINANCIAL SECTION

**CITY OF PORT ALBERNI
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the City of Port Alberni

Opinion

We have audited the financial statements of the City of Port Alberni, which comprise:

- The consolidated statement of financial position as at December 31, 2018
- The consolidated statement of operations for the year then ended
- The consolidated statement of changes in net financial assets for the year then ended
- The consolidated statement of cash flows for the year then ended
- And notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Port Alberni as at December 31, 2018, and its results of operations, its changes in accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the City of Port Alberni in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the City of Port Alberni'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 of Port Alberni or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the City of Port Alberni's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

- 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.

Port Alberni, British Columbia
June 24, 2019

R. Anderson & Associates Inc.

Chartered Professional Accountants

CONSOLIDATED FINANCIAL STATEMENTS

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (STATEMENT A)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)

	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
FINANCIAL ASSETS:		
Cash (Note 2)	\$ 36,691,336	\$ 33,830,155
Accounts receivable (Note 4)	4,600,470	4,352,361
Inventory for resale (Note 2)	53,268	61,746
Long Term Investments (Note 9)	<u>2,171,135</u>	<u>2,543,023</u>
	<u>43,516,209</u>	<u>40,787,285</u>
LIABILITIES:		
Accounts payable and accrued liabilities (Note 6)	6,488,610	5,038,870
Deferred revenue (Note 7)	3,830,068	3,574,387
Refundable deposits	351,227	357,402
Debenture debt (Note 8, Schedule 3)	<u>10,163,466</u>	<u>10,479,600</u>
	<u>20,833,371</u>	<u>19,450,259</u>
NET FINANCIAL ASSETS	<u>22,682,838</u>	<u>21,337,026</u>
NON-FINANCIAL ASSETS:		
Inventory of supplies (Note 2)	488,077	442,651
Prepaid expenses	201,989	154,938
Tangible Capital Assets (Notes 2 and 13, Schedule 1)	107,905,268	105,513,395
Intangible assets (Note 2)	<u>86,111</u>	<u>103,333</u>
	<u>108,681,445</u>	<u>106,214,317</u>
ACCUMULATED SURPLUS	<u>\$ 131,364,283</u>	<u>\$ 127,551,343</u>



Cathy Rothwell
Director of Finance

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

CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF OPERATIONS (STATEMENT B)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
REVENUES:			
Taxes (Schedule 4)	\$ 23,315,874	\$ 23,450,919	\$ 22,772,563
Sale of services (Schedule 9)	9,971,594	9,870,774	9,784,198
Other revenue from own sources (Schedule 10)	831,040	858,339	227,518
Investment income	282,350	577,082	415,873
Grants (Note 11)	1,249,670	2,905,256	5,562,709
Developer contributions	-	671,379	55,938
Sale of property and equipment	-	117,139	386,325
Gain (loss) on disposal of assets	-	(23,830)	274,563
	<u>35,650,528</u>	<u>38,427,058</u>	<u>39,479,687</u>
EXPENSES:			
General government (Schedule 5)	3,659,331	3,914,038	3,786,648
Protective services (Schedule 6)	11,006,417	10,460,475	11,232,258
Transportation services (Schedule 7)	4,261,679	5,863,040	6,257,913
Environmental health services	793,647	1,010,443	938,582
Environmental development	1,031,450	1,052,644	1,156,764
Recreation and cultural services (Schedule 8)	6,936,817	7,769,510	7,613,040
Interest	743,271	193,024	186,283
Debt reserve	20,300	3,114	2,738
Water utility (Schedule 11)	1,483,330	2,331,793	2,108,088
Sewer utility (Schedule 11)	1,212,850	1,886,037	1,798,156
Cost of sales and service	-	130,000	17,367
	<u>31,149,092</u>	<u>34,614,118</u>	<u>35,097,837</u>
ANNUAL SURPLUS	4,501,436	3,812,940	4,381,850
Accumulated surplus - beginning of year	127,551,343	127,551,343	123,169,493
ACCUMULATED SURPLUS - END OF YEAR	<u>\$132,052,779</u>	<u>\$131,364,283</u>	<u>\$127,551,343</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, 2018
(with comparative figures for 2017)

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
ANNUAL SURPLUS	\$ (400,000)	\$ 3,812,940	\$ 4,381,850
Acquisition of tangible capital assets	(7,621,275)	(7,157,687)	(3,734,230)
Amortization	-	4,645,205	4,582,533
(Gain) loss on disposal of assets	-	23,830	(274,563)
Proceeds from sale of assets	<u>-</u>	<u>114,000</u>	<u>374,745</u>
	<u>(8,021,275)</u>	<u>1,438,288</u>	<u>5,330,335</u>
Acquisition of supply inventory	<u>-</u>	(488,077)	(442,651)
Acquisition of prepaid expenses	-	(201,988)	(154,938)
Consumption of inventory of supplies	-	442,651	396,324
Use of prepaid expenses	<u>-</u>	<u>154,938</u>	<u>205,715</u>
	<u>-</u>	<u>(92,476)</u>	<u>4,450</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	<u>(8,021,275)</u>	1,345,812	5,334,785
NET FINANCIAL ASSETS - BEGINNING OF YEAR		<u>21,337,026</u>	<u>16,002,241</u>
NET FINANCIAL ASSETS - END OF YEAR		\$ <u>22,682,838</u>	\$ <u>21,337,026</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, 2018
(with comparative figures for 2017)

	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
OPERATING ACTIVITIES:		
Annual surplus for the year	\$ 3,812,940	\$ 4,381,850
Non-cash items		
Add: amortization of tangible capital assets	4,645,205	4,582,533
Add: (gain) loss on disposal of tangible capital assets	23,830	(274,563)
(Increase) decrease in investment	371,888	304,755
(Increase) inventory of supplies	(45,426)	(46,328)
(Increase) decrease prepaid expenses	(47,051)	50,777
Deduct: developer contributions	(671,379)	(55,938)
Changes in working capital balances		
Accounts receivable	(248,110)	(33,032)
Inventory for resale	8,478	2,806
Accounts payable and accrued liabilities	1,449,740	(140,883)
Deferred revenue	255,681	533,231
Refundable deposits	<u>(6,177)</u>	<u>6,992</u>
	<u>9,549,619</u>	<u>9,312,200</u>
FINANCING ACTIVITIES:		
Repayment of long term debt	<u>(254,557)</u>	<u>(304,327)</u>
	<u>(254,557)</u>	<u>(304,327)</u>
Acquisition of tangible capital assets	(3,992,303)	(3,160,543)
(Increase) decrease in work-in-progress	(2,555,578)	(517,748)
Proceeds from sale of assets	<u>114,000</u>	<u>374,745</u>
	<u>(6,433,881)</u>	<u>(3,303,546)</u>
INCREASE IN CASH FLOW	2,861,181	5,704,327
Cash and short term investments - beginning of year	<u>33,830,155</u>	<u>28,125,828</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 36,691,336</u>	<u>\$ 33,830,155</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, 2018**

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. 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. 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, 2018**

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, Development Cost Charges Fund, and Carbon Trust 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 – Revenues and expenses are recorded on the accrual basis, except for cash flow information, in accordance with International Financial Reporting Standards (IFRS), replacing Generally Accepted Accounting Principles (Canadian GAAP). Revenues and expenses are recorded in the period that the events or transactions giving rise to the revenues and expenses occur.

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

Certain of the tangible capital assets are recorded at cost that would be considered a nominal value. These assets include land held for sale, parklands, and some structures that were included in purchase transactions.

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, 2018

Revenue and Expense 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.
- 6) **Expenses** - are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due.

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 GICs and term deposits, cashable on demand or within 30 days, and are readily available. Short term investments are recorded at cost. Cash and short term investments as at December 31, 2018 were comprised as follows:

	<u>2018</u>	<u>2017</u>
Cash	\$ 5,925,025	\$ 6,085,054
Short Term Investments	<u>30,766,311</u>	<u>27,745,101</u>
	<u>\$ 36,691,336</u>	<u>\$ 33,830,155</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.

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

Intangible Assets - Intangible assets consist of the fair value of a permanent lease acquired for access to properties on which sewage infrastructure is situated. Amortization will be recorded over the remaining term of the lease plus one renewal term. No amortization has been recorded prior to 2015 as the infrastructure was not in use until 2015.

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

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.

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.

Adoption of New Accounting Policy - on January 1, 2015, the City adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis to January 1, 2014 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the City.

