

City of Prince Rupert

2011 Statement of Financial Information

**City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011**

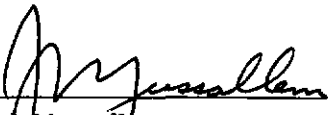
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**City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011**

Statement of Financial Information Approval

The undersigned, as authorized by the *Financial Information Regulation*, Schedule 1, Subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced as required by the *Financial Information Act*.



Jack Mussallem
Mayor on behalf of Council



Dan Rodin
Chief Financial Officer

**City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011**

Management Report


The Financial Statements contained in the Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council of the City of Prince Rupert is responsible for ensuring that management fulfils its responsibilities for financial reporting and maintaining internal controls and exercises this responsibility under the auspices of the *Local Government Act*.

The external auditors, Carlyle, Shepherd & Co., Chartered Accountants, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to additional schedules required by the Act. Their examination includes a review and evaluation of the municipality's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Mayor and Council.

On behalf of the City of Prince Rupert



Dan Rodin
Chief Financial Officer

Date

JUNE 18/12

**City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011**

Schedule of Elected Officials' Remuneration and Expenses

		<u>Remuneration & Taxable Benefits</u>	<u>Expenses</u>	<u>Total</u>
Mayor	Mussallem, J	\$39,956	\$15,291	\$55,247
Councilor	Gordon-Payne, S	11,684	2,374	14,058
	Ashley, A	12,399	4,072	16,471
	Carlick-Pearson, J	715	205	920
	Rice, J	715	755	1,470
	Garin, G	12,399	4,473	16,872
	Thorkelson, J	12,399	330	12,729
	Bedard, K	11,684	3,447	15,131
	Kinney, N	12,399	4,503	16,902
		<u>\$114,350</u>	<u>\$35,450</u>	<u>\$149,800</u>

(Prepared as required by *Financial Information Regulation*, Schedule 1, Section 6(2), (3), (4), (5) & (6))

City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011

Schedule of Employees' Remuneration and Expenses

Employee	Remuneration and Taxable Benefits	Travel, Training, and Other Expenses
Acker, Brian R.	\$78,065	\$219
Bailey, Howard I.	81,702	3,578
Beckwith, Jeffrey B.	96,104	890
Bomben, Corinne	81,815	4,643
Bonneschranz, Jon	79,145	0
Brown, Mark R.	102,031	273
Bruce, Michael A.	81,758	199
Casavant, Gerry D.	80,575	6,307
Daniele, James	76,923	0
Duffy, Gerard S.	82,944	174
Ferguson, Craig	77,148	174
Gardiner, Garin J.	94,911	5,043
Geismar, John	79,285	2,567
Gilker, Richard H.	75,054	389
Gowe, Rodney D.	76,886	0
Grav, Calvin	79,857	4,143
Grodecki, Robert	93,597	6,748
Hess, Russell W.	76,467	0
Holkestad, Brian R.	93,661	0
Holowachuk, Anthony	78,160	368
Horne, William A.	125,217	304
Howie, Gordon M.	154,008	25,508
James, David	102,001	318
Kelly, Rudy	85,857	8,383
Kessler, Marko	79,568	6,560
Krekic, Zeno	110,650	2,431
Kristoff, Marvin D.	89,217	0
Leighton, Troy	77,364	0
Mckenzie, David E.	114,442	3,780
Moore, Harvey E.	82,910	24
Morse, James A.	116,764	524
Nicholls, Craig	97,768	497
Sub-total	2,901,855	84,044

(Prepared as required by *Financial Information Regulation*, Schedule 1, Section 6(2);(3), (4), (5) & (6))

City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011

Schedule of Employees' Remuneration and Expenses

Employee	Remuneration and Taxable Benefits	Travel, Training, and Other Expenses
Ostrom, Tanya N.	93,386	2,562
Paolo, Rocky	78,266	0
Parks, Tom G.	104,471	110
Pierce, Terry E.	123,103	541
Pomponio, Remo	81,696	0
Pucci, Richard B.	90,673	10,791
Repole, Eugene A.	75,184	328
Rodin, Dan	136,627	6,569
Roemer, Richard J.	92,650	0
Teo-Yew, Kim Gek Christine	89,042	3,206
Thompson, Calvin H.	108,953	0
Wick, Martin	95,054	232
Wolfe, Francis L.	104,841	0
Sub-total	1,273,947	24,339
Employee (1st page)	2,901,855	84,044
Employee (2nd Page)	1,273,947	24,339
Total for Employees Earning more than \$75,000	\$4,175,802	<u>\$192,427</u>
Total Remuneration of council Members	114,350	
Total Remuneration to all other employees	8,119,153	
Total Employee Remuneration and Expenses	<u>\$12,409,305</u>	

(Prepared as required by *Financial Information Regulation*, Schedule 1, Section 6(2), (3), (4), (5) & (6))

