



SPECIAL REGULAR MEETING

For the **SPECIAL REGULAR MEETING** of Council to be held on May 8, 2025, at 5:15 pm in the Council Chambers of City Hall, 424 – 3rd Avenue West, Prince Rupert, B.C.

- 1. CALL TO ORDER**
- 2. ADOPTION OF AGENDA**

Recommendation:

THAT the Agenda for the Special Regular Council Meeting of May 8, 2025, be adopted as presented.

- 3. PUBLIC COMMENTS REGARDING AGENDA ITEMS**
- 4. REPORTS**
 - a) Report from the Chief Financial Officer Re: 2024 Audited Financial Statements**

THAT Council accepts the 2024 Audited Financial Statements as presented.
- 5. REPORTS, QUESTIONS AND INQUIRIES FROM MEMBERS OF COUNCIL**
- 6. ADJOURNMENT**



REPORT TO COUNCIL

Regular Meeting of Council

DATE: May 8th, 2025
TO: Robert Buchan, City Manager
FROM: Corinne Bomben, Chief Financial Officer

SUBJECT: 2024 AUDITED FINANCIAL STATEMENTS (THE “STATEMENTS”)

RECOMMENDATION:

THAT Council accepts the 2024 Audited Financial Statements as presented.

REASON FOR REPORT:

Pursuant to the *Community Charter*, the City of Prince Rupert must prepare Audited Annual Financial Statements and the Statements must be accepted by Council. The Statements (Attachment 1) have been prepared by staff and audited by the City's auditor. The auditor has communicated that they intend to append an unqualified opinion to the Statements after they have been accepted by Council. An unqualified opinion means the auditor is satisfied the financial statements are free of material error and present fairly the financial results reported at the year end date.

FINANCIAL HIGHLIGHTS:

Statement “A” Consolidated Statement of Financial Position

Financial Assets

Cash and Cash Equivalents - Decrease of \$10 million primarily due to utilizing accrual, reserve funds and previously received grants for the acquisition/construction of capital assets.

General Receivables – Increase of \$6 million primarily due to grant funding receivable from the Federal government for infrastructure works under the BIG project.

Land inventory held for Resale – The balance of the assumed addition at tax sale and the dismantling cost associated with Watson Island has been transferred to property owned by the City in tangible capital assets. This remainder was previously held for resale, however now the organization is intending to generate lease revenue through the City's municipal enterprise, Prince Rupert Legacy Inc.

Liabilities

Accounts Payable and Accrued Liabilities – Decrease of nearly \$3 million due to construction invoices related to the RCMP building and water and sewer repairs incurred in 2023 being paid during the year. The amounts owing in respect of these projects were lower at the end of 2024.

Deferred Revenue – Decrease of nearly \$3.5 million primarily relating to deferred grants used for the BIG project.

Loans Payable – Increase of nearly \$13.7 million due to short-term financing the RCMP detachment construction, infrastructure replacement design for the Water component of the BIG project, and the Digby Island Ferry Refit.

Non-Financial Assets

Tangible Capital Assets - Increase in net TCA of almost \$50M due mostly to the transfer of Watson Island into TCA from Land Inventory and assets under construction at year end being the RCMP Detachment, Water and Sewer infrastructure. Completed TCA additions in 2024 include Outfall L improvements, 6th Ave Bridge rehabilitation, ongoing water main replacements, and paving.

Investment in City West Cable & Telephone Corp. – The decrease recorded is the net loss reported by City West during the year and the loan repayment of \$500,000 made to the City.

City Position

Accumulated Operating Surplus - Decrease of near \$7 million largely due to use of surplus to fund the transfer of Watson Island into TCA. The amount of surplus used equates to the tax sale income recognized in 2008 when the property was placed on auction plus the net cost of dismantling the pulp mill.

Investment in Tangible Capital Assets – Increase of \$34 million due to expenditures on capital assets (mentioned above) and repayment of debenture and lease debt. Partially offsetting the increase was amortization of assets.

Statement “B” Consolidated Statement of Operations

Revenues were below budget by nearly \$30 million mainly because of not utilizing grants for the waterfront and BIG Project in 2024 as originally planned. These funds continue to remain in deferred revenue and reserves or available to claim from the senior governments and will be taken into income as the works are completed.

Expenses came in at \$2.7 million under budget with most city functions on target. Closure of the old cell at the landfill wasn't completed, contributing towards \$1 million to the variance. Winter conditions were milder than usual leading to reduced expenses in roads and there was less availability of staff to support parks and reduced severe weather which lately has necessitated costly tree response.

