

City of Port Alberni British Columbia

Comprehensive Annual Financial Report

For the year ended December 31, 2016



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

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
2016**

FISCAL YEAR ENDED DECEMBER 31, 2016

This Document
Prepared by the Finance Department

Cover photo credit: Roman Frank

CITY OF PORT ALBERNI
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DECEMBER 31, 2016

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INTRODUCTORY SECTION

June 12, 2017
Mayor and Council
City of Port Alberni

In accordance with section 167 of the Community Charter, I herewith submit the Financial Report for the City of Port Alberni for the year ended December 31, 2016 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, 2016. 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 2016 fiscal year with an increase in the consolidated accumulated surplus of \$3,133,412.

A summary of the 2016 overall accumulated surplus increases (decreases) are as follows:

Operating Funds	\$ (8,418,644)
Capital Funds	6,927,102
Statutory Reserve Funds	756,639
Unrestricted Reserve Funds	<u>3,868,315</u>
	\$ 3,133,412

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 accommodate major capital project funding requirements.
- Utilities - The City's policy is to not use general taxation to fund the provision of water service, sewer service or solid waste collection services. These services are funded through user fees.

Investment earnings increased from \$309,796 in 2015 to \$415,078 in 2016. Total investment income was \$286,558 in 2014, \$266,622 in 2013, and \$254,999 in 2012.

The City's 2016 long-term debt decreased from \$11,147,582 to \$10,783,927. The City's 2016 capital program of \$8,919,547 includes capital items funded \$1,960,163 from current operations revenue; \$4,564,195 from grants and donations; \$1,992,480 from borrowing; and \$402,709 from Reserves.


Consolidated revenues increased by \$2,818,745 from \$37,348,943 in 2015 to \$40,167,688 in 2016. This increase is attributed mostly to: increase in grant funding of approximately \$3.5 million; increase in property tax levy of \$500,000; and decrease in developer contributions of \$1.2 million. The increase in grant funding is a result of moving deferred Community Works Gas Tax funds into revenue on completion of gas tax funded capital projects; General Strategic Priorities funds claimed on the sewage infrastructure project; and federal and provincial Building Canada funds for the Dry Creek Flood Improvement project. Developer contributions decreased with the completion of significant capital construction in 2015. Water and sewer utility fees revenue increased as scheduled in accordance with the Water and Sewer Rates Review adopted in 2013. Increases in expenses are due to new debt interest in sewer; and completion of the lagoon desludging contract. Consolidated expenses increased by \$3,698,244, from \$33,336,032 in 2015 to \$37,034,276 in 2016. This net increase 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 97.04% for 2016 (97.2% in 2015).

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 our annual financial report for the fiscal year ended December 31, 2015. 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.

2015 marks the twenty-third 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, 2015



Executive Director/CEO

Directory of Officials

Port Alberni

Mayor and City Council 2016



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 2016

Appointed Officials

Chief Administrative Officer	T. Pley
City Clerk	D. Hartwell
Director of Finance.....	C. Rothwell
City Engineer.....	G. Cicon
Director of Community Services.....	T. Kingston
Fire Chief.....	K. Gilday
Building Inspector	R. Gaudreault
Manager of Information Technology.....	J. Pelech
City Planner.....	S. Smith
Licence Inspector/Bylaw Enforcement Officer.....	T. Hautzinger
Area Assessor - B.C. Assessment	B. MacGougan
Solicitor	Young, Anderson
RCMP Officer In Charge	B. Hunter
Emergency Planning Coordinator	R. Shanks
Chair – Island Health Authority	D. Hubbard
Auditors	R. Anderson & Associates
Bankers	BMO Bank of Montreal

Directory of Officials (continued)

2016/17 Advisory Planning Commission

C. Alemany (Council Liaison)
V. Barnett
H. Crowther
S. Dhaliwal
J. Douglas
W. Hewitt
J. Johnson
M. Millin
D. Paddock (RCMP Liaison)
L. Ransom
J. Tatoosh
R. Thoen (Fire Dept. Liaison)

2016/17 AV Heritage Commission

D. Bill
J. Carlson
P. Cote
P. Craig
J. Dick
G. Flostrand
N. Malbon
L. Manson
P. McDougall
B. Simpson
D. Taberner
D. Washington
D. Whitworth
M. Williamson



**CITY OF PORT ALBERNI
MUNICIPAL COUNCIL RESPONSIBILITIES
FOR CITY SERVICES
DECEMBER 31, 2016**

<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 Planning Commission - Air Quality Council - Member, Audit 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
<p>Councillor Sharie Minions</p> <ul style="list-style-type: none"> - Trustee, Vancouver Island Regional Library Board - Member, Personnel Committee - Liaison, Alberni Valley Chamber of Commerce - Liaison, West Coast Native Healthcare Society - Court of Revision - Member, Youth Advisory Committee
<p>Councillor Ron Paulson</p> <ul style="list-style-type: none"> - Liaison, Advisory Traffic Committee - Liaison, School District 70/North Island College - Member, Community Investment Program/Permissive Tax Exemption Committee - Member, AV Community Forest Legacy Committee - Member, Youth Advisory Committee
<p>Councillor Denis Sauvé</p> <ul style="list-style-type: none"> - Liaison, Port Alberni International Twinning Society - Liaison, Continuing Care Societies - Court of Revision - Member, Audit Committee - Emergency Planning 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

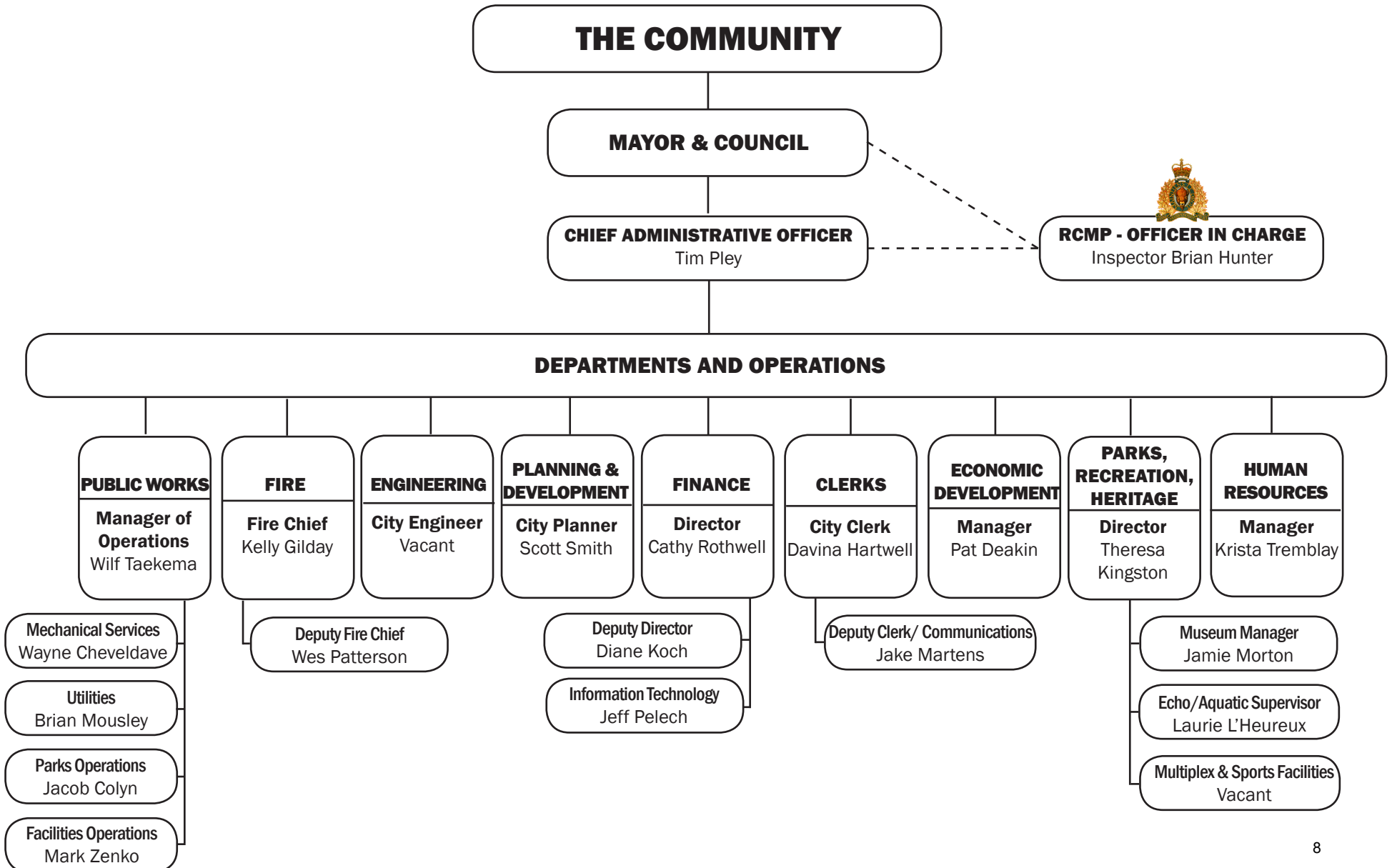


ORGANIZATIONAL CHART

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

Updated: November 2016

CITY OF PORT ALBERNI



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.