City of Prince Rupert

Statement of Financial Information For the Year Ended December 31, 2011

Schedule of Grants or Contributions

Prince Rupert Arts Council	\$10,000
Prince Rupert Growing Space Society	1,500
Halloween Festival	5,017
Lester Centre for the Arts	110,000
Museum of Northern BC – Kwinitza Station Grant	14,500
Museum of Northern BC – Operating Grant	117,000
Museum of Northern BC – Visitor Info Centre Grant	70,000
Museum of Northern BC – Mortgage Grant	192,850
National Aboriginal Day	1,176
Navy League of Canada, Prince Rupert Branch	2,250
Prince Rupert Economic Development Commission	87,500
Prince Rupert Civic Pride	1,500
Prince Rupert Library – Operating Grant	500,000
Prince Rupert Library – Vested Benefit Accrual	9,000
Prince Rupert Racquet Association	8,500
SPCA	23,200
Prince Rupert Special Events – Operating Grant	20,000
Prince Rupert Special Events – Civic Centre	6,857
Wildlife Rehabilitation Centre	6,000
Tourism Prince Rupert – Operating Grant	90,000
Tourism Prince Rupert – Office Rental	12,210
Tourism Prince Rupert – Hotel Tax Transfer	160,209
Prince Rupert Golf Course – Operating Grant	102,861
Heritage Advisory	65
2011 Snow Birds	11,384
Communities in Bloom	763
AFFNO Sugar Shack	1,000
Salmonberry Trading Co. Society	500
Career Resource Centre	465
Grants – Miscellaneous	<u>1,166</u>
Total	<u>\$1,567,473</u>

(Prepared as required by *Financial Information Regulation*, Schedule 1, Section 7(2) b)

City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011

Schedule of Suppliers of Goods and Services
Supplier Payments Over \$25,000

Acklands-Grainger Inc.	\$200,228
Adams Diving & Marine Services Ltd.	28,694
Adventure Paving	2,905,050
Associated Engineering (B.C.) Ltd.	349,395
B.C. Hydro & Power Authority	466,223
B.C. Hydro- Industrial Accounts	220,161
B.C. Transit	520,532
Brenntag Canada Inc.	71,573
Broadwater Industries Ltd.	2,020,717
Bytown Diesel Sales Limited	82,771
Canadian Freightways	74,474
Carlyle & Shepherd & Co.	34,912
Citywest Cable & Telephone Co.	219,680
Cheng, Nellie	31,144
Commission of Municipal Superannuation- (City Portion)	890,851
DB Perks & Association Ltd.	36,211
Dileta Giovanna	25,540
District of Port Edward	93,589
Edvan Construction Ltd	102,710
Electrician, The	161,258
EMCO Corporation	81,071
Enercon Water Treatment Ltd.	38,500
First Canada Ulc (formally Farwest Bus Lines)	347,282
Fred Surridge Ltd	111,295
Harbour Maching Welding & Fabricating	34,255
I.C.B.C.	30,578
Jacobsen Pontiac Buick (1993) Ltd.	61,176
Janitors Warehouse	83,463
KMBR Architects Planners Inc.	63,298
Klohn Crippen Berger Ltd.	46,858
Lawson Lundell LLP	48,933
Lane Property Advisors Inc.	69,322
Levelton Consultants Ltd.	94,074
Lidstone & Company Barristers & Solicitors	44,385
Manufacturers Life Insurance Co. (Extended Health & Dental)	592,610
Minister of Finance - Natural Resources	48,798
Municipal Insurance Association of BC	118,331
N.P.S Wastewater System Ltd.	33,173
Sub-total	<u>\$10,483,113</u>

Prepared as required by *Financial Information Regulation*, Schedule 1, Section 7 (1) & (2) c)

City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011

Schedule of Suppliers of Goods and Services
Supplier Payments Over \$25,000

NAPA Prince Rupert (0367)	\$35,347
Northlands Water & Sewer Supplies Ltd.	25,779
Northern Industrial Sales (Terrace)	51,443
North Coast Equipment Ltd	62,003
Northwest Fuels Ltd.	474,920
Pacific Green Energy Initiative	49,156
Pacific Northern Gas	231,700
Port City Ford Sales	129,064
Prince Rupert Port Authority	125,208
Receiver General - RCMP "E" Contracted Services	2,000,885
Rupert Cleaners & Laundry Ltd.	36,056
Rupert Disposal Ltd.	54,522
Saanich Plumbing & Heating Ltd.	93,471
Shell Energy North America (Canada) Inc.	148,728
Skeena Gravel Products Ltd.	84,896
Skeen Queen Charlotte Regional District - Debentures Issues	845,770
Sonic Drilling Ltd	34,311
Stand-Guard Enterprises Inc.	143,148
Stuck On Designs	25,963
US Bank Canada - Corporate Visa	160,326
Vadim Computer Management Group Ltd	32,755
Valkyrie Law Group LLP	436,800
VIMAR Equipment Ltd	287,832
Willis Canada Vancouver	176,747
Workers' Compensation Board	200,788
Sub-total	<u>5,947,617</u>
Supplier (1st page)	10,483,113
Supplier (2nd page)	<u>5,947,617</u>
Suppliers paid equal and over \$25,000	16,430,730
Other Suppliers paid under \$25,000	<u>2,030,647</u>
Total Paid to Suppliers in 2011	18,461,377
Council & Employee Remuneration & Expenses	<u>12,409,305</u>
	30,870,682
Less Investment in Tangible Capital Assets and Debt Payments	(5,552,323)
Net Change in Accrued Expenses	<u>1,925,467</u>
Expenses as per Audited Financial Statement "B"	<u>\$27,243,826</u>

(Prepared as required by *Financial Information Regulation*, Schedule 1, Section 7 (1) & (2) c)

**City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011**

Schedule of Severance Agreements

Nil

City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011

Schedule of Guarantee and Indemnity Agreements

1. Prince Rupert Golf Course

- Line of Credit at Northern Savings Credit Union \$40,000

(Prepared as required by *Financial Information Regulation*, Schedule 1, Section 5)

**City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011**

Schedule of Long Term Debt

Information on all long-term debt is included in the Financial Statements in
Schedule 6 – Schedule of Leases and Schedule 7 – Schedule of Debenture Debt.