Budget Variance

The City's budget is not prepared in the same manner as the Statements which are prepared in accordance with Canada Public Sector Accounting Guidelines. Rather, the budget identifies expected capital and non-capital expenditures and identifies sources of funding for those outflows, with the use of surplus, reserves, and new debt presented as revenue and capital expenditures presented as expenses, resulting in a balanced budget. During the year the City's results are compared to the budget through monthly variance reports. Attachment 2 presents the actual results for the year compared to budget. This variance report does not make up a part of the audited statements and is provided for information purposes only.

The General Operating fund presents a surplus of \$2.2 million. Although some departments, such as Public Works Common Cost, have negative variances, other departments, such as Parks, Road, and Recreation experienced positive variances. These results, combined with the longer than expected high-interest rate environment accounts for the operating surplus.

The Water Utility ended the year with a \$1.9 million surplus due to interest earned on grant funds received for the BIG project. Solid Waste closed out the year with a deficit, although much smaller than budgeted. Sanitary and storm sewer ended the year with a moderate surplus.

Prince Rupert Legacy Inc. Financial Statements

This is Legacy's eleventh year of operations. The audited financial data has been consolidated into the parent organization (the City of Prince Rupert). Although the data has been consolidated, the statements of the corporation are attached for review by the shareholder (Attachment 3). The company has retained earnings of \$10 million, of which nearly \$3.5 million is appropriated for projects in 2025, mostly as a contribution to the capital works and loan payments in the City's Water Utility as well as funding for Watson Island capital and operating expenses.

LINK TO STRATEGIC PLAN:

Acceptance of the financial statements is required in accordance with *Section 167* of the *Community Charter*.

CONCLUSION:

Council accepting the Statements will complete the 2024 Financial Statement approval process and satisfy the City's legislative requirements.

Report Prepared By:

Report Reviewed By:

Corinne Bomben,
Chief Financial Officer

Robert Buchan,
City Manager

Originally signed available upon request

Attachments:

- Attachment 1 – City of Prince Rupert 2024 Audited Financial Statements
- Attachment 2 – Budget Variance Reports - Operating Departments & Utilities
- Attachment 3 – Prince Rupert Legacy Inc. Financial Statements

ATTACHMENT #1

City of Prince Rupert

2024 Audited Financial Statements

City of Prince Rupert

Consolidated Statement of Financial Position December 31

| | <u>2024</u> | <u>2023</u> |
|--|------------------------|-----------------------|
| Financial Assets | | |
| Cash and Cash Equivalents | \$ 124,835,284 | \$ 135,213,999 |
| Taxes Receivable (Note 2a) | \$ 2,437,946 | \$ 1,865,538 |
| General Receivables (Note 2b) | \$ 8,983,738 | \$ 2,557,647 |
| Deposit-Municipal Finance Authority (Note 3) | \$ 435,523 | \$ 420,867 |
| Land Inventory Held for Resale (Note 4) | \$ - | \$ 9,618,106 |
| Loans to Prince Rupert Airport Authority (Note 5) | \$ 6,090,096 | \$ 6,510,751 |
| | <u>\$ 142,782,587</u> | <u>\$ 156,186,908</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities (Note 6a) | \$ 16,050,431 | \$ 19,080,872 |
| Deposits and Prepayments | \$ 3,011,638 | \$ 1,159,668 |
| Deferred Revenue (Note 6b) | \$ 78,576,207 | \$ 82,074,078 |
| Asset Retirement Obligations (Note 7) | \$ 9,878,788 | \$ 11,964,260 |
| Reserves - Municipal Finance Authority (Note 3) | \$ 91,019 | \$ 87,956 |
| Loans Payable (Schedule 11 and Note 8) | \$ 24,987,626 | \$ 11,290,215 |
| Debenture Debt (Schedule 12 and Note 8) | \$ 22,455,773 | \$ 23,660,935 |
| | <u>\$ 155,051,482</u> | <u>\$ 149,317,984</u> |
| Net Financial Assets (Statement C) | <u>\$ (12,268,895)</u> | <u>\$ 6,868,924</u> |
| Non-financial Assets | | |
| Tangible Capital Assets (Schedule 3 and Note 1c) | \$ 204,141,801 | \$ 157,290,300 |
| Inventories of Supplies (Note 1d) | \$ 1,916,071 | \$ 2,031,604 |
| Investment in City West Cable & Tel. Corp. (Schedule 4 and Note 9) | \$ 48,389,763 | \$ 48,950,763 |
| | <u>\$ 254,447,635</u> | <u>\$ 208,272,667</u> |
| Surplus and Equity (Statement B) | <u>\$ 242,178,740</u> | <u>\$ 215,141,591</u> |
| City Position | | |
| Accumulated Operating Surplus (Schedule 1) | \$ 14,312,161 | \$ 21,513,908 |
| Bylaw and Statutory Reserve Funds (Schedule 2) | \$ 26,762,135 | \$ 26,250,748 |
| Investment in City West Cable & Tel. Corp. (Schedule 4 and Note 9) | \$ 48,389,763 | \$ 48,950,763 |
| Investment in Tangible Capital Assets (Schedule 5) | \$ 152,714,681 | \$ 118,426,172 |
| Net Position (Statement B) | <u>\$ 242,178,740</u> | <u>\$ 215,141,591</u> |