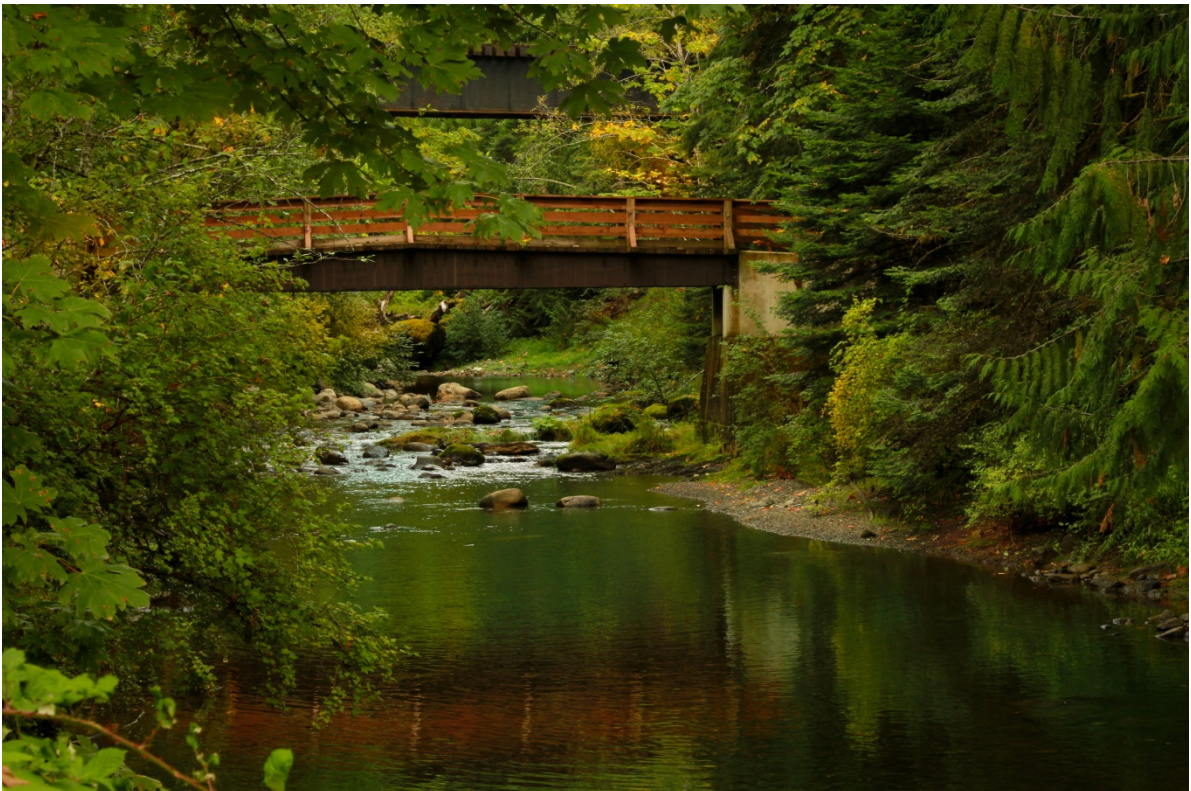


Photo credit Erica Watson

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 industries 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 has 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 2016, capital works projects totaling \$8.9 million were completed. Significant projects included road upgrades on 5th Avenue and 7th Avenue; storm drain construction on Coal Creek outfall and the Dry Creek Flood Improvement project on and around 3rd Avenue and 4th Avenue; rehabilitation of Gertrude Street and Victoria Quay bridges; water construction at Angus Street, Neill Street, and 6th Avenue; and sewer construction on Coal Creek outfall, Gordon Avenue, and removal of sludge at the sewage lagoons. Work continues on the next phases of water construction on Strathcona, and 21st Avenue; and sewer construction on the Coal Creek outfall, and sewage treatment at the Catalyst lagoon. Funding for the completed projects included \$4.5 million in government grants; \$2 million in borrow-

ing; \$1.9 million in operating funds; and \$403,000 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 2016 has decreased to \$610 from \$628 in 2015.

Highlights - 2016

Planning

The Planning Department processed 155 building permits with an aggregate value of \$14.5 million in 2016. New construction commenced on a small expansion to LB Woodchoppers on 3rd Avenue; day care facilities at the Port Alberni Friendship Centre on 4th Avenue; and a 25 unit apartment building at 4th Avenue and Athol Street. Renovations commenced on the exterior of Riverside Motel on Roger Street. Construction completed on the Uchucklesaht First Nation mixed use commercial, cultural and residential building on Argyle Street; the Stewardship Centre at Harbour Quay; and a small expansion at LB Woodchoppers on 3rd Avenue. A substantial Revitalization Tax Exemption program was completed for all commercial areas to provide incentive for investment into commercial properties. The Planning and Economic Development departments collaborated on a design charrette program for the Johnston Road and Northport commercial area; and a regulatory system was implemented for medical marijuana dispensaries.

Fire Department

During 2016, Port Alberni Fire Department responded to 1,305 calls for service (1,186 in 2015). The department conducted 844 fire inspections in 2016 (1,000 in 2015) throughout the year, and monitored a number of third party inspections during the same time period. In 2016, Port Alberni continued to improve over 2015 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 and Beaver Creek Fire Departments continues to result in a high level of coordinated service in 2016, with plans for further expansion of partnerships within the Alberni Valley. Other highlights include partnering with other Alberni Valley fire departments to host a successful Fire Training Officers’ conference; and hosted and participated in the BC Provincial Emergency Response Training Exercise – Coastal Response.

Parks, Recreation & Heritage

Project highlights for 2016 include: trail completion in Roger Creek ravine; installation of planters and irrigation on Johnston Road; exterior cedar siding installed at City Hall; installation of an outdoor fitness circuit park at Bob Dailey Stadium; and purchase of a “play-mobile” van.

Programming highlights include a series of special events for all ages and all seasons – such as Polar Bear Swim, Easter Bunny Express, Our Town, Seniors Week, and

Walk with your Doc. The department 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 2016: 20,654 (18,410 in 2015); and 1,521 children participated in the museum’s educational programs. McLean Mill attendance decreased to approximately 7,000 in 2016 from 10,860 in 2015. The gift shop generated sales of approximately \$9,000 in 2016 (same as 2015).

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

Exhibits and community events in 2016 were very successful and well received by visitors. Highlights include Pirates: From Treasure Island to Vancouver Island, which combined genuine pirate artifacts borrowed from the Maritime Museum of BC with text and image panels, and interactive displays; Vacation Land: Pleasurable Diversions in the Alberni Valley, a collaboration with the community, which presented the 1900-1960 “golden era” of tourism; and lastly, War: 1914-1918, from the Royal BC Museum, and augmented with local content. Two off-site exhibits were produced for the summer – The Plywood Girls was installed in the baggage room at the Train Station, and The Halfyard Dolls were displayed at City Hall, then the Alberni Fall Fair, and finally at Char’s Landing.

The 14th annual Heritage Fair, a major museum educational initiative for grades 4 to 9, was sponsored by the Lions Club, Quality Foods, the Alberni Valley News, the Hughes Family Foundation, and the BC Heritage Fairs Society.

Public Works

Each year a number of capital projects are undertaken to maintain and improve the City’s infrastructure. In 2016 major street projects included 7th Avenue and Gordon Avenue.

Construction of storm/sanitary sewers throughout the City included Coal Creek outfall below 5th Avenue, 7th Avenue and Gordon Avenue. Replacement of mains and decreasing the number of dead end mains is ongoing. Water construction on 6th Avenue, 7th Ave-

nue, Gordon Avenue, Shaughnessy Street, and 5th Avenue was completed. More than 500 City streetlights were replaced with energy efficient LED fixtures. Seismic upgrades were made to the 4th Avenue and Wallace Street pump stations. Rehabilitation of Gertrude Street Bridge and Victoria Quay Bridge completed in 2016. Construction of major sewer infrastructure continues.

The bylaw enforcement vehicle, a van, the utility dump truck chassis, and the brine unit 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, Tseshah and Uchucklesah 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 2016, the detachment continued to focus more on its Crime Reduction Strategy, by introducing an enhanced Crime Reduction Strategy into the community. The strategy is multi-faceted with the goal of reducing crime and victimization in the community. 2016 saw an 8% increase in violent crime and a 6% 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 2016 include: 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, the Assertive Community Response Team, 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 11,956 files opened for offences in 2016, up slightly from

11,820 in 2015. The number of prisoners incarcerated in detachment cells in 2016 was 1,559, up from 1,470 in 2015.

Port Alberni RCMP's 2017/2018 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 positive interactions with youth programs including RCMP Youth Camp in the summer of 2017.

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 Kitsukis Creek and rehabilitation of Victoria Quay Bridge over Roger Creek was completed in 2016, and rehabilitation of Josephine Street Bridge is scheduled for 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. Capital projects substantially completed in 2016 include main renewals and upgrades on Angus Street, 5th Avenue, Neill Street, and 6th Avenue.

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 2018. Sewage treatment plant upgrades will continue for 2017 through 2018, 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 two 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.

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. City Hall houses the City Council Chambers and Committee Rooms, as well as the General Administrative Offices on the main floor. The Engineering, Planning, 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) will be implemented in

2017, and a corporate-wide internet based telephone system.

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.

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 is at 4150 - 6th Avenue and was constructed in 1966. This facility houses the public works operations, parks operations, stores, purchasing, 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 will ensure significant improvements to the building 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 facility. 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
- 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

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CITY OF PORT ALBERNI

BUDGET PROCESS

BUDGET PROCESS FOR THE YEAR 2016

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 2016 budget activities began with a public consultation process on the 5 year plan in the form of a public discussion held at Echo Centre in early 2016. In the months following the discussion City Council reviewed the input received both during the discussion and subsequent submissions. In February and March 2016 Council received presentations from City staff on departmental budgets and reports on reserves and debt levels. Council then provided direction for the 2016-2020 five year plan. The five year plan 2016-2020 Bylaw 4904 was adopted April 11, 2016.

**CITY OF PORT ALBERNI
SOURCES AND USES OF CAPITAL FUNDING IN 2016**

USES OF FUNDING

PUBLIC WORKS:

Transportation:

Van	28,571	
Chassis replacement on GMC utility dump truck	58,384	
Brine unit replacement	<u>10,384</u>	97,339

Paving and Road Reconstruction:

7 th Ave – Argyle to Angus	98,648	
5 th Ave – Redford to Burde	90,372	
Neill St – 14 th to 17 th and Bruce to Neill	46,116	
6 th Ave – Roger to Wallace	63,278	
Gordon – Michigan to Craig	<u>22,056</u>	320,470

Traffic Upgrades:

LED Streetlight upgrade		195,506
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Storm Drain Construction:

Small capital storm main replacements	100,000	
7 th Ave – Argyle to Angus	84,411	
Coal Creek outfall – phase 1	200,000	
Dry Creek Flood Protection	<u>2,749,768</u>	3,134,179

Other:

Gertrude St vehicle bridge	504,384	
Victoria Quay bridge deck rehabilitation	61,555	
Bottle Depot building demolition	<u>12,802</u>	578,741

PARKS, RECREATION & HERITAGE:

Alberni Harbour Quay digital sign	53,971	
City Hall siding	78,977	
Roger Creek trail development	11,251	
Johnston Road planters and irrigation	40,608	
Bob Dailey Stadium outdoor fitness circuit park	32,653	
Harbour Quay washrooms	9,175	
Multiplex electrical equipment	19,795	
Ventrac mower blower attachment	7,720	
Playmobile van	<u>2,500</u>	256,650

ADMINISTRATION:

Bylaw Enforcement vehicle	50,497
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WATER SYSTEM:

Distribution system – main renewals and upgrades	606,581
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SEWER SYSTEM:

Renewals and relines	380,952	
Seismic upgrade 4 th Ave pump station	30,000	
Seismic upgrade Wallace St pump station	27,190	
New lagoon and infrastructure	<u>3,241,442</u>	<u>3,679,584</u>

\$ 8,919,547

SOURCES OF FUNDING

Revenue Funds	\$ 1,960,163
Equipment Replacement Reserve Fund	148,955
Land Sale Reserve Fund	71,977
Capital Works Reserve Fund	32,653
Carbon Trust Reserve Fund	149,124
Borrowing	1,992,480
Government Grants	4,501,269
Other Sources	<u>62,926</u>

\$ 8,919,547

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FINANCIAL SECTION

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**CITY OF PORT ALBERNI
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of the City of Port Alberni

We have audited the accompanying consolidated financial statements of City of Port Alberni, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

(continues)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of City of Port Alberni as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

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

R. Anderson & Associates Inc.

Port Alberni, BC
May 31, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

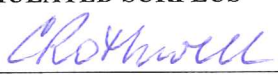
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CONSOLIDATED FINANCIAL STATEMENTS

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CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (STATEMENT A)
FOR THE YEAR ENDED DECEMBER 31, 2016
(with comparative figures for 2015)