(Prepared as required by *Financial Information Regulation*, Schedule 1, Section 4)

**City of Prince Rupert
Statement of Financial Information
For the Year Ended December 31, 2011**

Audited

2011 Financial Statements

2011 City of Prince Rupert Audited Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Prince Rupert

Report on the Financial Statements

We have audited the accompanying consolidated statement of financial position of the City of Prince Rupert as at December 31, 2011 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.

Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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 financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2011 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the City taken as a whole. The current year's supplementary information in Statements C, F to I and schedules 1 to 7 is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Prince Rupert, BC
May 7, 2012



City of Prince Rupert

Consolidated Statement of Financial Position December 31

	<u>2011</u>	<u>2010</u>
Financial Assets		
Cash and Cash Equivalents	\$ 18,281,555	\$ 14,439,738
Taxes Receivable (Note 2)	9,066,636	9,050,085
General Receivables (Note 2)	1,916,378	2,904,804
Deposit-Municipal Finance Authority (Note 4)	145,786	140,980
Loan to Museum (Note 3)	125,991	315,501
	<u>29,536,346</u>	<u>26,851,108</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5a)	10,468,824	8,713,357
Deferred Revenue (Note 5b)	4,401,473	3,785,161
Landfill Closure Cost (Note 8b)	1,875,000	1,705,000
Reserves - Municipal Finance Authority (Note 4)	145,786	140,980
Leases Payable (Schedule 6 and Note 6)	349,550	526,526
Debenture Debt (Schedule 7 and Note 6)	6,742,820	7,227,607
	<u>23,983,453</u>	<u>22,098,631</u>
Net Financial Assets (Statement D)	<u>5,552,893</u>	<u>4,752,477</u>
Non-financial Assets		
Tangible Capital Assets (Statement G and Note 1c)	50,444,179	47,336,041
Investment in City West Cable & Tel. Corp. (Statement H and Note 7)	28,036,763	27,666,763
Inventory (Note 1d)	951,605	696,152
	<u>79,432,547</u>	<u>75,698,956</u>
Surplus and Equity	<u>\$ 84,985,440</u>	<u>\$ 80,451,433</u>
City Position		
Accumulated Operating Surplus (Statement C)		
Unappropriated	\$ 3,130,088	\$ 3,017,202
Appropriated	2,579,000	2,418,000
	<u>5,709,088</u>	<u>5,435,202</u>
Bylaw and Statutory Reserve Funds (Statement F)	6,396,790	6,087,060
Investment in City West Cable & Tel. Corp. (Statement G and Note 7)	28,036,763	27,666,763
Investment in Tangible Capital Assets (Statement I)	44,842,799	41,262,408
	<u>84,985,440</u>	<u>80,451,433</u>
Net Position	<u>\$ 84,985,440</u>	<u>\$ 80,451,433</u>


Gordon Howie
City Manager


Dan Rodin, CGA
Chief Financial Officer

City of Prince Rupert

Consolidated Statement of Operations For The Year Ended December 31

	<u>Unaudited</u> <u>2011 Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Revenues			
Taxes (Net) (Schedule 1)	\$ 16,296,000	\$ 16,512,673	\$ 15,902,000
Sale of Services (Schedule 2)	8,468,000	8,442,506	8,393,117
Services Provided to Other Government	60,000	71,039	59,491
Government Transfers (Schedule 3)	3,598,000	3,960,021	2,235,339
Fees, Permits, Licenses and Fines (Schedule 4)	536,000	579,806	551,117
Investment Income (Schedule 4)	27,000	138,509	78,205
City West Cable & Tel. Corp. Income/(Loss)	-	1,370,000	(3,945,000)
Miscellaneous Revenues (Schedule 4)	<u>1,834,000</u>	<u>2,497,960</u>	<u>1,560,151</u>
Total Revenue	<u>\$ 30,819,000</u>	<u>\$ 33,572,514</u>	<u>\$ 24,834,420</u>
Expenses			
Protection to Persons and Property	\$ 7,745,930	\$ 7,348,532	\$ 7,100,786
Water, Sewage and Solid Waste	5,397,000	4,373,216	4,477,330
Roadways and Transportation	5,232,030	4,941,958	5,432,210
Recreation and Culture	4,760,970	4,793,764	4,504,135
General Government	4,971,100	5,880,081	4,405,252
Other	<u>362,970</u>	<u>406,275</u>	<u>384,306</u>
Total Expenses (Schedule 5)	<u>\$ 28,470,000</u>	<u>\$ 27,743,826</u>	<u>\$ 26,304,019</u>
Revenue Over Expenditure Before Amortization	\$ 2,349,000	\$ 5,828,688	\$ (1,469,599)
Amortization of Tangible Capital Assets	\$ -	\$ (1,620,656)	\$ (1,892,482)
Writedown of Capital Assets	\$ -	\$ (291,314)	\$ -
Gain on Disposal of Tangible Capital Assets	<u>\$ -</u>	<u>\$ 617,289</u>	<u>\$ -</u>
Revenue Over Expenditure	\$ 2,349,000	\$ 4,534,007	\$ (3,362,081)
Opening City Position	<u>NA</u>	<u>\$ 80,451,433</u>	<u>\$ 83,813,514</u>
Closing City Position	<u>NA</u>	<u>\$ 84,985,440</u>	<u>\$ 80,451,433</u>