Corinne Bomben, CPA, CA
Chief Financial Officer

Originally signed available upon request

City of Prince Rupert

Consolidated Statement of Operations For The Year Ended December 31

| | Unaudited 2024 Budget | 2024 Actual | 2023 Actual |
|--|--------------------------|-----------------------|-----------------------|
| Revenues | | | |
| Taxes (Net) (Schedule 6) | \$ 31,421,000 | \$ 31,276,603 | \$ 28,734,725 |
| Sale of Services (Schedule 7) | 14,267,000 | 14,618,568 | 18,177,897 |
| Services Provided to Other Governments | 120,000 | 135,888 | 165,092 |
| Government Transfers (Schedule 8) | 57,243,000 | 20,257,411 | 7,074,982 |
| Fees, Permits, Licenses and Fines (Schedule 9) | 428,000 | 419,440 | 420,236 |
| Investment Income | 2,726,000 | 6,323,628 | 5,405,491 |
| City West Cable & Tel. Corp. (Schedule 4) | - | (61,000) | 1,998,000 |
| Prince Rupert Legacy Inc. | - | 3,265,813 | 3,353,927 |
| Miscellaneous (Schedule 9) | 2,514,000 | 2,804,863 | 1,620,210 |
| Total Revenue | \$ 108,719,000 | \$ 79,041,214 | \$ 66,950,560 |
| Expenses | | | |
| Protection to Persons and Property | \$ 14,679,200 | \$ 14,604,757 | \$ 13,250,900 |
| Water, Sewage and Solid Waste | 12,988,770 | 11,299,134 | 12,616,520 |
| Roadways and Transportation | 6,550,800 | 6,193,995 | 7,003,632 |
| Recreation and Culture | 7,057,100 | 6,436,681 | 6,208,985 |
| General Government | 9,559,700 | 9,688,972 | 7,518,964 |
| Other | 362,200 | 314,422 | 284,309 |
| Total Expenses (Schedule 10) | \$ 51,197,770 | \$ 48,537,961 | \$ 46,883,310 |
| Revenue Over Expenditure Before Amortization | \$ 57,521,230 | \$ 30,503,253 | \$ 20,067,250 |
| Amortization of Tangible Capital Assets | - | (4,954,465) | (4,136,485) |
| Accretion of Asset Retirement Obligations | - | (311,639) | (351,952) |
| Transfer of ARO from Unfunded to Funded | - | 1,800,000 | 2,166,305 |
| Gain on Disposition of Land Held for Resale | - | - | 70,727 |
| Net Gains (Losses/Write downs) on Tangible Capital Assets | - | - | (593,896) |
| Revenue Over Expenditure | \$ 57,521,230 | \$ 27,037,149 | \$ 17,221,949 |
| Opening City Position | \$ 215,141,591 | \$ 215,141,591 | \$ 197,919,642 |
| Closing City Position (Statement A) | \$ 272,662,821 | \$ 242,178,740 | \$ 215,141,591 |

City of Prince Rupert

Consolidated Statement of Changes in Net Financial Assets/Liabilities For The Year Ended December 31

| | 2024 | 2023 |
|--|-------------------------------|----------------------------|
| | Actual | Actual |
| | <hr/> | <hr/> |
| Revenue Over Expenditure (Statement B) | \$ 27,037,149 | \$ 17,221,949 |
| Acquisition of Tangible Capital Assets (Schedule 1 & 3) | (49,718,326) | (27,565,931) |
| Amortization of Tangible Capital Assets | 4,954,465 | 4,136,485 |
| Disposals/Writedowns of Tangible Capital Assets | - | 613,896 |
| Adjustments to Estimates of ARO underlying asset cost | (2,087,640) | 220,730 |
| City West Cable and Tel. Corp. (Increase)/Decrease in Equity | 561,000 | (1,498,000) |
| Change in Inventories of Supplies | 115,533 | (433,291) |
| Change in Net Financial Assets | <u>\$ (19,137,819)</u> | <u>\$ (7,304,162)</u> |
| Net Financial Assets at Beginning of Year | <u>\$ 6,868,924</u> | <u>\$ 14,173,086</u> |
| Net Financial Assets (Liabilities) at End of Year | <u><u>\$ (12,268,895)</u></u> | <u><u>\$ 6,868,924</u></u> |