	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
FINANCIAL ASSETS:		
Cash (Note 2)	\$ 28,125,829	\$ 26,646,089
Accounts receivable (Note 4)	4,319,328	5,141,924
Inventory for resale (Note 2)	64,552	28,265
Long Term Investments (Note 9)	<u>2,847,778</u>	<u>2,161,231</u>
	<u>35,357,487</u>	<u>33,977,509</u>
LIABILITIES:		
Accounts payable and accrued liabilities (Note 6)	5,179,753	5,123,798
Deferred revenue (Note 7)	3,041,156	3,861,206
Refundable deposits	350,412	370,323
Debenture debt (Note 8, Schedule 3)	<u>10,783,927</u>	<u>11,147,582</u>
	<u>19,355,248</u>	<u>20,502,909</u>
NET FINANCIAL ASSETS	<u>16,002,239</u>	<u>13,474,600</u>
NON-FINANCIAL ASSETS:		
Inventory of supplies (Note 2)	396,324	456,811
Prepaid expenses	205,715	1,483,307
Tangible Capital Assets (Notes 2 and 13, Schedule 1)	106,444,659	104,483,585
Intangible assets (Note 2)	<u>120,556</u>	<u>137,778</u>
	<u>107,167,254</u>	<u>106,561,481</u>
ACCUMULATED SURPLUS	<u>\$ 123,169,493</u>	<u>\$ 120,036,081</u>


 Cathy Rothwell
 Director of Finance

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

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CITY OF PORT ALBERNI
CONSOLIDATED STATEMENT OF OPERATIONS (STATEMENT B)
FOR THE YEAR ENDED DECEMBER 31, 2016
 (with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUES:			
Taxes (Schedule 4)	\$ 22,344,924	\$ 22,388,744	\$ 21,854,111
Sale of services (Schedule 9)	8,826,208	9,031,364	8,863,836
Other revenue from own sources (Schedule 10)	527,614	107,265	1,438,981
Investment income	255,350	415,078	309,796
Grants (Note 11)	1,171,000	6,901,625	3,395,538
Developer contributions	-	43,100	1,226,328
Sale of property and equipment	-	747,746	344,945
Gain (loss) on disposal of assets	-	532,766	(84,592)
	<u>33,125,096</u>	<u>40,167,688</u>	<u>37,348,943</u>
EXPENSES:			
General government (Schedule 5)	3,433,381	4,149,432	3,897,542
Protective services (Schedule 6)	10,385,779	11,307,975	9,775,488
Transportation services (Schedule 7)	4,294,944	6,259,270	5,607,707
Environmental health services	749,425	889,430	1,014,982
Environmental development	1,074,612	1,065,216	908,791
Recreation and cultural services (Schedule 8)	6,691,138	7,581,487	7,300,586
Interest	672,282	229,750	311,363
Debt reserve	19,300	3,988	50,227
Water utility (Schedule 11)	1,449,050	2,170,523	2,099,625
Sewer utility (Schedule 11)	1,212,240	3,015,139	1,524,911
Cost of sales and service	-	362,066	844,810
	<u>29,982,151</u>	<u>37,034,276</u>	<u>33,336,032</u>
ANNUAL SURPLUS	3,142,945	3,133,412	4,012,911
Accumulated surplus - beginning of year	<u>120,036,081</u>	<u>120,036,081</u>	<u>116,023,170</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$123,179,026</u>	<u>\$123,169,493</u>	<u>\$120,036,081</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, 2016
 (with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
ANNUAL SURPLUS	\$ (400,000)	\$ 3,133,412	\$ 4,012,911
Acquisition of tangible capital assets	-	(7,867,632)	(9,225,629)
Amortization	-	5,817,113	4,788,134
(Gain) loss on disposal of assets	-	(532,766)	84,592
Proceeds from sale of assets	<u>-</u>	<u>639,433</u>	<u>81,173</u>
	<u>(400,000)</u>	<u>1,189,560</u>	<u>(258,819)</u>
Acquisition of supply inventory		(396,324)	(456,811)
Acquisition of prepaid expenses		(205,715)	(1,483,307)
Consumption of inventory of supplies		456,811	414,632
Use of prepaid expenses		<u>1,483,307</u>	<u>1,443,054</u>
		<u>1,338,079</u>	<u>(82,432)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS		2,527,639	(341,251)
NET FINANCIAL ASSETS - BEGINNING OF YEAR		<u>13,474,600</u>	<u>13,815,851</u>
NET FINANCIAL ASSETS - END OF YEAR		\$ <u>16,002,239</u>	\$ <u>13,474,600</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, 2016
(with comparative figures for 2015)

	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
OPERATING ACTIVITIES:		
Annual surplus for the year	\$ 3,133,412	\$ 4,012,911
Non-cash items		
Add: amortization of tangible capital assets	5,817,113	4,788,134
Add: (gain) loss on disposal of tangible capital assets	(532,766)	84,592
(Increase) decrease in investment	(686,547)	(1,098,789)
(Increase) inventory of supplies	60,487	(42,180)
(Increase) decrease prepaid expenses	1,277,592	(50,253)
Deduct: developer contributions	(43,100)	(1,226,328)
Changes in working capital balances		
Accounts receivable	822,596	(1,140,881)
Inventory for resale	(36,287)	2,597
Accounts payable and accrued liabilities	183,737	(177,387)
Deferred revenue	(820,050)	1,122,119
Refundable deposits	(19,911)	(1,986)
	<u>9,156,276</u>	<u>6,272,549</u>
FINANCING ACTIVITIES:		
Repayment of temporary borrowing	-	(2,225,000)
Proceeds from long term debt	-	2,912,000
Repayment of long term debt	(363,655)	(375,794)
	<u>(363,655)</u>	<u>311,206</u>
Acquisition of tangible capital assets	(9,332,041)	(7,353,586)
(Increase) decrease in work-in-progress	1,379,727	(635,709)
Proceeds from sale of assets	639,433	81,173
	<u>(7,312,881)</u>	<u>(7,908,122)</u>
INCREASE (DECREASE) IN CASH FLOW	1,479,740	(1,324,367)
Cash and short term investments - beginning of year	<u>26,646,089</u>	<u>27,970,456</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 28,125,829</u>	<u>\$ 26,646,089</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, 2016

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, 2016

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, 2016

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, 2016 were comprised as follows:

	<u>2016</u>	<u>2015</u>
Cash	\$ 4,064,631	\$ 2,909,562
Short Term Investments	<u>24,061,198</u>	<u>23,736,527</u>
	<u>\$ 28,125,829</u>	<u>\$ 26,646,089</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, 2016

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, 2016

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>2015</u>				<u>2016</u>
	Balance	Interest	Receipts	Expenditures	Balance
Cemetery Trust	\$ <u>155,349</u>	\$ <u>2,413</u>	\$ <u>3,175</u>	\$ <u>(12,048)</u>	\$ <u>148,889</u>

4. Accounts Receivable

	<u>2016</u>	<u>2015</u>
Property taxes	\$ 914,909	\$ 1,024,817
Provincial government	68,505	4,464
Federal government	8,601	22,378
General	<u>3,327,313</u>	<u>4,090,265</u>
	\$ <u>4,319,328</u>	\$ <u>5,141,924</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 Saturday, December 31, 2016 the total investment of the Debt Reserve Fund was comprised of:

	<u>2016</u>	<u>2015</u>
General Revenue	\$ 170,706	\$ 175,638
Water Revenue	42,328	41,759
Sewer Revenue	<u>131,172</u>	<u>169,843</u>
	\$ <u>344,206</u>	\$ <u>387,240</u>

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

6. Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
Due to senior governments	\$ -	\$ 3,469
Other local governments	9,158	599
Trade accounts	2,787,698	2,700,092
Salaries and wages	496,505	524,813
Accrued debenture interest	63,419	90,034
Accrued employee benefits	<u>1,822,973</u>	<u>1,804,791</u>
	<u>\$ 5,179,753</u>	<u>\$ 5,123,798</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>2016</u>	<u>2015</u>
Benefit liability - beginning of year	\$ 600,453	\$ 577,353
Add: current service costs	40,700	39,300
interest on accrued benefit obligation	23,300	22,800
amortization of actuarial loss	10,100	10,100
Less Benefits paid	<u>(46,000)</u>	<u>(49,100)</u>
Benefit liability - end of year	628,553	600,453
 Add ERIP reserve	 93,000	 93,000
Unamortized actuarial loss (gain)	<u>37,747</u>	<u>47,847</u>
 Accrued benefit obligation - end of year	 <u>\$ 759,300</u>	 <u>\$ 741,300</u>

The retirement liability requires no contribution from the employees.

	<u>2016</u>	<u>2015</u>
b) Accrued vacation liability as at Saturday, December 31, 2016	\$ <u>933,673</u>	\$ <u>933,491</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

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

the appropriate collective agreement. Sick leave for management employees does not accumulate. At Saturday, December 31, 2016 this liability is estimated at \$130,000 (2012 - \$130,000)

d) Employee benefit obligations:

	<u>2016</u>	<u>2015</u>
Accrued Retirement Benefits	\$ 759,300	\$ 741,300
Accrued Vacation Payable	933,673	933,491
Accum. Sick Leave Liability	<u>130,000</u>	<u>130,000</u>
	<u>\$ 1,822,973</u>	<u>\$ 1,804,791</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, 2014. 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>2016</u>	<u>2015</u>
Capital grants, opening balance	\$ 1,283,224	\$ 133,770
Capital projects in progress, end of year	27,883	1,223,694
Capital projects completed during year	<u>(1,203,873)</u>	<u>(74,240)</u>
Capital grants, ending balance	107,234	1,283,224
Property taxes	1,039,097	987,082
Other	537,814	518,565
Federal Gas Tax agreement	<u>1,357,011</u>	<u>1,072,335</u>
	<u>\$ 3,041,156</u>	<u>\$ 3,861,206</u>

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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.