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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:

	<u>2017</u>				<u>2018</u>
	Balance	Interest	Receipts	Expenditures	Balance
Cemetery Trust	\$ <u>155,878</u>	\$ <u>2,712</u>	\$ <u>6,909</u>	\$ <u>(2,712)</u>	\$ <u>162,787</u>

4. Accounts Receivable

	<u>2018</u>	<u>2017</u>
Property taxes	\$ 749,266	\$ 731,782
Provincial government	60,997	25,070
Federal government	160,835	13,970
General	<u>3,629,372</u>	<u>3,581,539</u>
	\$ <u>4,600,470</u>	\$ <u>4,352,361</u>

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 Monday, December 31, 2018 the total investment of the Debt Reserve Fund was comprised of:

	<u>2018</u>	<u>2017</u>
General Revenue	\$ 173,329	\$ 171,933
Water Revenue	43,202	42,737
Sewer Revenue	<u>133,527</u>	<u>132,274</u>
	\$ <u>350,058</u>	\$ <u>346,944</u>

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

6. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Due to senior governments	\$ 236	\$ 334
Other local governments	31,389	9,008
Trade accounts	3,912,058	2,733,711
Salaries and wages	613,031	402,847
Accrued debenture interest	63,419	63,419
Accrued employee benefits	<u>1,868,477</u>	<u>1,829,551</u>
	<u>\$ 6,488,610</u>	<u>\$ 5,038,870</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.

	<u>2018</u>	<u>2017</u>
Benefit liability - beginning of year	\$ 662,653	\$ 600,453
Add: current service costs	47,300	40,700
interest on accrued benefit obligation	28,300	23,300
amortization of actuarial loss	19,447	10,100
Less Benefits paid	<u>(63,500)</u>	<u>(46,000)</u>
Benefit liability - end of year	694,200	628,553
Unamortized actuarial loss (gain)	<u>111,600</u>	<u>130,747</u>
Accrued benefit obligation - end of year	<u>\$ 805,800</u>	<u>\$ 759,300</u>

The retirement liability requires no contribution from the employees.

	<u>2018</u>	<u>2017</u>
b) Accrued vacation liability as at Monday, December 31, 2018	<u>\$ 962,677</u>	<u>\$ 940,251</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 Monday, December 31, 2018 this liability is estimated at \$100,000 (2017 - \$130,000)

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

d) Employee benefit obligations:

	<u>2018</u>	<u>2017</u>
Accrued Retirement Benefits	\$ 805,800	\$ 759,300
Accrued Vacation Payable	962,677	940,251
Accum. Sick Leave Liability	<u>100,000</u>	<u>130,000</u>
	<u>\$ 1,868,477</u>	<u>\$ 1,829,551</u>

The Employee Benefit Obligations liability was determined by actuarial valuation, with the exception of accrued vacation pay, which is recorded at actual. The actuarial valuation was performed by AON Hewitt in accordance with sections PS3250 and PS3255 of the CPA Canada 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, 2017. The significant actuarial assumptions adopted in estimating the City's accrued benefit obligation are as follows:

Discount rates	3.50% per annum
Expected future inflation rates	2.25% per annum
Expected wage and salary increases	2.50% per annum

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, cleaner water, or decreased greenhouse gas emissions.

	<u>2018</u>	<u>2017</u>
Capital grants, opening balance	\$ 55,997	\$ 107,233
Capital projects completed during year	<u>(30,000)</u>	<u>(51,236)</u>
Capital grants, ending balance	25,997	55,997
Property taxes	1,416,840	1,425,216
Other	855,346	713,596
Federal Gas Tax Agreement	<u>1,531,885</u>	<u>1,379,578</u>
	<u>\$ 3,830,068</u>	<u>\$ 3,574,387</u>

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

8. Debenture Debt

All debenture debt is owed to the Municipal Finance Authority of British Columbia, 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.

The annual principal and interest requirements for the next five years as of Monday, December 31, 2018 are as follows. Aggregate principal payments that will be made after 2023 amount to \$8,890,682.

	Principal	Interest	Total
2019	\$ 254,557	\$ 295,628	\$ 550,185
2020	254,557	295,628	550,185
2021	254,557	295,628	550,185
2022	254,557	295,628	550,185
2023	254,557	295,628	550,185

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>2018</u>	<u>2017</u>
Alberni Valley Community Forest Corporation		
Shares	\$ 1	\$ 1
Accumulated earnings to date	<u>2,171,134</u>	<u>2,543,022</u>
	<u>\$ 2,171,135</u>	<u>\$ 2,543,023</u>

10. Expenses by Object

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Salaries Wages and Benefits	\$ 15,870,742	\$ 15,716,646	\$ 16,390,356	\$ 14,099,861	\$ 15,006,477
Debt Servicing	214,561	200,919	250,400	372,593	267,799
RCMP Contract	4,593,360	5,488,750	5,160,770	4,677,793	4,338,968
Grants	211,739	288,938	135,325	124,900	113,440
Other Contracts	1,198,755	1,328,666	1,305,558	1,296,074	1,219,318
Goods and Services	7,879,756	7,491,385	7,974,752	7,976,677	7,323,311
Amortization	<u>4,645,205</u>	<u>4,582,533</u>	<u>5,817,113</u>	<u>4,788,134</u>	<u>4,342,164</u>
	<u>\$ 34,614,118</u>	<u>\$ 35,097,837</u>	<u>\$ 37,034,274</u>	<u>\$ 33,336,032</u>	<u>\$ 32,611,477</u>

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

11. Grants and Transfers

	<u>2018</u>	<u>2017</u>
Operating Grants		
Federal		
Western Diversification Canada 150	\$ -	\$ 21,000
Parks Canada Cost Sharing	<u>15,018</u>	<u>-</u>
Total Federal Grants	<u>15,018</u>	<u>21,000</u>
Provincial		
Strategic Community Investment & Traffic Fine Revenue	\$ 591,652	\$ 552,916
Community Gaming	445,840	445,840
BC Arts Council - Museum	77,322	65,000
Community Resiliency	10,000	
Rural Dividend BC	-	287,160
Bike BC	35,150	-
Emergency Management BC	2,843	9,949
BC Summer Jobs Program	4,902	2,714
Innovate BC	27,800	-
UBCM	<u>3,400</u>	<u>10,000</u>
Total Provincial Grants	<u>1,198,909</u>	<u>1,373,579</u>
Total Government Operating Grants	<u>1,213,927</u>	<u>1,394,579</u>
Local-Alberni Clayoquot Regional District Economic Development	<u>21,833</u>	<u>21,833</u>
Capital		
Federal		
Federal Gas Tax Revenue (UBCM)	686,808	788,817
General Strategic Priorities Fund (UBCM)	628,177	698,051
Western Diversification Canada 150	65,838	142,276
Employment and Social Development Canada	-	50,000
Federal/Provincial		
Clean Water Wastewater Fund	-	2,193,175
Provincial		
BC Hydro Power Smart Incentive Program	<u>-</u>	<u>2,319</u>
	<u>1,380,823</u>	<u>3,874,638</u>
Total Government Grants and Transfers	2,616,583	5,291,050
Other Grants - Non-Government	<u>288,673</u>	<u>271,659</u>
Total Grants and Transfers	<u>2,905,256</u>	<u>5,562,709</u>

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 to 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 administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 actuarial valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The City of Port Alberni paid \$1,259,580 (\$1,203,794 in 2017) for employer contributions to the plan in fiscal 2018, while employees contributed \$1,040,423 to the plan in fiscal 2018 (\$991,065 in 2017).

The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the Plan record their pension expenses 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

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

13. Tangible Capital Assets

Tangible Capital Assets are stated at net book value.

	<u>2018</u>	<u>2017</u>
Land	\$ 4,084,040	\$ 4,081,550
Land Improvements	5,301,298	5,007,334
Buildings	18,217,898	18,741,599
Machinery and Equipment	4,953,421	4,614,146
Engineering Structures	2,878,554	2,814,494
Storm Drains	16,290,011	15,987,786
Transportation	9,190,742	9,719,411
Water	20,144,796	20,643,551
Sewer	<u>21,208,427</u>	<u>20,823,022</u>
	102,269,187	102,432,893
Work-in-progress - assets under construction not being amortized	<u>5,636,081</u>	<u>3,080,502</u>
	<u>\$ 107,905,268</u>	<u>\$ 105,513,395</u>

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

There were no writedowns of tangible capital assets in 2018 (2017 - \$ nil). Contributed assets recognized in 2018 were nil (2017 - nil). These include land, transportation, storm, sewer and water infrastructure. Interest capitalized in 2018 was \$118,140 (2017 - \$118,140). No amortization has been recorded on assets not in use in 2018.