City of Prince Rupert

Operating Funds and Surplus Allocation For The Year Ended December 31

Fund	General	Water	Sewer	Solid Waste	2011 Total	2010 Total
Operating Results						
Revenue	\$ 25,108,163	\$ 2,313,364	\$ 4,063,334	\$ 2,087,653	\$ 33,572,514	\$ 24,834,420
Expenditure (Exclude Tangible Capital Assets)	23,370,610	1,536,287	952,159	1,884,770	27,743,826	26,304,019
	1,737,553	777,077	3,111,175	202,883	5,828,688	(1,469,599)
Add /(Less)						
Investment in Tangible Capital Assets	(663,230)	(77,169)	(4,240,487)	(39,222)	(5,020,108)	(3,139,100)
New Vehicle Lease	-	-	-	-	-	472,307
Debt payment and Actuarial Adjustments	(298,641)	(110,832)	(14,297)	(48,483)	(472,253)	(571,072)
Bylaw and Statutory Reserve Fund Income	(65,330)	-	-	-	(65,330)	(56,031)
City West Cable & Tel. Corp (Income)/Loss	(1,370,000)	-	-	-	(1,370,000)	3,945,000
City West Cable & Tel. Corp Loan Repayment	1,000,000	-	-	-	1,000,000	-
Transfer from Reserves	372,889	-	-	-	372,889	828,240
	(1,024,312)	(188,001)	(4,254,784)	(87,705)	(5,554,802)	1,479,344
Total Operating Surplus/(Deficit)	713,241	589,076	(1,143,609)	115,178	273,886	9,745
Balance forward Surplus/(Deficit)	2,644,876	1,108,090	2,074,365	(392,129)	5,435,202	5,425,457
Accumulated Surplus/(Deficit)	<u>\$ 3,358,117</u>	<u>\$ 1,697,166</u>	<u>\$ 930,756</u>	<u>\$ (276,951)</u>	<u>\$ 5,709,088</u>	<u>\$ 5,435,202</u>
Surplus Allocation						
Unappropriated Surplus	\$ 779,117	\$ 1,697,166	\$ 930,756	\$ (276,951)	\$ 3,130,088	\$ 3,017,202
2012 Appropriated Surplus	2,579,000	-	-	-	2,579,000	2,418,000
	<u>\$ 3,358,117</u>	<u>\$ 1,697,166</u>	<u>\$ 930,756</u>	<u>\$ (276,951)</u>	<u>\$ 5,709,088</u>	<u>\$ 5,435,202</u>

City of Prince Rupert

Consolidated Statement of Change in Net Financial Assets For The Year Ended December 31

	2011	2010
	<u>Actual</u>	<u>Actual</u>
Revenue Over Expenditure (Statement B)	\$ 4,534,007	\$ (3,362,081)
Acquisition of Tangible Capital Assets	(5,020,108)	(3,139,100)
Amortization of Tangible Capital Assets	1,620,656	1,892,482
Writedown of Capital Assets	291,314	-
City West Cable and Tel. Corp. (Increase)/Decrease in Equity	(370,000)	3,945,000
Lease Debt Paid by City West Cable and Telephone Corp.	-	3,457
Change in Inventory	<u>(255,453)</u>	<u>100,634</u>
Change in Net Financial Assets	<u>\$ 800,416</u>	<u>\$ (559,608)</u>
Net Financial Assets/(Debt) at Beginning of Year	<u>\$ 4,752,477</u>	<u>\$ 5,312,085</u>
Net Financial Assets/(Debt) at End of Year	<u>\$ 5,552,893</u>	<u>\$ 4,752,477</u>

City of Prince Rupert

Consolidated Statement of Cash Flows For The Year Ended December 31

	<u>2011</u>	<u>2010</u>
Operating Activities		
Revenue Over Expenditure	\$ 4,534,007	\$ (3,362,081)
Non-cash Items		
Amortization	1,620,656	1,892,482
Write down of Tangible Capital Assets	291,314	-
City West Cable & Tel. Corp (Income)/loss	(1,370,000)	3,945,000
Taxes Receivable	(16,551)	(118,247)
General Receivables	988,426	(351,391)
Loan to Museum	189,510	190,188
Inventory	(255,453)	100,634
Accounts Payable and Accrued Liabilities	1,755,467	625,662
Deferred Revenue	616,312	57,827
Landfill Closure Costs	170,000	428,482
Cash Provided by Operating Activities	<u>\$ 8,523,688</u>	<u>\$ 3,408,556</u>
Financing Activities		
New Lease Borrowing	\$ -	\$ 472,307
Principal Repayments	<u>(661,763)</u>	<u>(764,717)</u>
Cash provided by/(applied to) Financing Activities	<u>\$ (661,763)</u>	<u>\$ (292,410)</u>
Investing Activities		
Tangible Capital Assets Additions	\$ (5,020,108)	\$ (3,139,100)
City West Cable & Tel. Corp. Loan Repayment	<u>1,000,000</u>	<u>3,457</u>
Cash Provided by/(applied to) Investing Activities	<u>\$ (4,020,108)</u>	<u>\$ (3,135,643)</u>
Increase/(Decrease) in Cash and Cash Equivalents	\$ 3,841,817	\$ (19,497)
Cash and Cash Equivalents at Beginning of Year	<u>14,439,738</u>	<u>14,459,235</u>
Cash and Cash Equivalents at End of Year	<u>\$ 18,281,555</u>	<u>\$ 14,439,738</u>