The annual principal and interest requirements for the next five years as of Saturday, December 31, 2016 are as follows:

		Principal		Interest		Total
2017	\$	254,557	\$	295,628	\$	550,185
2018		254,557		295,628		550,185
2019		254,557		295,628		550,185
2020		254,557		295,628		550,185
2021		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>2016</u>	<u>2015</u>
Alberni Valley Community Forest Corporation		
Shares	\$ 1	\$ 1
Accumulated earnings to date	<u>2,847,777</u>	<u>2,161,230</u>
	<u>\$ 2,847,778</u>	<u>\$ 2,161,231</u>

10. **Expenses by Object**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Salaries Wages and Benefits	\$ 16,420,314	\$ 14,099,861	\$ 15,006,477	\$ 14,196,562	\$ 13,996,077
Debt Servicing	250,400	372,593	267,799	266,266	248,810
RCMP Contract	5,160,770	4,677,793	4,338,968	4,328,960	4,483,615
Grants	122,485	124,900	113,440	102,904	141,376
Other Contracts	1,305,558	1,296,074	1,219,318	1,303,941	1,362,344
Goods and Services	7,957,636	7,976,677	7,323,311	7,322,267	6,807,131
Amortization	<u>5,817,113</u>	<u>4,788,134</u>	<u>4,342,164</u>	<u>4,040,821</u>	<u>3,775,049</u>
	<u>\$ 37,034,276</u>	<u>\$ 33,336,032</u>	<u>\$ 32,611,477</u>	<u>\$ 31,561,721</u>	<u>\$ 30,814,402</u>

CITY OF PORT ALBERNI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

11. Grants and Transfers

	<u>2016</u>	<u>2015</u>
Operating Grants		
Provincial		
Strategic Community Investment & Traffic Fine Revenue Sharing	\$ 696,460	\$ 489,164
Community Gaming	445,000	390,000
BC Arts Council - Museum	65,000	65,000
Rural Dividend BC	<u>86,940</u>	<u>-</u>
Total Provincial Grants	<u>1,293,400</u>	<u>944,164</u>
Total Government Operating Grants	<u>1,293,400</u>	<u>944,164</u>
Local - Alberni-Clayoquot Regional District		
Economic Development	<u>28,833</u>	<u>28,833</u>
Capital		
Federal		
Federal Gas Tax Revenue (UBCM)	1,591,798	1,951,719
General Strategic Priorities Fund (UBCM)	1,934,757	-
Port Alberni Port Authority	5,000	-
Federal/Provincial		
Building Canada Fund - Communities Component (EMBC)	1,824,332	-
Provincial		
BC Hydro Power Smart Incentive Program	46,382	-
Ministry of Transportation and Infrastructure-Bike BC	<u>-</u>	<u>70,000</u>
	5,402,269	2,021,719
Total Government Grants and Transfers	6,724,502	2,994,716
Other Grants - Non-Government	<u>177,123</u>	<u>400,822</u>
Total Grants and Transfers	<u><u>6,901,625</u></u>	<u><u>3,395,538</u></u>

**CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local government.

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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. 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 and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City of Port Alberni paid \$1,292,399 (\$1,182,500 in 2015) for employer contributions to the plan in fiscal 2016, while employees contributed \$1,060,528 to the plan in fiscal 2016 (\$981,217 in 2015).

CITY OF PORT ALBERNI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

13. **Tangible Capital Assets**

Tangible Capital Assets are stated at net book value.

	<u>2016</u>	<u>2015</u>
Land	\$ 4,079,342	\$ 3,883,555
Land Improvements	5,376,792	5,112,840
Buildings	19,551,691	20,409,380
Machinery and Equipment	4,839,210	5,413,261
Engineering Structures	2,784,795	2,207,073
Storm Drains	15,924,607	14,185,496
Transportation	9,806,904	10,122,363
Water	20,428,355	20,489,730
Sewer	<u>21,090,209</u>	<u>18,717,406</u>
	103,881,905	100,541,104
Work-in-progress - assets under construction not being amortized	<u>2,562,754</u>	<u>3,942,481</u>
	<u>\$ 106,444,659</u>	<u>\$ 104,483,585</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 2016 (2015 - \$ nil). Contributed assets recognized in 2016 were nil (2015 - \$60,450) recorded at fair market value at the end of the warranty period. These include land, transportation, storm, sewer and water infrastructure. Interest capitalized in 2016 was \$118,140 (2015 - \$125,304). No amortization has been recorded on assets not in use in 2016.

14. **Segmented Information**

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

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

General government services

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

Protective services - Police, Fire, and Building Inspection

CITY OF PORT ALBERNI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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).

15. Comparative Figures

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

CITY OF PORT ALBERNI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

16. Accumulated Surplus

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

	<u>2016</u>	<u>2015</u>
Operations		
General	\$ (13,229,996)	\$ (9,381,347)
Water	1,548,225	3,635,708
Sewer	<u>(2,287,807)</u>	<u>194,705</u>
	<u>(13,969,578)</u>	<u>(5,550,934)</u>
Capital		
General	17,244,151	12,705,046
Water	1,651,719	1,065,980
Sewer	<u>1,530,013</u>	<u>2,035,266</u>
	<u>20,425,883</u>	<u>15,806,292</u>
Equity in tangible capital assets		
General	59,516,586	60,133,095
Water	18,884,175	18,863,332
Sewer	<u>17,380,528</u>	<u>14,477,351</u>
	<u>95,781,289</u>	<u>93,473,778</u>
Reserves		
Reserve funds - statutory		
Parkland Acquisition	202,060	37,529
Capital Works	1,085,736	1,255,809
Equipment Replacement	5,602,947	4,981,668
Land Sale	675,476	499,659
Development Cost Charges	189,477	161,308
Carbon Fund	235,899	341,117
Alberni Valley Community Forest Corporation Reserve	104,620	62,486
Reserve funds - unrestricted		
General Fund - projects and purchases	3,766,938	3,275,780
Loss on taxation	1,351,000	1,351,000
Museum purchases	52,008	48,040
RCMP - contract surplus	1,000,000	1,000,000
Parks and Recreation building	2,003,073	1,699,469
Water Fund - projects and purchases	3,008,290	1,253,080
Sewer Fund - projects and purchases	<u>1,654,375</u>	<u>340,000</u>
	<u>20,931,899</u>	<u>16,306,945</u>
	<u>\$ 123,169,493</u>	<u>\$ 120,036,081</u>

SUPPORTING SCHEDULES

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**CITY OF PORT ALBERNI
SCHEDULE OF TANGIBLE CAPITAL ASSETS (SCHEDULE 1)
AT DECEMBER 31, 2016**

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance	2016	2016	Balance	Balance	2016	2016	Disposals	2016	2015
	December 31, 2015	Additions	Disposals	December 31, 2016	December 31, 2015	Additions	Disposals	December 31, 2016	VALUE	VALUE
Land	\$ 3,883,555	\$ 223,954	\$ 28,167	\$ 4,079,342	\$ -	\$ -	\$ -	\$ -	\$ 4,079,342	\$ 3,883,555
Land Improvements	10,979,434	658,888	16,335	11,621,987	5,866,594	394,776	16,175	6,245,195	5,376,792	5,112,840
Buildings	35,717,531	88,152	20,729	35,784,954	15,308,149	945,843	20,729	16,233,263	19,551,691	20,409,380
Machinery & Equipment	13,238,767	316,304	231,364	13,323,707	7,825,510	848,851	189,864	8,484,497	4,839,210	5,413,261
Engineered Structures	3,334,883	619,909	83,106	3,871,686	1,127,810	42,187	83,106	1,086,891	2,784,795	2,207,073
Storm Drains	21,245,978	2,146,439	98,381	23,294,036	7,060,481	321,079	12,131	7,369,429	15,924,607	14,185,496
Transportation	41,885,457	641,637	207,343	42,319,751	31,763,093	892,033	142,279	32,512,847	9,806,904	10,222,363
Water	34,655,220	816,317	216,614	35,254,923	14,165,490	711,046	49,968	14,826,568	20,428,355	20,489,730
Sewer	27,487,838	2,872,069	60,011	30,299,896	8,770,432	472,235	32,980	9,209,687	21,090,209	18,717,406
Work in progress	3,942,481	2,562,754	3,942,481	2,562,754	-	-	-	-	2,562,754	3,942,481
	<u>\$ 196,371,144</u>	<u>\$ 10,946,423</u>	<u>\$ 4,904,531</u>	<u>\$ 202,413,036</u>	<u>\$ 91,887,559</u>	<u>\$ 4,628,050</u>	<u>\$ 547,232</u>	<u>\$ 95,968,377</u>	<u>\$ 106,444,659</u>	<u>\$ 104,583,585</u>

Financial Statements

CITY OF PORT ALBERNI
SEGMENTED INFORMATION (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental & Economic Development
Revenue					
Taxes	\$ 22,388,744	\$ -	\$ -	\$ -	\$ -
Sales of services	63,203	452,638	408,185	710,565	162,359
Other revenue from own sources	205,743	228,909	-	11,253	139,903
Investment income	266,302	-	-	-	-
Grants	1,214,509	15,000	-	-	135,273
Developer contributions	-	-	-	-	-
Gain/loss on disposal of assets	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	24,138,501	696,547	408,185	721,818	437,535
Expenses					
Operating:					
Salaries, wages and benefits	2,448,070	5,073,733	2,702,085	385,725	527,647
Debt servicing	27,117	118,788	-	-	-
RCMP contract	-	5,160,770	-	-	-
Grants	38,485	-	-	-	84,000
Other contracts	21,098	160,084	1,058,963	-	65,413
Goods and services	1,525,751	584,979	782,103	500,185	211,370
	4,060,521	11,098,354	4,543,151	885,910	888,430
Amortization	237,490	327,443	1,716,119	3,520	62,436
Total expenses	4,298,011	11,425,797	6,259,270	889,430	950,866
Revenue Over (Under) Expenses	\$ 19,840,490	\$(10,729,250)	\$ (5,851,085)	\$ (167,612)	\$ (513,331)

**CITY OF PORT ALBERNI
SEGMENTED INFORMATION (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Recreation and Cultural Services	Water Utility	Sewer Utility	Other Funds	Consolidated 2016	Budget 2016	Consolidated 2015
\$ -	\$ -	\$ -	\$ -	\$ 22,388,744	\$ 22,344,924	\$ 21,854,111
1,429,584	2,566,358	2,311,289	927,183	9,031,364	8,826,208	8,863,836
-	31,868	27,909	(538,320)	107,265	527,614	1,438,981
-	570	1,656	146,550	415,078	255,350	309,796
73,299	-	-	5,463,544	6,901,625	1,171,000	3,395,538
-	-	-	43,100	43,100	-	1,226,328
-	-	-	532,766	532,766	-	(84,592)
-	-	-	747,746	747,746	-	344,945
1,502,883	2,598,796	2,340,854	7,322,569	40,167,688	33,125,096	37,348,943
4,031,763	747,075	504,216	-	16,420,314	15,447,437	14,099,861
-	44,570	59,925	-	250,400	661,509	372,593
-	-	-	-	5,160,770	5,305,570	4,677,793
-	-	-	-	122,485	127,281	124,900
-	-	-	-	1,305,558	1,328,797	1,296,074
2,532,053	713,695	745,431	362,069	7,957,636	7,072,812	7,976,677
6,563,816	1,505,340	1,309,572	362,069	31,217,163	29,943,406	28,547,898
1,000,894	709,753	1,759,458	-	5,817,113	-	4,788,134
7,564,710	2,215,093	3,069,030	362,069	37,034,276	29,943,406	33,336,032
\$ (6,061,827)	\$ 383,703	\$ (728,176)	\$ 6,960,500	\$ 3,133,412	\$ 3,181,690	\$ 4,012,911

CITY OF PORT ALBERNI
DEBENTURE DEBT - SCHEDULE 3

ALL FUNDS AT DECEMBER 31, 2016 - SHOWING REQUIREMENTS FOR PRINCIPAL AND INTEREST FOR 2017

Security Issuing Bylaw	Purpose	Original Issue	Amount Outstanding Dec. 31, 2016	Term in Years	Annual Interest Rate	Maturity Date	2017 Requirements Interest	2017 Requirements Principal	2016 Sinking Fund Addition	Debt Reserve Cash Balance Dec. 31, 2016
4280	General	98,120	-	20	4.43%	25-Sep-16	-	-	4,531	-
4575		3,375,064	2,402,066	25	1.75%	19-Apr-31	59,064	81,042	34,306	48,822
4807		428,300	413,181	30	3.00%	14-Oct-44	12,075	7,177	306	4,280
4846		912,000	879,751	20	2.20%	8-Apr-35	20,064	32,249	-	9,556
							91,203	120,468	39,143	62,658
4848	Water	2,000,000	1,961,257	30	2.20%	8-Apr-45	44,000	38,743	-	20,957
4280	Sewer	117,180	-	20	4.43%	25-Sep-16	-	-	6,797	-
4559		797,642	-	10	4.55%	6-Apr-15	-	-	-	-
4601		438,170	-	10	4.65%	19-Apr-16	-	-	15,449	-
4807		5,321,700	5,127,672	30	3.00%	14-Oct-44	160,425	95,346	3,795	56,761
							160,425	95,346	26,041	56,761
		13,488,176	10,783,927				295,628	254,557	65,184	140,376