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

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

15. Accumulated Surplus

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

	<u>2018</u>	<u>2017</u>
Operations		
General	\$ (17,469,250)	\$ (16,510,178)
Water	976,849	1,240,526
Sewer	<u>(2,610,944)</u>	<u>(2,390,891)</u>
	<u>(19,103,345)</u>	<u>(17,660,543)</u>
Capital		
General	23,136,838	20,684,563
Water	2,772,190	2,396,735
Sewer	<u>1,783,810</u>	<u>4,239,001</u>
	<u>27,692,838</u>	<u>27,320,299</u>
Equity in tangible capital assets		
General	58,326,917	58,352,503
Water	18,717,905	19,090,601
Sewer	<u>20,783,091</u>	<u>17,694,024</u>
	<u>97,827,913</u>	<u>95,137,128</u>
Reserves		
Reserve funds - statutory		
Parkland Acquisition	287,618	283,330
Capital Works	1,022,748	1,106,886
Land Sale	848,131	959,376
Development Cost Charges	<u>924,470</u>	<u>247,715</u>
	<u>3,082,967</u>	<u>2,597,307</u>
Reserve funds - restricted		
Equipment Replacement	5,931,628	6,059,450
Carbon Fund	302,710	258,588
Parks and Recreation Capital	2,197,871	2,163,271
Alberni Valley Community Forest Corporation Reserve	<u>106,422</u>	<u>104,679</u>
	<u>8,538,631</u>	<u>8,585,988</u>
Reserve funds - unrestricted		
General Fund - projects and purchases	2,777,107	3,381,185
Loss on taxation	1,351,000	1,351,000
Museum purchases	57,074	54,461
RCMP - contract surplus	1,085,188	1,085,188
McLean Mill projects	200,000	-
Water Fund - projects and purchases	4,162,223	3,185,495
Sewer Fund - projects and purchases	<u>3,692,687</u>	<u>2,513,835</u>
	<u>13,325,279</u>	<u>11,571,164</u>
	<u>24,946,877</u>	<u>22,754,459</u>
	<u>\$ 131,364,283</u>	<u>\$ 127,551,343</u>

SUPPORTING SCHEDULES

CITY OF PORT ALBERNI
SCHEDULE OF TANGIBLE CAPITAL ASSETS (SCHEDULE 1)
AT DECEMBER 31, 2018

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE 2018	NET BOOK VALUE 2017
	Balance December 31, 2017	2018 Additions	2018 Disposals	Balance December 31, 2018	Balance December 31, 2017	2018 Additions	2018 Disposals	Balance December 31, 2018		
Land	\$ 4,081,551	\$ 2,489	\$ -	\$ 4,084,040	\$ -	\$ -	\$ -	\$ -	\$ 4,084,040	\$ 4,081,550
Land Improvements	11,641,388	769,969	43,708	12,367,649	6,634,053	476,005	43,707	7,066,351	5,301,298	5,007,334
Buildings	35,907,022	441,212	-	36,348,234	17,165,421	964,915	-	18,130,336	18,217,898	18,741,599
Machinery & Equipment	13,754,882	1,181,733	825,845	14,110,770	9,140,740	709,854	693,245	9,157,349	4,953,421	4,614,146
Engineered Structures	3,937,918	108,090	-	4,046,008	1,123,424	44,030	-	1,167,454	2,878,554	2,814,494
Storm Drains	23,676,876	636,762	131	24,313,507	7,689,090	334,432	26	8,023,496	16,290,011	15,987,786
Transportation	43,104,735	307,021	25,249	43,386,507	33,385,324	834,139	23,698	34,195,765	9,190,742	9,719,411
Water	36,189,304	247,593	228,150	36,208,747	15,545,752	746,349	228,150	16,063,951	20,144,796	20,643,551
Sewer	30,536,142	906,639	7,358	31,435,423	9,713,120	518,258	4,382	10,226,996	21,208,427	20,823,022
Work in progress	3,080,502	5,636,081	3,080,502	5,636,081	-	-	-	-	5,636,081	3,080,502
	<u>\$ 205,910,320</u>	<u>\$ 10,237,589</u>	<u>\$ 4,210,943</u>	<u>\$ 211,936,966</u>	<u>\$ 100,396,924</u>	<u>\$ 4,627,982</u>	<u>\$ 993,208</u>	<u>\$ 104,031,698</u>	<u>\$ 107,905,268</u>	<u>\$ 105,513,395</u>

Financial Statements

CITY OF PORT ALBERNI SEGMENTED INFORMATION (SCHEDULE 2) FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental & Economic Development
Revenue					
Taxes	\$ 23,450,919	\$ -	\$ -	\$ -	\$ -
Sales of services	65,312	327,175	408,368	736,526	207,451
Other revenue from own sources	443,839	259,837	-	7,721	142,203
Investment income	382,787	-	-	-	-
Grants	1,076,042	2,843	12,560	-	49,633
Developer contributions	-	-	-	-	-
Gain/loss on disposal of assets	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	25,418,899	589,855	420,928	744,247	399,287
Expenses					
Operating:					
Salaries, wages and benefits	2,370,287	4,673,257	2,568,029	372,921	535,328
Debt servicing	35,355	88,713	-	-	-
RCMP contract	-	4,593,360	-	-	-
Grants	29,569	-	-	-	182,170
Other contracts	16,590	-	1,087,704	-	94,461
Goods and services	1,216,236	750,373	519,064	633,364	143,996
	3,668,037	10,105,703	4,174,797	1,006,285	955,955
Amortization	239,901	314,643	1,688,243	4,159	67,121
Total expenses	3,907,938	10,420,346	5,863,040	1,010,444	1,023,076
Revenue Over (Under) Expenses	\$ 21,510,961	\$ (9,830,491)	\$ (5,442,112)	\$ (266,197)	\$ (623,789)

**CITY OF PORT ALBERNI
SEGMENTED INFORMATION (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Recreation and Cultural Services	Water Utility	Sewer Utility	Other Funds	Consolidated 2018	Budget 2018	Consolidated 2017
\$ -	\$ -	\$ -	\$ -	\$ 23,450,919	\$ 23,315,874	\$ 22,772,563
1,296,046	3,060,061	2,858,341	911,494	9,870,774	9,971,594	9,784,198
-	26,112	24,881	(46,254)	858,339	831,040	227,518
-	485	1,270	192,540	577,082	282,350	415,873
110,871	-	-	1,653,307	2,905,256	1,249,670	5,562,709
-	-	-	671,379	671,379	-	55,938
-	-	-	(23,830)	(23,830)	-	274,563
-	-	-	117,139	117,139	-	386,325
1,406,917	3,086,658	2,884,492	3,475,775	38,427,058	35,650,528	39,479,687
3,943,564	856,239	551,117	-	15,870,742	16,009,718	15,716,646
-	44,465	46,028	-	214,561	774,571	200,919
-	-	-	-	4,593,360	5,353,114	5,488,750
-	-	-	-	211,739	166,152	288,938
-	-	-	-	1,198,755	1,354,472	1,328,666
2,958,076	729,206	799,441	130,000	7,879,756	7,491,065	7,491,385
6,901,640	1,629,910	1,396,586	130,000	29,968,913	31,149,092	30,515,304
1,049,309	746,349	535,480	-	4,645,205	-	4,582,533
7,950,949	2,376,259	1,932,066	130,000	34,614,118	31,149,092	35,097,837
\$ (6,544,032)	\$ 710,399	\$ 952,426	\$ 3,345,775	\$ 3,812,940	\$ 4,501,436	\$ 4,381,850

CITY OF PORT ALBERNI
DEBENTURE DEBT - SCHEDULE 3
ALL FUNDS AT DECEMBER 31, 2018

Security Issuing Bylaw	Purpose	Term in Years	Annual Interest Rate	Maturity Date	Original Issue	Balance Dec. 31, 2017	Principal Paid	Actuarial Recognized	Balance Dec. 31, 2018	Debt Reserve Cash Balance Dec. 31, 2017	Debt Reserve Income & Expenses	Debt Reserve Cash Balance Dec. 31, 2018
4575		25	1.75%	19-Apr-31	3,375,064	2,282,104	81,042	43,719	2,157,343	49,774	1,083	50,857
4807		30	3.00%	14-Oct-44	428,300	405,381	7,177	954	397,250	4,369	101	4,470
4846		20	2.20%	8-Apr-35	912,000	846,373	32,249	2,297	811,827	9,743	212	9,955
	General				4,715,364	3,533,858	120,468	46,970	3,366,420	63,886	1,396	65,282
4848	Water	30	2.20%	8-Apr-45	2,000,000	1,921,159	38,743	2,759	1,879,657	21,366	465	21,831
4807	Waste Water	30	3.00%	14-Oct-44	5,321,700	5,024,583	95,346	11,848	4,917,389	57,863	1,253	59,116
					12,037,064	10,479,600	254,557	61,577	10,163,466	143,115	3,114	146,229