City of Prince Rupert

Statement of Bylaw and Statutory Reserve Fund Balances December 31, 2011

Reserves	<u>Bylaw Reserves</u>				<u>Statutory Reserves</u>			<u>Total</u>
	<u>General Reserve</u>	<u>Public Works General Equipment</u>	<u>Ferry Maintenance</u>	<u>Capital Assets & Land Acquisition</u>	<u>Parkland Reserves</u>	<u>Parking Space Requirements</u>	<u>Cemetery Care Trust</u>	
Balance Beginning of Year	\$ 3,416,143	\$ 698,424	\$ -	\$ 1,682,986	\$ 5,953	\$ 117,419	\$ 166,135	\$ 6,087,060
Interest Income	35,322	7,221	-	17,401	62	2,014	3,310	65,330
Net Proceed from Land Sales	-	-	-	617,289	-	-	-	617,289
Transfers (to)/from Other Funds	(142,741)	(330,148)	100,000	-	-	-	-	(372,889)
Balance End of Year	<u>\$ 3,308,724</u>	<u>\$ 375,497</u>	<u>\$ 100,000</u>	<u>\$ 2,317,676</u>	<u>\$ 6,015</u>	<u>\$ 119,433</u>	<u>\$ 169,445</u>	<u>\$ 6,396,790</u>
Reserve Allocation								
2012 Budget Appropriations	\$ 1,690,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,690,000
Unappropriated Reserve	<u>1,618,724</u>	<u>375,497</u>	<u>100,000</u>	<u>2,317,676</u>	<u>6,015</u>	<u>119,433</u>	<u>169,445</u>	<u>4,706,790</u>
Balance End of Year	<u>\$ 3,308,724</u>	<u>\$ 375,497</u>	<u>\$ 100,000</u>	<u>\$ 2,317,676</u>	<u>\$ 6,015</u>	<u>\$ 119,433</u>	<u>\$ 169,445</u>	<u>\$ 6,396,790</u>

City of Prince Rupert

Consolidated Statement of Tangible Capital Assets December 31

	<u>CAPITAL ASSETS</u>				<u>ACCUMULATED AMORTIZATION</u>			<u>NET BOOK VALUE</u>		
	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals/ Write-Downs</u>	<u>Closing Balance</u>	<u>Opening Balance</u>	<u>Amortization</u>	<u>Disposals/ Write-Downs</u>	<u>Closing Balance</u>	<u>2011</u>	<u>2010</u>
Land	\$ 4,713,920	\$ 22,575	\$ -	\$ 4,736,495	\$ -	\$ -	\$ -	\$ -	\$ 4,736,495	\$ 4,713,920
Buildings	9,977,009	-	(329,353)	9,647,656	5,737,881	206,522	(38,039)	5,906,364	3,741,292	4,239,128
Equipment	6,732,396	468,760	(560,000)	6,641,156	4,481,818	367,779	(560,000)	4,289,597	2,351,559	2,250,578
Infrastructure	72,775,946	4,528,773	(31,426)	77,273,293	36,643,531	1,046,355	(31,426)	37,658,460	39,614,833	36,132,415
	<u>\$ 94,199,271</u>	<u>\$ 5,020,108</u>	<u>\$ (920,779)</u>	<u>\$ 98,298,600</u>	<u>\$ 46,863,230</u>	<u>\$ 1,620,656</u>	<u>\$ (629,465)</u>	<u>\$ 47,854,421</u>	<u>\$ 50,444,179</u>	<u>\$ 47,336,041</u>

City of Prince Rupert

City West Cable & Telephone Corporation Statement of Financial Position December 31

	<u>2011</u>	Adjusted <u>2010</u>
ASSETS		
City West Cable & Telephone Corporation		
Investment	\$ 1	\$ 1
Loan	21,732,762	22,732,762
Equity	<u>6,304,000</u>	<u>4,934,000</u>
	<u>\$ 28,036,763</u>	<u>\$ 27,666,763</u>
LIABILITIES AND EQUITY		
Equity, Beginning of Year	\$ 27,666,763	\$ 33,897,359
Prior Period Adjustment from Corporation and IFRS restatement	-	(2,285,596)
Net Income/(Loss) of Corporation	1,370,000	(3,945,000)
Transfer to operating fund	<u>(1,000,000)</u>	<u>-</u>
Equity, End of Year	<u>28,036,763</u>	<u>27,666,763</u>
	<u>\$ 28,036,763</u>	<u>\$ 27,666,763</u>

City of Prince Rupert

**Statement of Changes in Investment in Tangible Capital Assets
December 31**

	<u>2011</u>	<u>2010</u>
Opening Balance	\$ 41,262,408	\$ 39,917,025
Tangible Capital Assets Purchased By Operations	5,020,108	3,139,100
Museum Loan Principal Repayment	(189,510)	(190,188)
Less: New Lease Borrowing	-	(472,307)
Debenture Debt Repayment	355,239	369,243
Actuarial Additions	129,548	152,007
Lease Repayment	176,976	240,010
Writedown of Tangible Capital Assets	(291,314)	-
Amortization	<u>(1,620,656)</u>	<u>(1,892,482)</u>
Closing Balance	<u>\$ 44,842,799</u>	<u>\$ 41,262,408</u>

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2011

1) Significant accounting policies

a) *Basis of presentation*

It is the Municipality's policy to follow accounting principles generally accepted for British Columbia Municipalities and to apply such principles consistently. These consolidated statements include the operations of the General, Water, Sewer, Solid Waste, Telephone, Capital and Reserve Funds. They have been prepared using guidelines issued in the CICA Public Sector Accounting Handbook.

b) *Revenue recognition*

The accrual method for reporting revenues and expenditures has been used.

Revenues are normally recognized in the year in which they are earned and measurable

Government transfers are recognized in the financial statements as revenue in the period in which the eligibility criteria have been met and reasonable estimates of the amounts can be made. Transfers received for which the expenditures have not yet been incurred are reported as deferred revenue.