CITY OF PORT ALBERNI
TAX LEVIES and GRANTS IN LIEU OF TAXES (SCHEDULE 4)
FOR THE YEAR ENDED DECEMBER 31, 2016
(with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
MUNICIPAL PURPOSES:			
Tax Levies:			
General purpose	\$ 21,372,624	\$21,370,945	\$ 20,813,596
Local improvement - sewer	-	3,198	30,699
Off-street parking	10,500	9,026	5,437
Utility	122,600	121,831	125,609
Parcel Tax	<u>131,500</u>	<u>133,855</u>	<u>131,550</u>
	21,637,224	21,638,855	21,106,891
Grants in lieu of taxes	<u>707,700</u>	<u>749,889</u>	<u>747,220</u>
Total Municipal Taxes	<u>22,344,924</u>	<u>22,388,744</u>	<u>21,854,111</u>
COLLECTIONS FOR OTHER GOVERNMENTS:			
Tax Levies:			
School	5,200,000	5,162,019	5,381,262
Alberni Clayoquot Regional Hospital District	658,500	647,008	658,537
Alberni Clayoquot Regional District	963,500	1,213,083	963,582
B.C. Assessment	170,000	159,269	169,132
Municipal Finance Authority	<u>500</u>	<u>450</u>	<u>451</u>
Total Collections For Other Governments	<u>6,992,500</u>	<u>7,181,829</u>	<u>7,172,964</u>
Total Taxes Collected	<u>\$ 29,337,424</u>	<u>\$ 29,570,573</u>	<u>\$ 29,027,075</u>

CITY OF PORT ALBERNI
GENERAL GOVERNMENT EXPENSES (SCHEDULE 5)
FOR THE YEAR ENDED DECEMBER 31, 2016
 (with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
Legislative	\$ 200,231	\$ 189,617	\$ 194,235
City manager's office	280,800	316,745	194,690
Municipal clerk's office	406,317	394,603	372,156
Legal fees	40,000	113,925	20,953
Financial management	729,000	726,042	705,679
Administration vehicle	8,290	11,459	13,398
External audit	30,000	15,000	38,313
Purchasing	218,000	217,537	209,352
Buildings	98,173	190,236	226,639
Information services	584,914	945,788	893,810
Appraisals	-	2,211	-
Personnel	246,007	269,289	272,155
Election expenses	10,000	-	-
Training and development	194,267	151,200	157,413
Damage claims	20,000	6,114	2,244
Grants and grant funded programs	10,820	20,925	20,072
Office equipment supplies and printing	278,462	383,121	373,951
Public liability insurance	257,500	264,350	257,534
Other general services	258,800	396,485	410,163
Administration recoveries	<u>(438,200)</u>	<u>(465,215)</u>	<u>(465,215)</u>
	\$ <u>3,433,381</u>	\$ <u>4,149,432</u>	\$ <u>3,897,542</u>

CITY OF PORT ALBERNI
PROTECTIVE SERVICES (SCHEDULE 6)
FOR THE YEAR ENDED DECEMBER 31, 2016
 (with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
Police protection	\$ 6,799,008	\$ 6,972,541	\$ 6,355,227
Fire protection	3,327,355	4,051,838	3,168,358
Emergency measures	918	6,981	7,042
Building and plumbing inspections	103,510	111,635	99,939
Animal pound operations	<u>154,988</u>	<u>164,980</u>	<u>144,922</u>
	<u>\$ 10,385,779</u>	<u>\$11,307,975</u>	<u>\$ 9,775,488</u>

CITY OF PORT ALBERNI
TRANSPORTATION SERVICES (SCHEDULE 7)
FOR THE YEAR ENDED DECEMBER 31, 2016
(with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
COMMON SERVICES:			
Engineering administration	\$ 559,409	\$ 583,739	\$ 562,521
Engineering consulting services	145,287	128,926	101,877
Public works supervision	378,500	369,235	347,842
Equipment and supplies	47,292	110,160	116,816
Building and yard maintenance	194,500	173,381	191,824
Equipment maintenance	<u>841,474</u>	<u>1,110,766</u>	<u>1,092,534</u>
	<u>2,166,462</u>	<u>2,476,207</u>	<u>2,413,414</u>
ROADS AND STREET MAINTENANCE:			
Roadway surfaces maintenance	1,086,399	2,044,983	1,942,915
Snow and ice removal	200,000	242,494	44,360
Parking	8,000	10,677	11,350
Gravel	181,000	206,328	199,785
Ditch and dyke maintenance	138,500	107,222	102,859
Storm sewers	<u>250,800</u>	<u>626,210</u>	<u>507,642</u>
	<u>1,864,699</u>	<u>3,237,914</u>	<u>2,808,911</u>
Bridges and retaining walls	50,000	73,524	88,724
Street lighting	344,000	411,490	363,903
Traffic control	213,800	338,211	224,051
Public transit	1,075,783	1,058,962	1,037,060
Other	114,500	151,692	107,729
Recoveries	<u>(1,534,300)</u>	<u>(1,488,730)</u>	<u>(1,436,085)</u>
	<u>\$ 4,294,944</u>	<u>\$ 6,259,270</u>	<u>\$ 5,607,707</u>

CITY OF PORT ALBERNI
RECREATION AND CULTURAL SERVICES (SCHEDULE 8)
FOR THE YEAR ENDED DECEMBER 31, 2016
 (with comparative figures for 2015)

	2016 Budget Revenue	2016 Actual Revenue	2016 Budget Expense	2016 Actual Expense	2016 Budget Operating Deficit	2016 Actual Operating Deficit	2015 Actual Operating Deficit
RECREATION SERVICES:							
Administration	\$ -	\$ -	\$ 492,068	\$ 494,614	\$ (492,068)	\$ (494,614)	\$ (458,252)
Leisure Centre	260,024	244,915	442,908	528,408	(182,884)	(283,493)	(406,445)
Swimming pool	296,310	265,809	482,718	500,292	(186,408)	(234,482)	(242,993)
Arena	604,605	519,358	971,355	1,445,216	(366,750)	(925,858)	(881,140)
Parks, playgrounds and other	34,680	28,325	1,391,642	1,614,269	(1,356,962)	(1,585,944)	(1,490,550)
Programs	<u>345,665</u>	<u>344,021</u>	<u>1,555,217</u>	<u>1,526,953</u>	<u>(1,209,552)</u>	<u>(1,182,932)</u>	<u>(994,243)</u>
	<u>1,541,284</u>	<u>1,402,428</u>	<u>5,335,908</u>	<u>6,109,752</u>	<u>(3,794,624)</u>	<u>(4,707,323)</u>	<u>(4,473,623)</u>
CULTURAL SERVICES:							
Museum services	14,900	29,150	456,897	498,417	(441,997)	(469,267)	(483,336)
McLean Mill	-	(1,995)	225,000	299,985	(225,000)	(301,980)	(267,250)
Regional library	<u>-</u>	<u>-</u>	<u>673,333</u>	<u>673,333</u>	<u>(673,333)</u>	<u>(673,332)</u>	<u>(660,340)</u>
	<u>14,900</u>	<u>27,155</u>	<u>1,355,230</u>	<u>1,471,735</u>	<u>(1,340,330)</u>	<u>(1,444,579)</u>	<u>(1,410,926)</u>
	<u>\$ 1,556,184</u>	<u>\$ 1,429,583</u>	<u>\$ 6,691,138</u>	<u>\$ 7,581,487</u>	<u>\$ (5,134,954)</u>	<u>\$ (6,151,902)</u>	<u>\$ (5,884,549)</u>

CITY OF PORT ALBERNI
SALES OF SERVICES (SCHEDULE 9)
FOR THE YEAR ENDED DECEMBER 31, 2016
 (with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
GENERAL REVENUE:			
General Services	\$ 1,576,518	\$ 1,640,786	\$ 1,913,959
Arena	604,605	519,358	517,781
Leisure Centre	260,024	244,915	237,196
Parks, playgrounds and other	34,680	28,325	28,820
Pool	296,310	265,809	255,009
Programs	345,665	344,021	351,536
Museum	14,900	29,150	25,695
McLean Mill	-	(1,995)	-
	<u>3,132,702</u>	<u>3,070,369</u>	<u>3,329,996</u>
MISCELLANEOUS REVENUE:			
Miscellaneous receipts/sales	-	927,183	795,057
SERVICES PROVIDED TO OTHER GOVERNMENTS:			
Services provided to other governments	167,000	156,165	142,722
SEWER REVENUE:			
Connections and sundry charges	63,243	111,094	106,879
Sale of sewer service	<u>2,457,497</u>	<u>2,200,195</u>	<u>1,961,339</u>
	<u>2,520,740</u>	<u>2,311,289</u>	<u>2,068,218</u>
WATER REVENUE:			
Sale of water	2,962,346	2,526,978	2,496,594
Connections and sundry charges	<u>43,420</u>	<u>39,380</u>	<u>31,249</u>
	<u>3,005,766</u>	<u>2,566,358</u>	<u>2,527,843</u>
	<u>\$ 8,826,208</u>	<u>\$ 9,031,364</u>	<u>\$ 8,863,836</u>

CITY OF PORT ALBERNI
OTHER REVENUE FROM OWN SOURCES (SCHEDULE 10)
FOR THE YEAR ENDED DECEMBER 31, 2016
 (with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
Licences and permits	\$ 204,100	\$ 222,969	\$ 165,287
Fines and costs	10,000	5,940	13,108
Land and building rentals	138,720	139,903	136,364
Penalties and interest	174,794	237,003	231,323
Miscellaneous revenue	-	39,824	109,221
Other revenue from own sources - capital fund	<u>-</u>	<u>(538,374)</u>	<u>783,678</u>
	<u>\$ 527,614</u>	<u>\$ 107,265</u>	<u>\$ 1,438,981</u>

CITY OF PORT ALBERNI
SEWER AND WATER UTILITIES (SCHEDULE 11)
FOR THE YEAR ENDED DECEMBER 31, 2016
 (with comparative figures for 2015)