CITY OF PORT ALBERNI
TAX LEVIES and GRANTS IN LIEU OF TAXES (SCHEDULE 4)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
MUNICIPAL PURPOSES:			
Tax Levies:			
General purpose	\$ 22,349,474	\$22,324,952	\$ 21,742,687
Local improvement - sewer	3,200	3,198	3,198
Off-street parking	10,500	9,387	9,134
Utility	600,000	759,988	660,811
Parcel Tax	<u>134,000</u>	<u>133,693</u>	<u>134,193</u>
	23,097,174	23,231,218	22,550,023
 Grants in lieu of taxes	 <u>218,700</u>	 <u>219,701</u>	 <u>222,540</u>
Total Municipal Taxes	<u>23,315,874</u>	<u>23,450,919</u>	<u>22,772,563</u>
 COLLECTIONS FOR OTHER GOVERNMENTS:			
Tax Levies:			
School	5,100,000	5,319,033	4,982,810
Alberni Clayoquot Regional Hospital District	707,600	766,805	707,654
Alberni Clayoquot Regional District	1,204,000	1,311,810	1,202,692
B.C. Assessment	160,000	155,907	147,863
Municipal Finance Authority	<u>500</u>	<u>-</u>	<u>483</u>
Total Collections For Other Governments	<u>7,172,100</u>	<u>7,553,555</u>	<u>7,041,502</u>
Total Taxes Collected	<u>\$ 30,487,974</u>	<u>\$31,004,474</u>	<u>\$ 29,814,065</u>

**CITY OF PORT ALBERNI
GENERAL GOVERNMENT EXPENSES (SCHEDULE 5)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)**

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
Legislative	\$ 202,396	\$ 173,285	\$ 206,545
City manager's office	202,325	205,912	249,875
Municipal clerk's office	411,115	391,415	383,750
Legal fees	40,000	36,266	22,605
Financial management	754,725	774,016	694,525
Administration vehicle	8,115	15,309	14,971
External audit	30,900	34,500	25,000
Purchasing	211,000	161,368	231,319
Buildings	158,825	230,691	185,073
Information services	659,309	811,669	932,372
Personnel	291,471	260,045	287,526
Election expenses	52,928	48,740	-
Training and development	201,460	147,468	138,041
Damage claims	20,808	5,570	34,661
Grants and grant funded programs	11,000	-	33,956
Office equipment supplies and printing	342,654	369,924	406,156
Public liability insurance	260,100	252,802	252,145
Other general services	256,200	425,527	162,128
Administration recoveries	(456,000)	(479,494)	(474,000)
Reconciliation Committee	-	2,042	-
Asset Management Plan	-	46,983	-
	<u>\$ 3,659,331</u>	<u>\$ 3,914,038</u>	<u>\$ 3,786,648</u>

CITY OF PORT ALBERNI
PROTECTIVE SERVICES (SCHEDULE 6)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
Police protection	\$ 6,974,476	\$ 6,519,055	\$ 7,379,648
Fire protection	3,502,786	3,504,701	3,504,275
Emergency measures	500	7,145	7,105
Building and plumbing inspections	106,617	119,715	100,221
Animal pound operations	151,212	148,953	138,211
Bylaw enforcement	<u>270,826</u>	<u>160,906</u>	<u>102,798</u>
	\$ <u><u>11,006,417</u></u>	\$ <u><u>10,460,475</u></u>	\$ <u><u>11,232,258</u></u>

CITY OF PORT ALBERNI
TRANSPORTATION SERVICES (SCHEDULE 7)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
COMMON SERVICES:			
Engineering administration	\$ 605,003	\$ 524,159	\$ 555,024
Engineering consulting services	140,549	157,432	136,569
Public works supervision	372,338	367,712	380,233
Equipment and supplies	45,869	104,486	109,448
Building and yard maintenance	218,058	161,160	175,264
Equipment maintenance	<u>856,262</u>	<u>1,152,305</u>	<u>1,159,874</u>
	<u>2,238,079</u>	<u>2,467,254</u>	<u>2,516,412</u>
ROADS AND STREET MAINTENANCE:			
Roadway surfaces maintenance	1,145,145	1,946,670	1,893,471
Snow and ice removal	197,500	99,534	353,624
Parking	8,295	10,227	19,143
Gravel	178,125	241,949	200,844
Ditch and dyke maintenance	116,688	85,062	93,626
Storm sewers	<u>203,475</u>	<u>593,586</u>	<u>523,222</u>
	<u>1,849,228</u>	<u>2,977,028</u>	<u>3,083,930</u>
Bridges and retaining walls	43,468	46,272	71,408
Street lighting	298,468	333,895	423,171
Traffic control	213,756	344,314	323,438
Public transit	1,095,927	1,087,705	1,089,835
Other	117,853	73,902	178,902
Recoveries	<u>(1,595,100)</u>	<u>(1,467,330)</u>	<u>(1,429,183)</u>
	<u>\$ 4,261,679</u>	<u>\$ 5,863,040</u>	<u>\$ 6,257,913</u>

CITY OF PORT ALBERNI
RECREATION AND CULTURAL SERVICES (SCHEDULE 8)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)

	2018 Budget <u>Revenue</u>	2018 Actual Revenue	2018 Budget <u>Expense</u>	2018 Actual Expense	2018 Budget Operating <u>Deficit</u>	2018 Actual Operating Deficit	2017 Actual Operating <u>Deficit</u>
RECREATION SERVICES:							
Administration	\$ -	\$ -	\$ 516,066	\$ 509,054	\$ (516,066)	\$ (509,054)	\$ (511,567)
Leisure Centre	273,530	262,202	519,973	578,602	(246,443)	(316,400)	(304,460)
Swimming pool	292,050	247,590	525,926	570,185	(233,876)	(322,595)	(234,269)
Arena	573,215	447,158	942,018	1,485,979	(368,803)	(1,038,821)	(919,989)
Parks, playgrounds and other	36,860	20,531	1,488,556	1,658,995	(1,451,696)	(1,638,465)	(1,602,191)
Programs	300,499	255,310	1,500,195	1,399,868	(1,199,696)	(1,144,558)	(1,099,883)
	<u>1,476,154</u>	<u>1,232,791</u>	<u>5,492,734</u>	<u>6,202,683</u>	<u>(4,016,580)</u>	<u>(4,969,893)</u>	<u>(4,672,359)</u>
CULTURAL SERVICES:							
Museum services	21,250	33,257	486,087	527,031	(464,837)	(493,774)	(455,296)
McLean Mill	-	29,998	231,000	312,800	(231,000)	(282,802)	(332,531)
Regional library	-	-	726,996	726,996	(726,996)	(726,996)	(675,192)
	<u>21,250</u>	<u>63,255</u>	<u>1,444,083</u>	<u>1,566,827</u>	<u>(1,422,833)</u>	<u>(1,503,572)</u>	<u>(1,463,019)</u>
	<u>\$ 1,497,404</u>	<u>\$ 1,296,046</u>	<u>\$ 6,936,817</u>	<u>\$ 7,769,510</u>	<u>\$ (5,439,413)</u>	<u>\$ (6,473,465)</u>	<u>\$ (6,135,378)</u>

**CITY OF PORT ALBERNI
SALES OF SERVICES (SCHEDULE 9)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)**

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
GENERAL REVENUE:			
General Services	\$ 1,660,674	\$ 1,655,978	\$ 1,652,631
Arena	573,215	447,158	495,661
Leisure Centre	273,530	262,202	255,921
Parks, playgrounds and other	36,860	20,531	22,913
Pool	292,050	247,590	272,316
Programs	300,499	255,310	374,261
Museum	21,250	33,257	26,593
McLean Mill	-	29,998	29,997
	<u>3,158,078</u>	<u>2,952,024</u>	<u>3,130,293</u>
MISCELLANEOUS REVENUE:			
Miscellaneous receipts/sales	-	911,494	883,404
SERVICES PROVIDED TO OTHER GOVERNMENTS:			
Services provided to other governments	167,000	88,853	144,127
SEWER REVENUE:			
Connections and sundry charges	70,959	58,376	126,219
Sale of sewer service	<u>2,942,399</u>	<u>2,799,965</u>	<u>2,562,469</u>
	<u>3,013,358</u>	<u>2,858,341</u>	<u>2,688,688</u>
WATER REVENUE:			
Sale of water	3,584,439	3,057,174	2,862,374
Connections and sundry charges	<u>48,719</u>	<u>2,888</u>	<u>75,312</u>
	<u>3,633,158</u>	<u>3,060,062</u>	<u>2,937,686</u>
	<u>\$ 9,971,594</u>	<u>\$ 9,870,774</u>	<u>\$ 9,784,198</u>

CITY OF PORT ALBERNI
OTHER REVENUE FROM OWN SOURCES (SCHEDULE 10)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
Licences and permits	\$ 208,140	\$ 245,701	\$ 240,338
Fines and costs	9,500	14,136	11,446
Land and building rentals	142,100	142,203	140,056
Penalties and interest	221,800	220,104	215,208
Miscellaneous revenue	249,500	282,449	61,524
Other revenue from own sources - capital fund	<u>-</u>	<u>(46,254)</u>	<u>(441,054)</u>
	<u>\$ 831,040</u>	<u>\$ 858,339</u>	<u>\$ 227,518</u>