Deferred revenue includes grants, contributions and other amounts received from third parties which are specifically designated and the expenditures have not yet been incurred.

c) *Tangible capital assets*

Tangible capital assets are reported at cost. Donated assets are reported at fair market value at the time of donation. Tangible capital assets are amortized using the straight-line method as follows:

Buildings	50 years
Equipment	5 to 20 years
Infrastructure	40 to 100 years

d) *Inventory*

Inventory is reported at average cost.

e) *Estimates*

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates

f) *Financial instruments*

The City's financial instruments consist of cash, taxes and accounts receivable, accounts payable, accruals and deferred revenue, capital leases and debenture debt. It is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying value.

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2011

2) Receivables

	<u>2011</u>	<u>2010</u>
Taxes receivable	\$ 9,566,636	\$ 9,050,085
Allowance for doubtful tax accounts	(500,000)	-
Net Taxes Receivable	<u>\$ 9,066,636</u>	<u>\$ 9,050,085</u>

A portion of the Taxes Receivable is secured by parcels of land that the City is selling.

	<u>2011</u>	<u>2010</u>
General receivables		
General receivables	\$ 1,882,589	\$ 2,251,526
Due from City West Cable & Telephone Corp.	36,283	636,283
Other governments	27,733	16,995
	<u>1,946,605</u>	<u>2,904,804</u>
Allowance for doubtful accounts	(30,227)	-
Net general receivables	<u>\$ 1,916,378</u>	<u>\$ 2,904,804</u>

3) Museum loan receivable

Funds were loaned to the Northern British Columbia Museum Association for the purchase of the Museum building. The City in turn borrowed the funds from the Municipal Finance Authority. The interest rate is a variable rate set by the Municipal Finance Authority. The loan term is five years with the outstanding balance and interest due June 30, 2014. The balance of the loan will be repaid by annual grants of \$192,850 given by the City of Prince Rupert. The loan is secured by a first charge on land and improvements owned by the Museum.

4) Municipal Finance Authority reserve deposits

The City issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the Municipality may be required to loan certain amounts to the Municipal Finance Authority.

As of December 31, the total Debt Reserve Fund was comprised of

	<u>2011</u>	<u>2010</u>
General	\$ 105,790	\$ 102,302
Water	39,996	38,678
	<u>\$ 145,786</u>	<u>\$ 140,980</u>

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2011

5) Payables, accruals, and deferred Revenue

	<u>2011</u>	<u>2010</u>
a) Accounts payable		
Trade payables	\$ 3,261,688	\$ 1,925,525
Accrued liabilities	\$ 1,134,724	\$ 548,703
Accrued interest payable - MFA	81,999	83,518
Taxes due to other governments	2,061,847	2,130,515
Salaries, wages, other payroll payables	3,636,461	3,958,068
Holdbacks and deposits	292,105	67,028
	<u>\$ 10,468,824</u>	<u>\$ 8,713,357</u>
b) Deferred revenue		
Prepaid taxes	\$ 1,017,367	\$ 962,076
Other deferred revenue	3,384,106	2,823,085
	<u>\$ 4,401,473</u>	<u>\$ 3,785,161</u>

6) Debentures / leases for the City

Debenture debt and leases are with the Municipal Finance Authority and are being repaid in accordance with approved bylaws and agreements.

7) Investment in City West Cable & Telephone Corp.

The City is the sole shareholder of City West Cable and Telephone Corp. (the "Company"). The investment in the Company is reported using the modified equity method. During the year, the City received income of \$60,000 as management fees.

Financial information for the Company as at December 31 is as follows

	<u>2011</u>	<u>Adjusted 2010</u>
Assets	\$ 51,645,000	\$ 55,313,000
Liabilities to Arms-length parties	\$ 23,572,000	\$ 27,289,000
Net Income/(loss)	\$ 1,370,000	\$ (3,945,000)

8) Commitments and contingencies:

a) Pension information

The municipality and its employees contribute to the Municipal Pension Plan (the "plan"), a jointly-trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 contributors from local governments.

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2011

The latest valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities

The City of Prince Rupert paid \$890,851 for employer contributions to the plan in fiscal 2011.

b) *Landfill closure costs*

The City is responsible for closing the landfill in accordance with the Ministry of Environment regulations. The closure costs have been fully accrued based on the latest landfill closure plan.

c) *Third party claims*

The City has various lawsuits and claims pending by and against it. It is the opinion of management that the determination of these claims will not materially affect the financial position or the operating results of the City.

d) *Guarantees*

The City has provided loan guarantee of \$40,000 for the Prince Rupert Golf Course Society. The balance of loan with Northern Savings Credit Union is \$27,225.77 as at Dec 31, 2011 and matures Dec 15, 2013

9) *Change in comparative figures*

Certain figures have been restated for comparative purposes.