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
SEWER UTILITY:			
Administration	\$ 331,000	\$ 420,937	\$ 386,375
Sewage treatment and disposal	295,000	1,602,149	343,239
Sewage collection system	370,240	614,555	454,570
Sewage pump stations	213,500	375,942	339,710
Other operating costs	<u>2,500</u>	<u>1,556</u>	<u>1,017</u>
	<u>\$ 1,212,240</u>	<u>\$ 3,015,139</u>	<u>\$ 1,524,911</u>
WATER UTILITY:			
Administration	\$ 332,500	\$ 474,964	\$ 517,791
Service of supply	168,500	266,250	238,546
Pumping	257,000	338,221	326,162
Transmission and distribution	683,550	1,091,088	1,016,648
Other operating costs	7,500	-	-
Water utility - capital fund	<u>-</u>	<u>-</u>	<u>478</u>
	<u>\$ 1,449,050</u>	<u>\$ 2,170,523</u>	<u>\$ 2,099,625</u>

STATISTICS SECTION

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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	46
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	1,305
Number of inspections conducted	844
Police Protection:	
Number of stations	1
Number of police personnel and officers	33
Number of law violations:	
Incarcerations	1,559
Total files	11,956
Sewerage System:	
Kilometers of sanitary sewers and storm sewer	258
Number of treatment plants	1
Number of service connections	6,632
Daily average treatment of cubic meters	18,800
Water System:	
Kilometers of water mains	163
Number of service connections	6,856
Number of fire hydrants	729
Daily average consumption in cubic meters	8,000
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, 2016**

	2016	2015	2014	2013	2012
Population (based on last census) ⁽¹⁾	17,678	17,743	17,743	17,743	17,743
Assessed valuations for General Purposes⁽²⁾					
Land					
Residential	\$ 397,484,400	\$ 454,907,350	\$ 478,343,100	\$ 473,029,400	\$ 517,212,200
Commercial	\$ 47,879,885	\$ 50,749,463	\$ 69,146,168	\$ 72,295,032	\$ 71,236,667
Industrial	\$ 8,562,500	\$ 9,002,300	\$ 9,543,200	\$ 10,196,500	\$ 10,367,200
Other	\$ 1,680,911	\$ 1,641,111	\$ 2,030,027	\$ 2,043,802	\$ 2,281,287
	\$ 455,607,696	\$ 516,300,224	\$ 559,062,495	\$ 557,564,734	\$ 601,097,354
Improvements					
Residential	\$ 908,882,801	\$ 859,774,451	\$ 838,943,601	\$ 859,408,301	\$ 851,604,700
Commercial	\$ 179,816,613	\$ 174,994,182	\$ 149,608,082	\$ 136,721,642	\$ 128,740,419
Industrial	\$ 83,487,800	\$ 83,690,900	\$ 84,646,900	\$ 88,702,400	\$ 90,300,800
Other	\$ 2,083,500	\$ 2,565,200	\$ 2,203,500	\$ 2,161,300	\$ 2,277,600
	\$ 1,174,270,714	\$ 1,121,024,733	\$ 1,075,402,083	\$ 1,086,993,643	\$ 1,072,923,519
Total	\$ 1,629,878,410	\$ 1,637,324,957	\$ 1,634,464,578	\$ 1,644,558,377	\$ 1,674,020,873
General & Debt Tax Rates					
Residential	\$ 9.7708	\$ 9.4476	\$ 9.1145	\$ 8.7996	\$ 7.8638
Utilities	\$ 38.6932	\$ 38.4756	\$ 37.9708	\$ 38.8888	\$ 39.5794
Major Industrial	\$ 53.9084	\$ 53.7788	\$ 53.1950	\$ 50.6778	\$ 49.8032
Light Industrial	\$ 60.2253	\$ 48.5543	\$ 39.6821	\$ 36.5106	\$ 35.5130
Business & Other	\$ 16.2078	\$ 15.4371	\$ 15.4923	\$ 15.8269	\$ 16.0400
Seasonal Recreational	\$ 9.7708	\$ 9.4476	\$ 9.1145	\$ 8.7996	\$ 7.8638
Farm	\$ 9.7708	\$ 9.4476	\$ 9.1145	\$ 8.7996	\$ 7.8638
School Tax Rates					
Residential	\$ 2.5666	\$ 2.6405	\$ 2.6596	\$ 2.6425	\$ 2.5672
Utilities	\$ 13.5000	\$ 13.6000	\$ 13.6000	\$ 14.0000	\$ 14.2000
Major Industrial	\$ 5.4000	\$ 5.8000	\$ 6.0000	\$ 6.2000	\$ 6.4000
Light Industrial	\$ 5.4000	\$ 5.8000	\$ 6.0000	\$ 10.8000	\$ 6.4000
Business & Other	\$ 5.4000	\$ 5.8000	\$ 6.0000	\$ 6.2000	\$ 6.4000
Seasonal Recreational	\$ 3.1000	\$ 3.3000	\$ 3.4000	\$ 3.4000	\$ 3.4000
Farm	\$ 6.9000	\$ 6.9000	\$ 6.9000	\$ 6.9000	\$ 6.9000
Tax Rates for Residential Class					
General	\$ 9.6054	\$ 9.3015	\$ 9.0050	\$ 8.6919	\$ 7.7623
Debt	\$ 0.1654	\$ 0.1461	\$ 0.1095	\$ 0.1077	\$ 0.1015
School District-Residential	\$ 2.5666	\$ 2.6405	\$ 2.6596	\$ 2.6425	\$ 2.5672
Regional Hospital District	\$ 0.2900	\$ 0.2946	\$ 0.3533	\$ 0.3400	\$ 0.3479
Municipal Finance Authority	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0002
Regional District	\$ 0.4838	\$ 0.3722	\$ 0.2950	\$ 0.2650	\$ 0.2470
B.C. Assessment	\$ 0.0543	\$ 0.0596	\$ 0.0619	\$ 0.0610	\$ 0.0599
Total Residential Rate	\$ 13.1657	\$ 12.8147	\$ 12.4845	\$ 12.1083	\$ 11.0860

Statistics

CITY OF PORT ALBERNI GENERAL COMPARATIVE STATISTICS AT DECEMBER 31, 2016

	2016	2015	2014	2013	2012
Current Tax Levy					
General	\$ 21,139,152	\$ 20,489,626	\$ 20,033,774	\$ 19,671,143	\$ 18,770,602
Debt	\$ 364,027	\$ 323,969	\$ 245,577	\$ 245,674	\$ 245,477
School District-Residential	\$ 3,062,061	\$ 3,154,967	\$ 3,173,194	\$ 3,143,905	\$ 3,110,259
School District-Non-Residential	\$ 2,101,664	\$ 2,224,589	\$ 2,260,537	\$ 2,324,319	\$ 2,346,336
Other Levies-Special Assessments	\$ 379,661	\$ 408,763	\$ 446,598	\$ 445,658	\$ 451,924
Regional Hospital District	\$ 646,935	\$ 658,282	\$ 785,893	\$ 759,170	\$ 783,222
Municipal Finance Authority	\$ 450	\$ 451	\$ 449	\$ 451	\$ 455
Regional District	\$ 1,079,217	\$ 831,678	\$ 817,342	\$ 751,668	\$ 718,172
BC Assessment	\$ 159,266	\$ 169,037	\$ 174,120	\$ 176,849	\$ 176,325
Total Levy	\$ 28,932,433	\$ 28,261,362	\$ 27,937,484	\$ 27,518,837	\$ 26,602,772
Per Capita Levy	\$ 1,636.63	\$ 1,592.82	\$ 1,574.56	\$ 1,550.97	\$ 1,499.34
Tax Collection					
Current Taxes Payments	\$ 23,377,476	\$ 22,790,422	\$ 22,343,502	\$ 21,907,832	\$ 20,932,925
Provincial Home Owner Grants	\$ 4,697,525	\$ 4,674,586	\$ 4,645,975	\$ 4,640,835	\$ 4,640,757
Total Current Taxes Collected	\$ 28,075,001	\$ 27,465,008	\$ 26,989,477	\$ 26,548,667	\$ 25,573,682
Percentage of Current Levy	97.04%	97.18%	96.61%	96.47%	96.13%
Arrears and Delinquent Collected	\$ 733,156	\$ 1,146,300	\$ 1,187,235	\$ 1,045,556	\$ 992,503
Percentage of Current Levy	2.53%	4.06%	4.25%	3.80%	3.73%
Total Taxes Collected	\$ 28,808,157	\$ 28,611,308	\$ 28,176,712	\$ 27,594,223	\$ 26,566,185
Percentage of Current Levy	99.57%	101.24%	100.86%	100.27%	99.86%
Unpaid Taxes					
Current	\$ 633,531	\$ 681,999	\$ 684,364	\$ 707,706	\$ 611,354
Arrears	\$ 281,377	\$ 342,818	\$ 299,567	\$ 287,127	\$ 280,632
Total Unpaid Taxes	\$ 914,908	\$ 1,024,817	\$ 983,931	\$ 994,833	\$ 891,986
Per Capita	\$ 51.75	\$ 57.76	\$ 55.45	\$ 56.07	\$ 50.27
Summary of Surplus and Reserves					
Funded Reserves	\$ 20,931,899	\$ 16,306,945	\$ 15,188,199	\$ 13,871,198	\$ 14,219,588
Capital Fund	\$ 20,425,883	\$ 15,806,292	\$ 16,082,226	\$ 12,231,069	\$ 2,838,102
Equity in Capital Assets	\$ 95,781,289	\$ 93,473,778	\$ 87,248,934	\$ 88,549,284	\$ 90,582,600
Operating Surplus (Deficit)	\$ (13,969,578)	\$ (5,550,934)	\$ (4,797,053)	\$ (2,500,750)	\$ 231,832

**CITY OF PORT ALBERNI
GENERAL COMPARATIVE STATISTICS
AT DECEMBER 31, 2016**

	2016	2015	2014	2013	2012
Debenture Debt					
Water	\$ 1,961,257	\$ 2,000,000	\$ -	\$ -	\$ -
Sewer	\$ 5,127,672	\$ 5,289,547	\$ 5,540,111	\$ 367,561	\$ 510,882
General	\$ 3,694,998	\$ 3,858,035	\$ 3,071,265	\$ 2,756,413	\$ 2,865,434
Gross Debenture Debt	\$ 10,783,927	\$ 11,147,582	\$ 8,611,376	\$ 3,123,974	\$ 3,376,316
Per Capita	\$ 610.02	\$ 628.28	\$ 485.34	\$ 176.07	\$ 190.29
Less: Sewer and Water Utilities Debt	\$ 7,088,929	\$ 7,289,547	\$ 5,540,111	\$ 367,561	\$ 510,882
Net Debt Excluding Utilities	\$ 3,694,998	\$ 3,858,035	\$ 3,071,265	\$ 2,756,413	\$ 2,865,434
Per Capita (funded by property tax)	\$ 209.02	\$ 217.44	\$ 173.10	\$ 155.35	\$ 161.50
Liability Servicing Limit					
Liability Servicing Limit	\$ 7,740,222	\$ 8,022,893	\$ 7,930,217	\$ 7,661,877	\$ 7,158,364
Less Actual Debt Servicing Cost	\$ 548,871	\$ 2,930,157	\$ 5,587,880	\$ 445,859	\$ 579,733
Less Estimated Cost - Unissued Debt	\$ -	\$ -	\$ 61,830	\$ 67,500	\$ -
Liability Servicing Capacity Available	\$ 7,191,351	\$ 5,092,736	\$ 2,280,507	\$ 7,148,518	\$ 6,578,631
Debt Payment as a percentage of non-capital expenditures					
Debt payments - gross	0.8%	0.9%	1.0%	1.0%	1.1%
General Revenue Fund Statistics					
Budget	\$ 34,907,995	\$ 34,728,119	\$ 35,101,209	\$ 34,349,157	\$ 33,454,891
Actual Revenues (consolidated)	\$ 40,167,688	\$ 37,348,943	\$ 34,182,981	\$ 35,840,401	\$ 31,836,088
Actual Expenditures (consolidated)	\$ 37,034,276	\$ 33,336,032	\$ 32,668,680	\$ 31,561,720	\$ 30,824,491
Surplus (consolidated)	\$ 3,133,412	\$ 4,012,911	\$ 1,514,301	\$ 4,278,681	\$ 1,011,597
Expenditure per Capita	\$ 2,094.94	\$ 1,878.83	\$ 1,841.22	\$ 1,778.83	\$ 1,737.28
Capital Expenditures					
Financed from General Revenue	\$ 915,440	\$ 1,076,457	\$ 1,185,820	\$ 1,167,298	\$ 794,796
Other Sources of Revenue					
Provincial Unconditional Grants	\$ 1,141,460	\$ 944,164	\$ 933,664	\$ 1,042,897	\$ 1,094,894
B.C. Hydro Grant	\$ 638,138	\$ 631,753	\$ 629,005	\$ 600,056	\$ 584,535
Building Permits					
Number Issued	155	119	92	91	114
Construction Values	\$ 14,554,563	\$ 13,501,167	\$ 11,159,320	\$ 12,404,980	\$ 14,945,710