**CITY OF PORT ALBERNI
SEWER AND WATER UTILITIES (SCHEDULE 11)
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative figures for 2017)**

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
SEWER UTILITY:			
Administration	\$ 459,656	\$ 396,758	\$ 403,120
Sewage treatment and disposal	293,413	519,158	485,452
Sewage collection system	296,975	700,851	631,094
Sewage pump stations	160,806	268,409	277,055
Other operating costs	<u>2,000</u>	<u>861</u>	<u>1,435</u>
	<u>\$ 1,212,850</u>	<u>\$ 1,886,037</u>	<u>\$ 1,798,156</u>
WATER UTILITY:			
Administration	\$ 398,274	\$ 509,197	\$ 478,925
Service of supply	119,913	280,489	243,336
Pumping	269,650	345,251	354,772
Transmission and distribution	<u>695,493</u>	<u>1,196,856</u>	<u>1,031,055</u>
	<u>\$ 1,483,330</u>	<u>\$ 2,331,793</u>	<u>\$ 2,108,088</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 (Full Time)	96
Exempt	21
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	59
Parks in hectares	271
Swimming pools	1
Tennis courts	5
Fire Protection:	
Number of stations	1
Number of fire personnel and officers	21
Number of calls received - Fire/Rescue/First Responder	1,605
Number of inspections conducted	587
Police Protection:	
Number of stations	1
Number of police personnel and officers	33
Number of law violations:	
Incarcerations	1,338
Total files	13,476
Sewerage System:	
Kilometers of sanitary sewers and storm sewer	258
Number of treatment plants	1
Number of service connections	6,666
Daily average treatment of cubic meters	17,670
Water System:	
Kilometers of water mains	163
Number of service connections	6,885
Number of fire hydrants	729
Daily average consumption in cubic meters	11,772
Maximum daily capacity of plant in cubic meters	48,000
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	8
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, 2018

	2018	2017	2016	2015	2014
Population (based on last census) ⁽¹⁾	17,678	17,678	17,678	17,743	17,743
Assessed valuations for General Purposes⁽²⁾					
Land					
Residential	\$ 526,311,100	\$ 416,369,800	\$ 397,484,400	\$ 454,907,350	\$ 478,343,100
Commercial	\$ 86,448,744	\$ 44,852,420	\$ 47,879,885	\$ 50,749,463	\$ 69,146,168
Industrial	\$ 11,153,800	\$ 8,830,700	\$ 8,562,500	\$ 9,002,300	\$ 9,543,200
Other	\$ 11,116,284	\$ 1,569,911	\$ 1,680,911	\$ 1,641,111	\$ 2,030,027
	\$ 635,029,928	\$ 471,622,831	\$ 455,607,696	\$ 516,300,224	\$ 559,062,495
Improvements					
Residential	\$ 1,248,998,100	\$ 1,008,406,900	\$ 908,882,801	\$ 859,774,451	\$ 838,943,601
Commercial	\$ 413,573,500	\$ 199,337,828	\$ 179,816,613	\$ 174,994,182	\$ 149,608,082
Industrial	\$ 93,523,600	\$ 83,112,200	\$ 83,487,800	\$ 83,690,900	\$ 84,646,900
Other	\$ 32,244,000	\$ 2,525,400	\$ 2,083,500	\$ 2,565,200	\$ 2,203,500
	\$ 1,788,339,200	\$ 1,293,382,328	\$ 1,174,270,714	\$ 1,121,024,733	\$ 1,075,402,083
Total	\$ 2,423,369,128	\$ 1,765,005,159	\$ 1,629,878,410	\$ 1,637,324,957	\$ 1,634,464,578
General & Debt Tax Rates					
Residential	\$ 7.7707	\$ 9.1539	\$ 9.7708	\$ 9.4476	\$ 9.1145
Utilities	\$ 27.1722	\$ 37.1852	\$ 38.6932	\$ 38.4756	\$ 37.9708
Major Industrial	\$ 55.0127	\$ 53.7400	\$ 53.9084	\$ 53.7788	\$ 53.1950
Light Industrial	\$ 60.9652	\$ 54.5034	\$ 60.2253	\$ 48.5543	\$ 39.6821
Business & Other	\$ 14.6074	\$ 15.4501	\$ 16.2078	\$ 15.4371	\$ 15.4923
Seasonal Recreational	\$ 7.7707	\$ 9.1539	\$ 9.7708	\$ 9.4476	\$ 9.1145
Farm	\$ 7.7707	\$ 9.1539	\$ 9.7708	\$ 9.4476	\$ 9.1145
School Tax Rates					
Residential	\$ 2.0998	\$ 2.3202	\$ 2.5666	\$ 2.6405	\$ 2.6596
Utilities	\$ 13.4000	\$ 13.4000	\$ 13.5000	\$ 13.6000	\$ 13.6000
Major Industrial	\$ 4.2000	\$ 4.8000	\$ 5.4000	\$ 5.8000	\$ 6.0000
Light Industrial	\$ 4.2000	\$ 4.8000	\$ 5.4000	\$ 5.8000	\$ 6.0000
Business & Other	\$ 4.2000	\$ 4.8000	\$ 5.4000	\$ 5.8000	\$ 6.0000
Seasonal Recreational	\$ 2.5000	\$ 2.7000	\$ 3.1000	\$ 3.3000	\$ 3.4000
Farm	\$ 7.0000	\$ 6.9000	\$ 6.9000	\$ 6.9000	\$ 6.9000
Tax Rates for Residential Class					
General	\$ 7.6975	\$ 9.0652	\$ 9.6054	\$ 9.3015	\$ 9.0050
Debt	\$ 0.0732	\$ 0.0887	\$ 0.1654	\$ 0.1461	\$ 0.1095
School District-Residential	\$ 2.0998	\$ 2.3202	\$ 2.5666	\$ 2.6405	\$ 2.6596
Regional Hospital District	\$ 0.2785	\$ 0.2956	\$ 0.2900	\$ 0.2946	\$ 0.3533
Municipal Finance Authority	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0002
Regional District	\$ 0.4279	\$ 0.4465	\$ 0.4838	\$ 0.3722	\$ 0.2950
B.C. Assessment	\$ 0.0403	\$ 0.0432	\$ 0.0543	\$ 0.0596	\$ 0.0619
Total Residential Rate	\$ 10.6174	\$ 12.2596	\$ 13.1657	\$ 12.8147	\$ 12.4845

Statistics

CITY OF PORT ALBERNI GENERAL COMPARATIVE STATISTICS AT DECEMBER 31, 2018

	2018	2017	2016	2015	2014
Current Tax Levy					
General	\$ 22,271,803	\$ 21,622,725	\$ 21,139,152	\$ 20,489,626	\$ 20,033,774
Debt	\$ 211,672	\$ 211,672	\$ 364,027	\$ 323,969	\$ 245,577
School District-Residential	\$ 3,636,265	\$ 3,311,820	\$ 3,062,061	\$ 3,154,967	\$ 3,173,194
School District-Non-Residential	\$ 1,888,538	\$ 1,987,652	\$ 2,101,664	\$ 2,224,589	\$ 2,260,537
Other Levies-Special Assessments	\$ 1,125,967	\$ 1,029,877	\$ 379,661	\$ 408,763	\$ 446,598
Regional Hospital District	\$ 766,805	\$ 707,654	\$ 646,935	\$ 658,282	\$ 785,893
Municipal Finance Authority	\$ 554	\$ 484	\$ 450	\$ 451	\$ 449
Regional District	\$ 1,178,118	\$ 1,068,699	\$ 1,079,217	\$ 831,678	\$ 817,342
BC Assessment	\$ 155,907	\$ 147,863	\$ 159,266	\$ 169,037	\$ 174,120
Total Levy	\$ 31,235,629	\$ 30,088,446	\$ 28,932,433	\$ 28,261,362	\$ 27,937,484
Per Capita Levy	\$ 1,766.92	\$ 1,702.03	\$ 1,636.63	\$ 1,592.82	\$ 1,574.56
Tax Collection					
Current Taxes Payments	\$ 25,057,879	\$ 23,604,148	\$ 23,377,476	\$ 22,790,422	\$ 22,343,502
Provincial Home Owner Grants	\$ 4,863,539	\$ 4,796,269	\$ 4,697,525	\$ 4,674,586	\$ 4,645,975
Total Current Taxes Collected	\$ 29,921,418	\$ 28,400,417	\$ 28,075,001	\$ 27,465,008	\$ 26,989,477
Percentage of Current Levy	95.79%	94.39%	97.04%	97.18%	96.61%
Arrears and Delinquent Collected	\$ 552,200	\$ 685,505	\$ 733,156	\$ 1,146,300	\$ 1,187,235
Percentage of Current Levy	1.77%	2.28%	2.53%	4.06%	4.25%
Total Taxes Collected	\$ 30,473,618	\$ 29,085,922	\$ 28,808,157	\$ 28,611,308	\$ 28,176,712
Percentage of Current Levy	97.56%	96.67%	99.57%	101.24%	100.86%
Unpaid Taxes					
Current	\$ 528,616	\$ 519,673	\$ 633,531	\$ 681,999	\$ 684,364
Arrears	\$ 220,652	\$ 212,109	\$ 281,377	\$ 342,818	\$ 299,567
Total Unpaid Taxes	\$ 749,268	\$ 731,782	\$ 914,908	\$ 1,024,817	\$ 983,931
Per Capita	\$ 42.38	\$ 41.40	\$ 51.75	\$ 57.76	\$ 55.45
Summary of Surplus and Reserves					
Funded Reserves	\$ 24,946,877	\$ 22,754,459	\$ 20,931,899	\$ 16,306,945	\$ 15,188,199
Capital Fund	\$ 27,692,838	\$ 27,320,299	\$ 20,425,883	\$ 15,806,292	\$ 16,082,226
Equity in Capital Assets	\$ 97,827,913	\$ 95,137,128	\$ 95,781,289	\$ 93,473,778	\$ 87,248,934
Operating Surplus (Deficit)	\$ (19,103,345)	\$ (17,660,543)	\$ (13,969,578)	\$ (5,550,934)	\$ (4,797,053)