City of Prince Rupert

Schedule of Tax Revenues For The Year Ended December 31

	Unaudited 2011 Budget	2011 Actual	2010 Actual
Real Property Taxes			
Municipal Property Tax			
Residential	\$ 6,290,000	\$ 6,289,997	\$ 6,118,014
Utilities	150,000	150,401	147,805
Major Industry	2,714,000	2,713,688	2,660,122
Light Industry	450,000	475,883	411,016
Business	4,377,000	4,373,328	4,171,047
Recreational	17,000	17,425	17,016
	<u>\$ 13,998,000</u>	<u>\$ 14,020,722</u>	<u>\$ 13,525,020</u>
Less: Tax Sharing with District of Port Edward	\$ (575,000)	\$ (552,639)	\$ (555,307)
	<u>\$ 13,423,000</u>	<u>\$ 13,468,083</u>	<u>\$ 12,969,713</u>
Special Payments			
Port Competitiveness Tax Grant	\$ 1,522,000	\$ 1,542,848	\$ 1,521,546
Revenue Tax	438,000	434,843	495,853
Specified Area Tax	61,000	60,951	60,951
Payments in Lieu of Tax			
Federal Government Properties	200,000	201,376	202,473
Prince Rupert Port Authority	274,000	320,404	274,056
	<u>474,000</u>	<u>521,780</u>	<u>476,529</u>
Grants in Lieu of Tax			
Provincial Government Properties	187,000	282,177	186,938
BC Buildings Corp.	60,000	61,024	60,855
BC Housing Commission	85,000	84,236	84,536
BC Hydro and Power Authority	41,000	47,273	40,548
Insurance Corporation of BC	5,000	9,458	4,531
	<u>378,000</u>	<u>484,168</u>	<u>377,408</u>
	<u>\$ 2,873,000</u>	<u>\$ 3,044,590</u>	<u>\$ 2,932,287</u>
Net Tax Revenue	<u>\$ 16,296,000</u>	<u>\$ 16,512,673</u>	<u>\$ 15,902,000</u>

City of Prince Rupert

Schedule of Sale of Service Revenues For The Year Ended December 31

	Unaudited 2011 Budget	2011 Actual	2010 Actual
GENERAL FUND			
Protective Services (RCMP)	\$ 42,000	\$ 32,538	\$ 47,017
Transportation Services			
Public Transit	342,000	356,766	332,479
Airport Ferry	985,000	1,172,800	954,075
	<u>\$ 1,327,000</u>	<u>\$ 1,529,566</u>	<u>\$ 1,286,554</u>
Environmental Development Services			
Rezoning / Subdivision Services	7,000	6,695	9,230
Parking	12,000	13,632	89,447
	<u>\$ 19,000</u>	<u>\$ 20,327</u>	<u>\$ 98,677</u>
Public Health (Cemetery)	<u>\$ 40,000</u>	<u>\$ 45,053</u>	<u>\$ 41,065</u>
Recreation and Cultural Services			
Civic Centre Rentals & Programs	203,000	192,683	195,451
Swimming Pool	359,000	371,278	376,259
Arena	160,000	149,598	160,060
Field Rentals	4,000	3,408	3,540
	<u>\$ 726,000</u>	<u>\$ 716,967</u>	<u>\$ 735,310</u>
TOTAL GENERAL OPERATING FUND	<u>\$ 2,154,000</u>	<u>\$ 2,344,451</u>	<u>\$ 2,208,623</u>
SOLID WASTE FUND	<u>\$ 2,205,000</u>	<u>\$ 2,060,460</u>	<u>\$ 2,140,424</u>
WATER FUND	<u>\$ 2,200,000</u>	<u>\$ 2,182,505</u>	<u>\$ 2,190,206</u>
SEWER FUND	<u>\$ 1,909,000</u>	<u>\$ 1,855,090</u>	<u>\$ 1,853,864</u>
	<u>\$ 8,468,000</u>	<u>\$ 8,442,506</u>	<u>\$ 8,393,117</u>

City of Prince Rupert

Schedule of Government Transfers For The Year Ended December 31

	Unaudited 2011 Budget	2011 Actual	2010 Actual
Unconditional			
General Operating - Small Community	\$ 339,000	\$ 479,193	\$ 338,681
- Traffic Fines	234,000	344,508	233,822
Total Unconditional	\$ 573,000	\$ 823,701	\$ 572,503
Conditional			
General Operating Fund			
Victim Services	\$ 54,000	\$ 40,095	\$ 52,060
Two Percent (2%) Hotel Tax	150,000	160,209	147,327
Casino Revenue	425,000	425,000	425,000
Fire and Emergency Services Grant	26,000	-	29,835
BC Hydro - Tree Planting Grant	-	5,000	-
Ministry of Transport and Villages	-	-	110,487
Northern Development Initiatives	-	-	19,467
Ministry of Transport - Bus Stop Shelters	-	-	20,000
Ministry of Highways	-	29,306	-
Coast Sustainability Trust	-	85,666	135,952
Province of BC - Spirit Square	-	-	128,085
Twinning Grant	-	48,875	-
UBCM Integrated Sustainability Fund	5,000	-	5,000
Public Transportation Infrastructure	26,000	25,591	-
Community Work Fund	-	-	41,604
Olympic Torch Relay Grant	-	-	45,000
RCMP - Video System Grant	84,000	110,979	-
	\$ 770,000	\$ 930,721	\$ 1,159,817
Sewer Fund			
Hays Creek Study Grant	\$ -	\$ -	\$ 10,000
LWMP- Fed of Canadian Municipalities	55,000	-	34,399
Build Canada Fund	2,200,000	2,205,599	458,620
	\$ 2,255,000	\$ 2,205,599	\$ 503,019
Total Conditional	\$ 3,025,000	\$ 3,136,320	\$ 1,662,836
Total Government Transfer	\$ 3,598,000	\$ 3,960,021	\$ 2,235,339