SOURCES:

¹ Statistics Canada. 2016. Port Alberni, British Columbia (Code 5923008) and Alberni-Clayoquot,

WE. Ottawa. Released February 2017. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?B1=All&Code1=5923008&Code2=59&Data=Count&Geo1=CSD&Geo2=PR&Lang> (accessed June 1, 2017)

² BC Assessment

**CITY OF PORT ALBERNI
DEMOGRAPHIC STATISTICS¹**

Population Composition

<u>Age</u>	<u>2016</u>			<u>2011</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
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	1010
15 - 19 years	500	510	1010	570	535	1105
20 - 29 years	905	820	1725	795	845	1640
30 - 39 years	900	900	1800	915	980	1895
40 - 49 years	915	980	1895	1105	1180	2285
50 - 59 years	1355	1445	2800	1450	1508	2958
60 - 64 years	715	775	1490	685	670	1355
65 - 69 years	690	680	1370	580	545	1125
70 - 74 years	530	525	1055	410	445	855
75 + years	803	1055	1858	750	925	1675
Total	<u>8,643</u>	<u>9,035</u>	<u>17,678</u>	<u>8,705</u>	<u>9,038</u>	<u>17,743</u>

Legal Married Status

	<u>2016</u>			<u>2011</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Population 15 years and over	Data not available			7270	7625	14895
Married or living with a common law partner	Data not available			4145	4165	8310
Married	Data not available			3395	3415	6810
Living common law	Data not available			755	750	1505
Not married and not living with a common law partner	Data not available					
Single	Data not available			3120	3460	6580
Separated	Data not available			225	275	500
Divorced	Data not available			605	715	1320
Widowed	Data not available			275	905	1180

¹ Statistics Canada. 2016. Port Alberni, British Columbia (Code 5923008) and Alberni-Clayoquot,

WE. Ottawa. Released February 2017. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?B1=All&Coc=5923008&Code2=59&Data=Count&Geo1=CSD&Geo2=PR&Lang> (accessed June 1, 2017)

CITY OF PORT ALBERNI

MAJOR PROPERTY TAXPAYERS IN PORT ALBERNI

2016 TAXATION YEAR

	Registered Owner	Primary Property	Taxes Levied
1	Catalyst Paper Corporation	Paper Mill	\$ 4,028,509
2	Western Forest Products Inc.	Sawmills	\$ 1,279,136
3	Wal-Mart Canada Corp.	Building	\$ 543,033
4	Port Alberni Retail Development	Alberni Mall	\$ 534,727
5	SRF3 Pacific Rim Shopping Centre	Pacific Rim Shopping Centre	\$ 419,867
6	Loblaw Properties West Inc.	No Frills	\$ 248,354
7	Jim Pattison Developments Ltd.	Building	\$ 213,115
8	BC Hydro & Power Authority	Building	\$ 174,831
9	Marlow-Yeoman Limited	10th Avenue Plaza	\$ 159,188
10	Kelland Foods Ltd.	Building	\$ 140,533
11	Telus	Poles, Lines, Building	\$ 126,888
12	Fortis BC	Gas Utility	\$ 106,302
13	GDP Investments Ltd.	Building	\$ 88,932
14	Alberni Valley Gaming Association	Chances Rim Rock	\$ 79,172
15	Marco Investments Ltd.	Building	\$ 76,596
16	Northport Plaza Limited	Johnston Road Plaza	\$ 83,147
17	PCBG Land Corporation	Automobile Dealership	\$ 61,383
18	Van Isle Ford	Automobile Dealership	\$ 57,675
19	PA Hospitality Inns Ltd.	Hospitality Inn	\$ 51,531
20	522521 BC Ltd.	Creek's Edge Development	\$ 49,000

**CITY OF PORT ALBERNI
FIVE YEAR PLAN
2016-2020**

REVENUES	2016	2017	2018	2019	2020
Taxes					
Property Taxes	\$ 21,504,124	\$ 25,342,102	\$ 24,386,663	\$ 24,550,995	\$ 26,386,143
Other Taxes	174,198	178,518	179,636	180,777	181,941
Grants in Lieu of Taxes	707,700	737,700	737,700	737,700	737,700
Fees and Charges					
Sales of Service	3,250,952	3,265,754	3,313,955	3,362,831	3,412,677
Sales of Service/Utilities	5,526,507	6,245,584	6,464,855	6,693,399	6,930,916
Service to other Government	167,000	167,000	167,000	167,000	167,000
User Fees/Fines	214,100	214,100	214,100	214,100	214,100
Other Revenue					
Rentals	138,720	141,494	144,324	147,211	150,155
Interest/Penalties	428,094	429,473	429,777	430,086	430,402
Grants/Other Governments	1,026,494	8,875,830	6,062,800	1,063,300	1,064,300
Other	280,000	532,500	1,025,000	25,000	25,000
	<u>\$ 33,417,889</u>	<u>\$ 46,130,055</u>	<u>\$ 43,125,810</u>	<u>\$ 37,572,399</u>	<u>\$ 39,700,334</u>

EXPENSES

Debt Interest	373,811	393,133	393,133	778,133	778,133
Capital Expenses	3,446,138	22,145,186	26,099,300	4,879,100	6,054,800
Other Municipal Purposes					
General Municipal	3,332,797	3,374,783	3,443,960	3,455,054	3,508,311
Police Services	6,799,009	6,920,888	7,301,651	7,433,553	7,779,701
Fire Services	3,327,355	3,402,542	3,461,129	3,542,592	3,626,043
Other Protective Services	259,416	265,790	271,601	276,977	282,421
Transportation Services	4,294,945	4,447,851	4,487,408	4,552,211	4,620,474
Environmental Health and Development	1,724,624	1,616,213	1,641,792	1,668,132	1,694,032
Parks and Recreation	5,335,904	5,439,887	5,559,531	5,718,517	5,782,506
Cultural	1,355,229	1,386,149	1,423,824	1,461,574	1,499,683
Water	1,449,050	1,477,031	1,505,572	1,534,683	1,564,377
Sewer	1,212,238	1,235,685	1,259,598	1,283,990	1,308,870
Contingency	200,000	200,000	200,000	200,000	200,000
	<u>\$ 33,110,516</u>	<u>\$ 52,305,138</u>	<u>\$ 57,048,499</u>	<u>\$ 36,784,516</u>	<u>\$ 38,699,351</u>

OTHER

Borrowing Proceeds	-	4,195,000	14,000,000	-	-
Debt Principal	(298,471)	(334,952)	(334,952)	(606,151)	(606,151)
Transfer from Equipment Replacement Reserve	476,000	1,860,670	715,300	1,057,900	590,800
Transfer from Land Sale Reserve	140,000	250,000	-	-	150,000
Transfer from (to) other reserves	(624,902)	204,365	(457,659)	(1,239,632)	(1,135,632)
	<u>\$ (307,373)</u>	<u>\$ 6,175,083</u>	<u>\$ 13,922,689</u>	<u>\$ (787,883)</u>	<u>\$ (1,000,983)</u>

BALANCED BUDGET

<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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CITY OF PORT ALBERNI
CONSOLIDATED REVENUE
LAST FIVE YEARS COMPARISON

	2016	2015	2014	2013	2012
Taxes					
Property Taxes	\$ 21,370,945	\$ 20,813,595	\$ 20,279,350	\$ 19,916,817	\$ 18,853,588
Parcel Taxes	133,855	131,550	160,986	160,022	162,098
Other Taxes	134,055	161,745	167,282	167,563	170,936
Grants in Lieu of Taxes	749,889	747,221	747,335	718,128	703,425
Fees and Charges					
Sales of Service	3,070,369	3,329,996	3,332,685	3,428,372	3,538,128
Sales of Service/Utilities	4,877,647	4,596,061	4,454,466	3,859,860	3,359,371
Service to other Government	156,165	142,722	258,437	167,297	160,421
User Fees/Fines	228,909	178,395	249,507	211,862	227,705
Other Revenue					
Rentals	139,903	136,364	135,760	159,396	136,888
Investment Earnings	415,078	309,796	286,558	266,622	254,999
Grants/Other Governments	6,901,625	3,395,538	1,747,708	3,851,394	1,909,839
Developer Contributions	43,100	1,226,328	62,583	112,058	640,777
Gain/loss on Disposal of Assets	532,766	(84,592)	(16,011)	409,979	237,489
Parkland dedication deposits	-	-	-	-	-
Sale of property and equipment	747,746	344,945	25,351	211,600	-
Other	(20,912)	1,919,279	2,290,984	2,199,431	1,480,424
	<u>\$ 39,481,140</u>	<u>37,348,943</u>	<u>34,182,981</u>	<u>35,840,401</u>	<u>31,836,088</u>

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

	2016	2015	2014	2013	2012
<u>Analysis by function</u>					
General government	\$ 4,149,432	\$ 3,897,542	\$ 3,970,532	\$ 3,474,988	\$ 3,386,625
Protective services	11,435,756	9,775,488	9,607,691	9,077,118	9,300,588
Transportation services	6,259,270	5,607,707	5,860,288	5,711,745	5,494,076
Environmental health services	889,430	1,014,982	1,132,995	1,101,465	1,079,067
Environmental development	1,065,216	908,791	943,186	1,046,250	805,281
Recreation and cultural services	7,581,487	7,300,586	7,503,696	7,470,072	7,320,997
Interest	229,750	311,363	313,042	253,516	237,038
Debt reserve	3,988	50,227	2,365	3,153	1,897
Water utility	2,170,523	2,099,625	1,848,594	1,736,030	1,762,178
Sewer utility	3,015,139	1,524,911	1,456,312	1,371,351	1,403,343
Cost of sales and services	362,066	844,810	29,979	6,233	33,400
	<u>\$ 37,162,057</u>	<u>\$ 33,336,032</u>	<u>\$ 32,668,680</u>	<u>\$ 31,251,921</u>	<u>\$ 30,824,490</u>