CITY OF PORT ALBERNI
GENERAL COMPARATIVE STATISTICS
AT DECEMBER 31, 2018

	2018	2017	2016	2015	2014
Debenture Debt					
Water	\$ 1,879,657	\$ 1,921,159	\$ 1,961,257	\$ 2,000,000	\$ -
Sewer	\$ 4,917,388	\$ 5,024,583	\$ 5,127,672	\$ 5,289,547	\$ 5,540,111
General	\$ 3,366,421	\$ 3,533,858	\$ 3,694,998	\$ 3,858,035	\$ 3,071,265
Gross Debenture Debt	\$ 10,163,466	\$ 10,479,600	\$ 10,783,927	\$ 11,147,582	\$ 8,611,376
Per Capita	\$ 574.92	\$ 592.80	\$ 610.02	\$ 628.28	\$ 485.34
Less: Sewer and Water Utilities Debt	\$ 6,797,045	\$ 6,945,742	\$ 7,088,929	\$ 7,289,547	\$ 5,540,111
Net Debt Excluding Utilities	\$ 3,366,421	\$ 3,533,858	\$ 3,694,998	\$ 3,858,035	\$ 3,071,265
Per Capita (funded by property tax)	\$ 190.43	\$ 199.90	\$ 209.02	\$ 217.44	\$ 173.10
Liability Servicing Limit					
Liability Servicing Limit	\$ 8,527,043	\$ 8,170,176	\$ 7,820,069	\$ 8,022,893	\$ 7,930,217
Less Actual Debt Servicing Cost	\$ 424,178	\$ 550,593	\$ 664,282	\$ 2,930,157	\$ 5,587,880
Less Estimated Cost - Unissued Debt	\$ 400,500	\$ 400,500	\$ -	\$ -	\$ 61,830
Liability Servicing Capacity Available	\$ 7,702,365	\$ 7,219,083	\$ 7,155,787	\$ 5,092,736	\$ 2,280,507
Debt Payment as a percentage of non-capital expenditures					
Debt payments - gross	0.7%	0.7%	0.7%	0.9%	1.0%
General Revenue Fund Statistics					
Budget	\$ 36,453,612	\$ 35,991,290	\$ 34,907,995	\$ 34,728,119	\$ 35,101,209
Actual Revenues (consolidated)	\$ 38,427,058	\$ 39,479,687	\$ 40,167,688	\$ 37,348,943	\$ 34,182,981
Actual Expenditures (consolidated)	\$ 34,614,118	\$ 35,097,838	\$ 37,034,276	\$ 33,336,032	\$ 32,668,680
Surplus (consolidated)	\$ 3,812,940	\$ 4,381,849	\$ 3,133,412	\$ 4,012,911	\$ 1,514,301
Expenditure per Capita	\$ 1,958.03	\$ 1,985.40	\$ 2,094.94	\$ 1,878.83	\$ 1,841.22
Capital Expenditures					
Financed from General Revenue	\$ 695,975	\$ 695,975	\$ 915,440	\$ 1,076,457	\$ 1,185,820
Other Sources of Revenue					
Provincial Unconditional Grants	\$ 1,037,492	\$ 998,756	\$ 1,141,460	\$ 944,164	\$ 933,664
Grants in Lieu of Taxes	\$ 219,701	\$ 222,541	\$ 638,138	\$ 631,753	\$ 629,005
Building Permits					
Number Issued	161	161	155	119	92
Construction Values	\$ 31,152,726	\$ 16,296,274	\$ 14,554,563	\$ 13,501,167	\$ 11,159,320

SOURCES:

¹ Statistics Canada. 2017. Census Profile. 2016 Census.

Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29, 2017.

<http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>

² BC Assessment

**CITY OF PORT ALBERNI
DEMOGRAPHIC STATISTICS¹**

Population Composition

Age	2016			2011		
	Male	Female	Total	Male	Female	Total
0 - 4 years	405	430	835	465	475	940
5 - 9 years	450	480	930	465	435	900
10 - 14 years	475	435	910	515	495	1,010
15 - 19 years	500	510	1,010	570	535	1,105
20 - 29 years	905	820	1,725	795	845	1,640
30 - 39 years	900	900	1,800	915	980	1,895
40 - 49 years	915	980	1,895	1,105	1,180	2,285
50 - 59 years	1,355	1,445	2,800	1,450	1,508	2,958
60 - 64 years	715	775	1,490	685	670	1,355
65 - 69 years	690	680	1,370	580	545	1,125
70 - 74 years	530	525	1,055	410	445	855
75 + years	803	1,055	1,858	750	925	1,675
Total	8,643	9,035	17,678	8,705	9,038	17,743

Legal Married Status

	2016			2011		
	Male	Female	Total	Male	Female	Total
Population 15 years and over	7,310	7,685	14,995	7,270	7,625	14,895
Married or living with a common law partner	4,090	4,070	8,160	4,145	4,165	8,310
Married	3,220	3,200	6,420	3,395	3,415	6,810
Living common law	865	865	1,730	755	750	1,505
Not married and not living with a common law partner	3,230	3,620	6,850	3,120	3,460	6,580
Never married	2,145	1,605	3,750	2,010	1,565	3,575
Separated	210	280	490	225	275	500
Divorced	600	735	1,335	605	715	1,320
Widowed	275	1,005	1,280	275	905	1,180

¹ Statistics Canada. 2017. Census Profile. 2016 Census.

Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29, 2017.
<http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>

CITY OF PORT ALBERNI DEMOGRAPHIC STATISTICS¹

Top Occupations and Industries for the Employed Labour Force

	2016 Port Alberni		2016 British Columbia	
	<u>Number</u>	<u>Rank</u>	<u>Number</u>	<u>Rank</u>
<u>Top Occupations</u>				
Sales and service occupations	1,885	1	595,225	1
Trades; transport/equipment operators/related	1,395	2	360,970	3
Education; law and social; community and government services	925	3	269,255	5
<u>Top Industries</u>				
Health care and social assistance	1,165	1	270,855	2
Retail trade	1,100	2	283,135	1
Manufacturing	740	3	157,560	7

Labour Force Indicators

	<u>2016 Port Alberni</u>	<u>2016 British Columbia</u>
Participation rate	52.2%	63.9%
Employment rate	46.8%	59.6%
Unemployment rate	10.3%	6.7%

¹ Statistics Canada. 2017. Census Profile. 2016 Census.

Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29, 2017.