City of Prince Rupert

Schedule of Revenue from Own Sources For The Year Ended December 31

	Unaudited 2011 Budget	2011 Actual	2010 Actual
Licences and Permits	\$ 308,000	\$ 355,783	\$ 309,487
Fines	28,000	16,059	21,823
911 Service Fee	200,000	207,964	219,807
	<u>\$ 536,000</u>	<u>\$ 579,806</u>	<u>\$ 551,117</u>
Investment Income	<u>\$ 27,000</u>	<u>\$ 138,509</u>	<u>\$ 78,205</u>
Miscellaneous revenues			
Actuarial Reduction in Debt	\$ -	\$ 129,548	\$ 152,007
Cemetery Care Fund	-	3,310	3,389
Donation from Falcone Estate	141,000	153,872	-
Donation from Prince Rupert Port Authority	-	-	16,000
Donation of Cardio Equipment - Northern Health	-	-	30,000
Gain on Maturing Debt	-	154,084	181,314
MFA - Dividend Income	45,000	-	472
Miscellaneous - General Fund	117,000	281,613	206,228
Parking Space Requirements	-	800	-
Penalties and Interest on Taxes	134,000	295,443	217,031
Rentals	1,342,000	1,334,791	668,564
Rentals - Water Fund	55,000	74,464	60,877
Sale of Gravel - Solid Waste Fund	-	27,193	10,189
Sale of Capital Assets	-	42,842	14,080
Total Miscellaneous Revenues	<u>\$ 1,834,000</u>	<u>\$ 2,497,960</u>	<u>\$ 1,560,151</u>
Total Revenue from Own Sources	<u>\$ 2,397,000</u>	<u>\$ 3,216,275</u>	<u>\$ 2,189,473</u>

City of Prince Rupert

Schedule of Expenditure by Objects of Expense For The Year Ended December 31

	Unaudited 2011 Budget	2011 Actual	2010
Wages	\$ 11,833,000	\$ 11,148,521	\$ 10,710,892
Benefits	2,816,000	2,493,634	2,588,199
Professional Fees	770,000	721,954	577,919
Supplies	1,997,750	2,341,884	2,025,520
Services	2,075,250	2,605,767	2,169,185
Energy	1,268,000	1,303,550	1,226,024
Fiscal Expenses	1,203,000	1,742,511	1,695,929
Grants in Aid to Community Partners	1,546,000	1,567,473	1,511,685
Contracts	<u>4,031,000</u>	<u>3,865,213</u>	<u>3,597,877</u>
	27,540,000	27,790,507	26,103,230
Capital Purchases & Capital Works	8,992,000	5,505,642	3,949,142
Less:			
Investments in Tangible Capital Assets	(7,514,000)	(5,020,108)	(3,139,100)
Long Term Debt Repayment	<u>(548,000)</u>	<u>(532,215)</u>	<u>(609,253)</u>
Total Expenses (Statement C)	<u>\$ 28,470,000</u>	<u>\$ 27,743,826</u>	<u>\$ 26,304,019</u>

City of Prince Rupert

Schedule of Leases December 31

Lease No.	Purpose	New/ Renewal	Amount of Issue	2010 Balance	Additions	Principal Payments	2011 Balance
General Fund							
11932/2052	Excavator	2001/2006	31,582	2,460	-	(2,460)	-
1584	Flusher Truck	2006	269,695	34,147	-	(34,147)	-
8370	2009 Pierce Fire Truck	2010	472,757	412,419	-	(91,886)	320,533
				\$ 449,026	\$ -	\$ (128,493)	\$ 320,533
Solid Waste Fund							
4256	Refuse/Shupak	2007	\$ 228,887	\$ 77,500	\$ -	\$ (48,483)	\$ 29,017
				\$ 526,526	\$ -	\$ (176,976)	\$ 349,550

City of Prince Rupert

Schedule of Debenture Debt December 31

Bylaw No.		Maturity No.	Date	Amount of Issue	2010 Balance	Principal Payment	2010 Accrued Actuarial	2011 Actuarial	2011 Accrued Actuarial	2011 Balance
General Fund										
3129	George Hills Way/Specified Area	75	2021	\$ 700,000	\$ 465,610	\$ (21,170)	\$ 959	\$ (11,671)	\$ (1,091)	\$ 432,637
3201	Uplands Development	94	2025	1,054,348	860,912	(35,406)	1,660	(7,671)	(2,028)	817,467
3201	Cruise Ship Dock	94	2025	3,133,056	2,558,252	(105,213)	4,934	(22,795)	(6,025)	2,429,153
3201	Museum	94	2025	2,465,626	2,013,272	(82,800)	3,882	(17,939)	(4,742)	1,911,673
3199	Morse Creek Bridge	99	2017	535,000	344,261	(44,561)	1,514	(7,569)	(1,926)	291,719
					<u>\$ 6,242,307</u>	<u>\$ (289,150)</u>	<u>\$ 12,949</u>	<u>\$ (67,645)</u>	<u>\$ (15,812)</u>	<u>\$ 5,882,649</u>
Water Fund										
2961	New Water Main	63	2016	1,800,000	701,986	(54,437)	31,130	(53,344)	(34,181)	591,154
					<u>\$ 701,986</u>	<u>\$ (54,437)</u>	<u>\$ 31,130</u>	<u>\$ (53,344)</u>	<u>\$ (34,181)</u>	<u>\$ 591,154</u>
Sewer Fund										
3201	Moresby Sewer Upgrade	94	2025	\$ 346,970	\$ 283,314	\$ (11,652)	\$ 546	\$ (2,524)	\$ (667)	\$ 269,017
					<u>\$ 7,227,607</u>	<u>\$ (355,239)</u>	<u>\$ 44,625</u>	<u>\$ (123,513)</u>	<u>\$ (50,660)</u>	<u>\$ 6,742,820</u>