Analysis by object

Salaries and benefits	\$ 16,420,314	\$ 14,099,861	\$ 15,006,478	\$ 14,209,340	\$ 13,995,196
Debt Servicing	250,400	372,593	325,002	266,266	248,810
RCMP contract	5,288,552	4,677,793	4,338,968	4,328,960	4,483,615
Grants	122,485	124,900	113,440	102,904	141,376
Other contracts	1,305,558	1,296,074	1,408,611	1,448,168	1,362,344
Goods and services	7,957,635	7,976,677	7,134,017	6,855,462	6,818,100
Amortization	5,817,113	4,788,134	4,342,164	4,040,821	3,775,049
	<u>\$ 37,162,057</u>	<u>\$ 33,336,032</u>	<u>\$ 32,668,680</u>	<u>\$ 31,251,921</u>	<u>\$ 30,824,490</u>

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

CAPITAL ACQUISITIONS	2016	2015	2014	2013	2012
General government	\$ -	\$ 21,872	\$ 314,664	\$ 314,594	\$ 198,757
Protective services	50,497	164,308	127,057	179,942	68,506
Transportation services	4,326,235	1,445,613	795,927	1,870,430	1,967,095
Recreation and cultural	256,650	1,592,925	1,337,748	2,675,473	263,711
Water	606,581	392,331	368,866	284,759	728,132
Sewer	3,679,584	136,539	170,807	3,934,786	471,133
	<u>\$ 8,919,547</u>	<u>\$ 3,753,588</u>	<u>\$ 3,115,069</u>	<u>\$ 9,259,984</u>	<u>\$ 3,697,334</u>

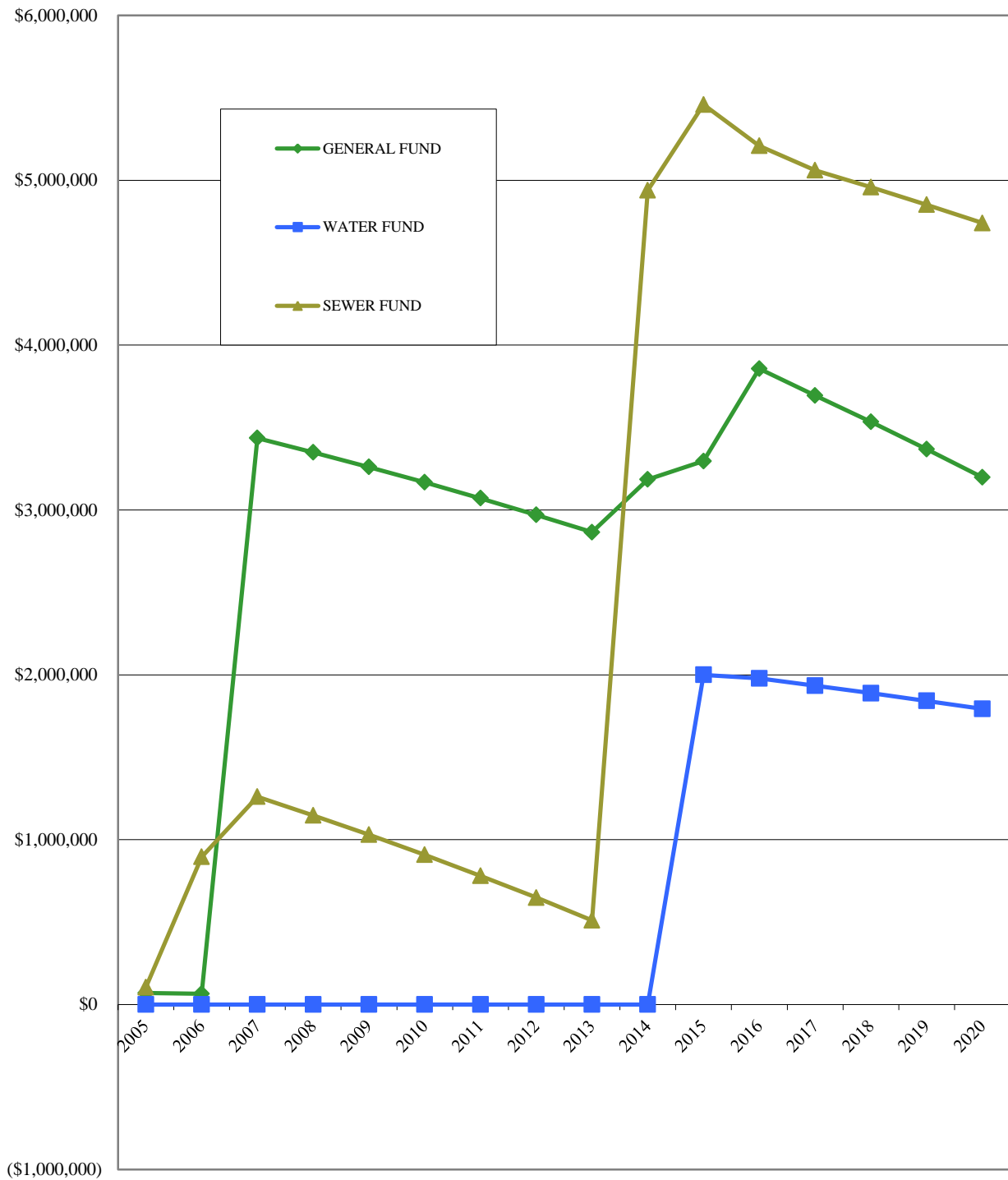
SOURCE OF FUNDING	2016	2015	2014	2013	2012
Revenue Funds	\$ 1,960,163	\$ 1,614,329	\$ 1,331,049	\$ 1,691,292	\$ 1,413,429
Reserve Funds	402,709	609,361	1,534,714	2,343,659	981,804
Long Term Borrowing	1,992,480	-	-	3,608,051	-
Grants	4,501,269	1,030,245	249,306	1,526,982	607,284
Other	62,926	499,653	-	90,000	694,817
	<u>\$ 8,919,547</u>	<u>\$ 3,753,588</u>	<u>\$ 3,115,069</u>	<u>\$ 9,259,984</u>	<u>\$ 3,697,334</u>

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

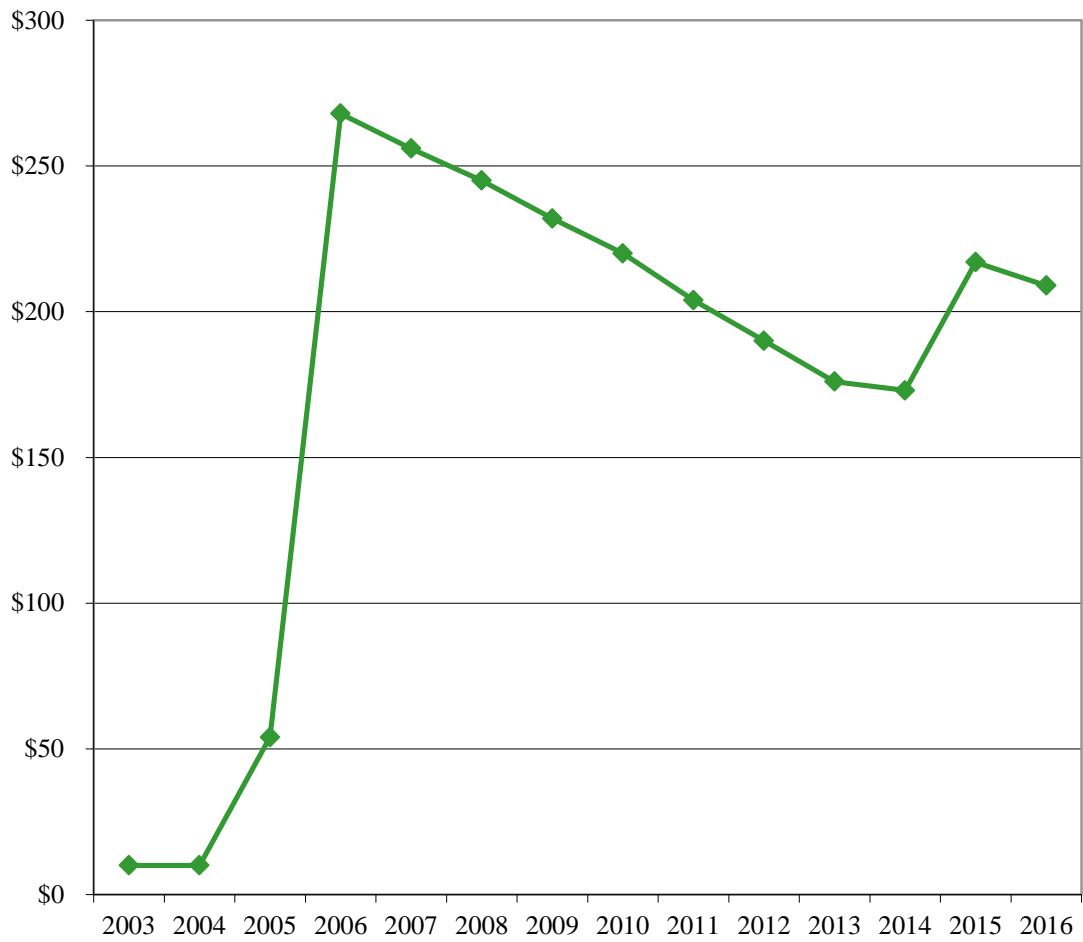
SURPLUS	2016	2015	2014	2013	2012
Annual surplus	\$ 3,133,412	\$ 4,012,911	\$ 1,514,301	\$ 4,278,681	\$ 1,011,598
Accumulated surplus, beginning of year	<u>120,036,081</u>	<u>116,023,170</u>	<u>114,508,869</u>	<u>107,872,120</u>	<u>106,860,522</u>
Accumulated surplus, end of year	<u><u>\$ 123,169,493</u></u>	<u><u>\$ 120,036,081</u></u>	<u><u>\$ 116,023,170</u></u>	<u><u>\$ 112,150,801</u></u>	<u><u>\$ 107,872,120</u></u>

NET FINANCIAL ASSETS	2016	2015	2014	2013	2012
Increase (decrease) in financial assets	\$ 2,527,639	\$ (341,251)	\$ 262,278	\$ (2,939,024)	\$ 343,515
Net financial assets, beginning of year	<u>13,474,600</u>	<u>13,815,851</u>	<u>13,553,573</u>	<u>16,492,597</u>	<u>16,149,082</u>
Net financial assets, end of year	<u><u>\$ 16,002,239</u></u>	<u><u>\$ 13,474,600</u></u>	<u><u>\$ 13,815,851</u></u>	<u><u>\$ 13,553,573</u></u>	<u><u>\$ 16,492,597</u></u>

CITY OF PORT ALBERNI-DEBT RETIREMENT



CITY OF PORT ALBERNI - DEBT PER CAPITA



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

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



www.portalberni.ca