<http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>

CITY OF PORT ALBERNI

MAJOR PROPERTY TAXPAYERS IN PORT ALBERNI

2018 TAXATION YEAR

	Registered Owner	Primary Property	Taxes Levied
1	Catalyst Paper Corporation	Paper Mill	\$ 4,116,074
2	Western Forest Products Inc.	Sawmills	\$ 1,302,431
3	Wal-Mart Canada Corp.	Building	\$ 526,131
4	Port Alberni Retail Development	Buildings	\$ 493,588
5	SRF3 Pacific Rim Shopping Centre	Buildings	\$ 404,057
6	Loblaw Properties West Inc.	Buildings	\$ 236,030
7	Jim Pattison Developments Ltd.	Buildings	\$ 207,957
8	BC Hydro & Power Authority	Poles, Lines, Buildings	\$ 178,519
9	Kelland Foods Ltd	Buildings	\$ 137,302
10	Telus	Poles, Lines, Buildings	\$ 128,958
11	Marlowe-Yeoman Limited	Buildings	\$ 126,518
12	Alberni Valley Gaming Association	Buildings	\$ 104,451
13	Fortis BC	Gas Utility	\$ 104,435
14	GDP Investments Ltd.	Buildings	\$ 87,873
15	Northport Plaza Limited	Buildings	\$ 82,030
16	Marco Investments Ltd.	Buildings	\$ 81,867
17	PCBG Land Corporation	Automobile Dealership	\$ 60,644
18	Van Isle Ford	Automobile Dealership	\$ 57,010
19	JBNS Holdings Ltd.	Buildings	\$ 56,852
20	SNJ Holdings Ltd.	Buildings	\$ 53,072

**CITY OF PORT ALBERNI
FIVE YEAR PLAN
2018-2022**

REVENUES	2018	2019	2020	2021	2022
Taxes					
Property Taxes	22,483,474	23,151,219	23,839,405	24,548,237	25,278,334
Other Taxes	613,700	613,700	613,700	613,700	613,700
Grants in Lieu of Taxes	218,700	218,700	218,700	218,700	218,700
Fees and Charges					
Sales of Service	3,283,298	3,362,165	3,428,499	3,492,352	3,538,687
Sales of Service/Utilities	6,646,513	6,884,738	7,133,173	7,392,302	7,536,449
Service to other Government	167,000	167,000	167,000	167,000	167,000
User Fees/Fines	217,640	218,640	219,640	220,640	222,640
Other Revenue					
Rentals	142,100	143,200	144,300	145,500	146,700
Interest/Penalties	775,400	620,400	625,400	778,700	783,700
Grants/Other Governments	1,345,540	1,055,540	1,055,540	1,055,540	1,055,540
Other	773,801	224,900	72,500	29,900	29,900
	\$ 36,667,166	\$ 36,660,202	\$ 37,517,857	\$ 38,662,571	\$ 39,591,350

EXPENSES

Debt Interest	396,128	396,128	396,128	396,128	396,128
Capital Expenses	7,621,275	4,948,141	7,346,638	5,812,270	3,972,245
Other Municipal Purposes					
General Municipal	3,730,159	3,668,519	3,718,365	3,749,235	3,844,792
Police Services	6,974,474	7,029,877	7,171,451	7,340,713	7,511,034
Fire Services	3,502,787	3,591,006	3,656,286	3,748,853	3,870,919
Other Protective Services	258,329	260,383	262,638	265,036	267,201
Transportation Services	4,261,679	4,191,986	4,200,471	4,357,602	4,389,787
Environmental Health and Development	1,825,097	1,788,439	1,807,769	1,820,664	1,847,037
Parks and Recreation	5,492,734	5,502,044	5,583,012	5,621,971	5,689,653
Cultural	1,444,083	1,433,822	1,415,544	1,392,468	1,407,144
Water	1,483,330	1,466,372	1,519,779	1,503,559	1,557,720
Sewer	1,212,850	1,228,428	1,244,373	1,260,694	1,276,540
Contingency	200,000	200,000	200,000	200,000	200,000
	\$ 38,402,925	\$ 35,705,145	\$ 38,522,454	\$ 37,469,193	\$ 36,230,200

OTHER

Borrowing Proceeds	-	-	-	-	-
Debt Principal	(347,143)	(347,143)	(347,143)	(347,143)	(347,143)
Transfer from Equipment Replacement Reserve	392,800	716,100	2,594,100	2,167,600	665,400
Transfer from Land Sale Reserve	-	-	-	-	-
Transfer from (to) Cemetery Trust	2,000	2,000	2,000	2,000	2,000
Transfer from (to) other reserves	1,688,942	(1,325,174)	(1,243,520)	(3,014,995)	(3,680,567)
Transfer from (to) surplus	(840)	(840)	(840)	(840)	(840)
	1,735,759	(955,057)	1,004,597	(1,193,378)	(3,361,150)

BALANCED BUDGET

\$ - \$ - \$ - \$ - \$ -

Statistics

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

	2018	2017	2016	2015	2014
Taxes					
Property Taxes	\$ 22,324,952	\$ 21,742,686	\$ 21,370,945	\$ 20,813,595	\$ 20,279,350
Parcel Taxes	133,693	134,193	133,855	131,550	160,986
Other Taxes	772,573	673,143	655,941	161,745	167,282
Grants in Lieu of Taxes	219,701	222,541	228,004	747,221	747,335
Fees and Charges					
Sales of Service	2,952,024	3,130,293	3,070,369	3,329,996	3,332,685
Sales of Service/Utilities	5,918,403	5,626,374	4,877,647	4,596,061	4,454,466
Service to other Government	88,853	144,127	156,165	142,722	258,437
User Fees/Fines	259,837	251,783	228,909	178,395	249,507
Other Revenue					
Rentals	142,203	140,056	139,903	136,364	135,760
Investment Earnings	577,082	415,873	415,078	309,796	286,558
Grants/Other Governments	2,905,256	5,562,709	6,901,625	3,395,538	1,747,708
Developer Contributions	671,379	55,938	43,100	1,226,328	62,583
Gain/loss on Disposal of Assets	(23,830)	274,563	532,766	(84,592)	(16,011)
Parkland dedication deposits	-	-	-	-	-
Sale of property and equipment	117,139	386,325	747,746	344,945	25,351
Other	1,367,793	719,083	665,635	1,919,279	2,290,984
	<u>\$ 38,427,058</u>	<u>\$ 39,479,687</u>	<u>\$ 40,167,688</u>	<u>37,348,943</u>	<u>34,182,981</u>

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

	2018	2017	2016	2015	2014
<u>Analysis by function</u>					
General government	\$ 3,914,038	\$ 3,786,648	\$ 4,270,894	\$ 3,897,542	\$ 3,970,532
Protective services	10,460,475	11,129,460	11,307,009	9,775,488	9,607,691
Transportation services	5,863,040	6,257,913	6,259,270	5,607,707	5,860,288
Environmental health services	1,010,443	938,581	889,430	1,014,982	1,132,995
Environmental development	1,052,644	1,259,562	950,866	908,791	943,186
Recreation and cultural services	7,769,510	7,613,040	7,564,711	7,300,586	7,503,696
Interest	193,024	186,283	246,412	311,363	313,042
Debt reserve	3,114	2,738	3,988	50,227	2,365
Water utility	2,331,793	2,108,088	2,170,523	2,099,625	1,848,594
Sewer utility	1,886,037	1,798,156	3,009,105	1,524,911	1,456,312
Cost of sales and services	130,000	17,368	362,066	844,810	29,979
	<u>\$ 34,614,118</u>	<u>\$ 35,097,837</u>	<u>\$ 37,034,274</u>	<u>\$ 33,336,032</u>	<u>\$ 32,668,680</u>

Analysis by object

Salaries and benefits	\$ 15,870,742	\$ 15,716,645	\$ 16,420,314	\$ 14,099,861	\$ 15,006,478
Debt Servicing	214,561	200,920	250,400	372,593	325,002
RCMP contract	4,593,360	5,488,750	5,160,770	4,677,793	4,338,968
Grants	211,739	288,939	122,485	124,900	113,440
Other contracts	1,198,755	1,328,666	1,305,558	1,296,074	1,408,611
Goods and services	7,879,756	7,491,384	7,957,634	7,976,677	7,134,017
Amortization	4,645,205	4,582,533	5,817,113	4,788,134	4,342,164
	<u>\$ 34,614,118</u>	<u>\$ 35,097,837</u>	<u>\$ 37,034,274</u>	<u>\$ 33,336,032</u>	<u>\$ 32,668,680</u>

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

CAPITAL ACQUISITIONS	2018	2017	2016	2015	2014
General government	\$ 131,276	\$ 311,050	\$ -	\$ 21,872	\$ 314,664
Protective services	48,835	23,253	50,497	164,308	127,057
Transportation services	2,075,702	1,396,866	4,326,235	1,445,613	795,927
Recreation and cultural	1,191,463	214,658	256,650	1,592,925	1,337,748
Water	247,594	958,026	606,581	392,331	368,866
Sewer	906,638	130,452	3,679,584	136,539	170,807
	<u>\$ 4,601,508</u>	<u>\$ 3,034,305</u>	<u>\$ 8,919,547</u>	<u>\$ 3,753,588</u>	<u>\$ 3,115,069</u>

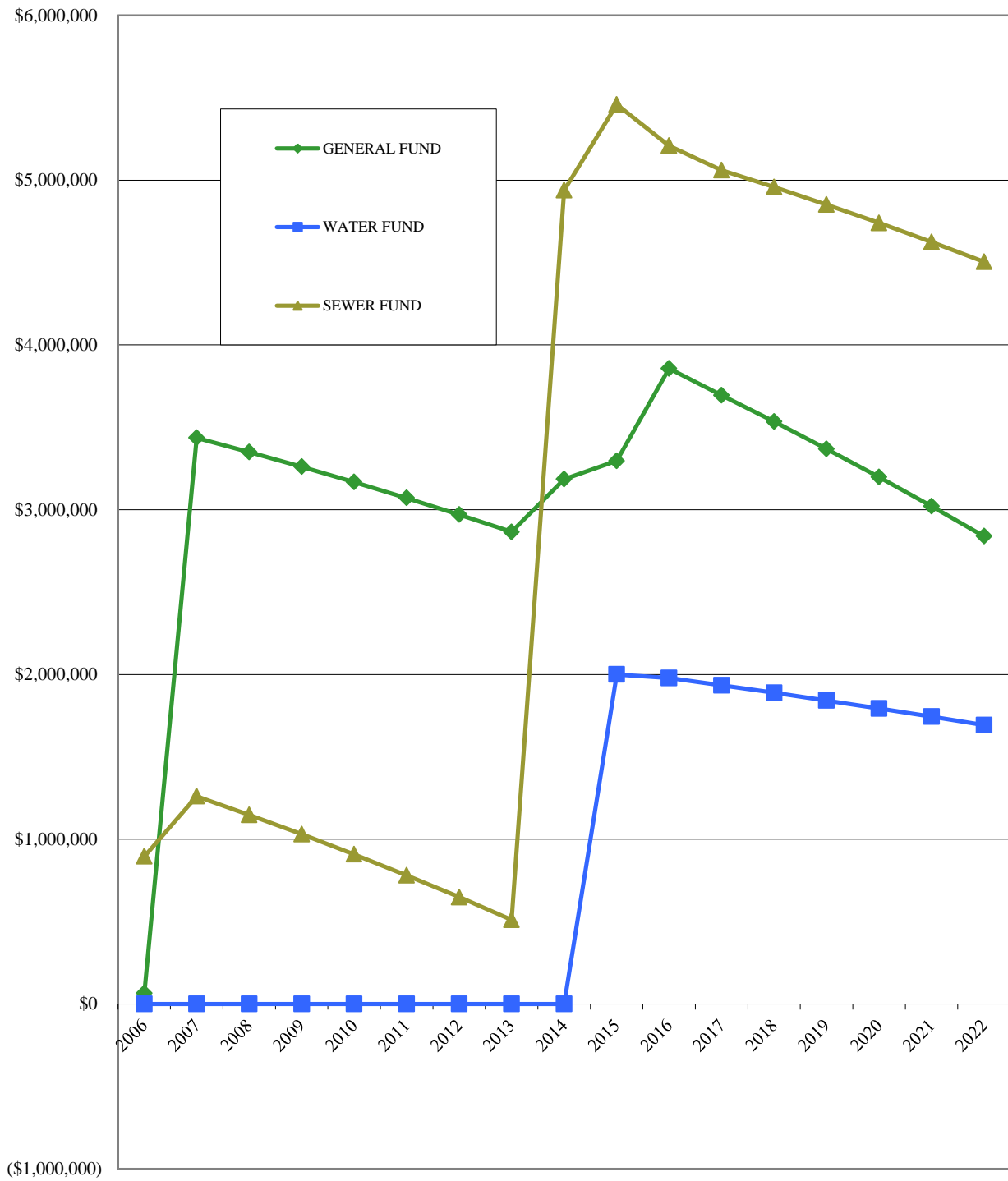
SOURCE OF FUNDING	2018	2017	2016	2015	2014
Revenue Funds	\$ 1,581,535	\$ 1,864,051	\$ 1,960,163	\$ 1,614,329	\$ 1,331,049
Reserve Funds	1,208,900	390,011	402,709	609,361	1,534,714
Long Term Borrowing	-	-	1,992,480	-	-
Grants	1,463,904	711,743	4,501,269	1,030,245	249,306
Other	347,169	68,500	62,926	499,653	-
	<u>\$ 4,601,508</u>	<u>\$ 3,034,305</u>	<u>\$ 8,919,547</u>	<u>\$ 3,753,588</u>	<u>\$ 3,115,069</u>

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

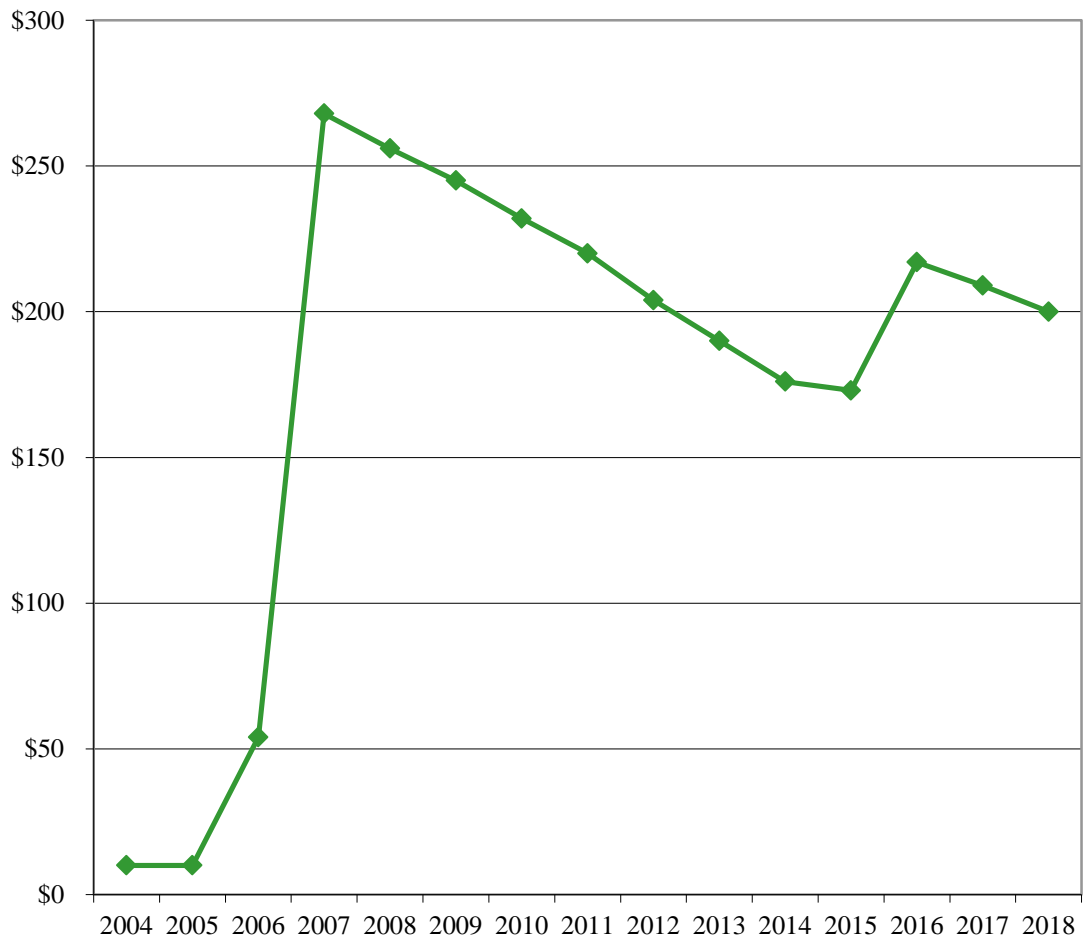
SURPLUS	2018	2017	2016	2015	2014
Annual surplus	\$ 3,812,940	\$ 4,381,849	\$ 3,133,414	\$ 4,012,911	\$ 1,514,301
Accumulated surplus, beginning of year	<u>127,551,343</u>	<u>123,169,494</u>	<u>120,036,080</u>	<u>116,023,170</u>	<u>114,508,869</u>
Accumulated surplus, end of year	<u><u>\$ 131,364,283</u></u>	<u><u>\$ 127,551,343</u></u>	<u><u>\$ 123,169,494</u></u>	<u><u>\$ 120,036,081</u></u>	<u><u>\$ 116,023,170</u></u>

NET FINANCIAL ASSETS	2018	2017	2016	2015	2014
Increase (decrease) in financial assets	\$ 1,345,813	\$ 5,334,784	\$ 2,527,641	\$ (341,251)	\$ 262,278
Net financial assets, beginning of year	<u>21,337,025</u>	<u>16,002,241</u>	<u>13,474,600</u>	<u>13,815,851</u>	<u>13,553,573</u>
Net financial assets, end of year	<u><u>\$ 22,682,838</u></u>	<u><u>\$ 21,337,025</u></u>	<u><u>\$ 16,002,241</u></u>	<u><u>\$ 13,474,600</u></u>	<u><u>\$ 13,815,851</u></u>

CITY OF PORT ALBERNI-DEBT RETIREMENT



CITY OF PORT ALBERNI - DEBT PER CAPITA
(Funded By Property Taxes)





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