City of Prince Rupert

Consolidated Statement of Cash Flows For The Year Ended December 31

| | 2024 | 2023 |
|--|------------------------|------------------------|
| | Actual | Actual |
| Operating Activities | | |
| Revenue Over Expenditure | \$ 27,037,149 | \$ 17,221,949 |
| Non-cash Items | | |
| Amortization | 4,954,465 | 4,136,485 |
| Accretion of Asset Retirement Obligations | 311,639 | 351,952 |
| City West Cable & Tel. Corp | 61,000 | (1,998,000) |
| Taxes Receivable | (572,408) | (514,806) |
| General Receivables | (6,426,091) | 421,419 |
| Land Inventory Held for Resale | 9,618,106 | - |
| Inventories of Supplies | 115,533 | (433,291) |
| Accounts Payable and Accrued Liabilities | (3,030,441) | 4,574,683 |
| Deposits and Prepayments | 1,851,970 | 518,561 |
| Deferred Revenue | (3,497,871) | 69,327,376 |
| Cash Provided by Operating Activities | <u>\$ 30,423,051</u> | <u>\$ 93,606,328</u> |
| Financing Activities | | |
| Loans Payable | \$ 14,470,000 | \$ 10,117,235 |
| MFA Deposits and Reserves | (11,593) | (10,034) |
| Repayment (Loans) from Prince Rupert Airport Authority | 420,655 | 350,560 |
| Principal Repayments | (1,977,751) | (1,827,714) |
| Cash provided by/(applied to) Financing Activities | <u>\$ 12,901,311</u> | <u>\$ 8,630,047</u> |
| Capital and Investing Activities | | |
| Tangible Capital Assets Additions | \$ (49,718,326) | \$ (27,565,931) |
| Tangible Capital Assets Net Write Downs/Disposals | - | 613,896 |
| Settlement of Asset Retirement Obligations | (4,484,751) | - |
| City West Cable & Tel. Corp. Loan Repayment | 500,000 | 500,000 |
| Cash Provided by/(applied to) Investing Activities | <u>\$ (53,703,077)</u> | <u>\$ (26,452,035)</u> |
| | | |
| Increase/(Decrease) in Cash and Cash Equivalents | \$ (10,378,715) | \$ 75,784,340 |
| Cash and Cash Equivalents at Beginning of Year | 135,213,999 | 59,429,659 |
| Cash and Cash Equivalents at End of Year | <u>\$ 124,835,284</u> | <u>\$ 135,213,999</u> |

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

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, Capital and Reserve Funds, Prince Rupert Legacy Inc. and City West Cable & Telephone Corp. They have been prepared using guidelines issued in the CPA Canada Public Sector Accounting Handbook.

b) *Revenue and expenses 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:

| | <u>Years</u> |
|----------------------------|-----------------|
| Buildings and Improvements | 5 to 50 years |
| Equipment | 5 to 20 years |
| Infrastructure | 25 to 100 years |

Assets under construction having a value of \$47,762,446 (2023 - 16,283,632) have not been amortized. Amortization on these assets will commence when the asset is put into service.

d) *Inventory*

Inventory is reported at average cost.

e) *Estimates*

The preparation of financial statements in accordance with CPA Canada Public Sector Accounting Standards requires management to make estimates and assumptions that affect the amounts reported. Estimates include the amortization rate of tangible capital assets, allowances for doubtful loans and receivables, accrued liabilities, and asset retirement obligations. Actual results could differ from those estimates.

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

1) Significant accounting policies (continued)

f) Reporting entity

The City's reporting entity includes the municipal government and entities that are either controlled or owned by it. All controlled entities are fully consolidated on a line-by-line basis except for government business enterprises.

Government business enterprises are consolidated on a modified equity basis. Under the modified equity basis, accounting policies are not adjusted to conform to the City's, inter-organizational transactions and balances are not eliminated and the City recognises annual earnings or losses in its statement of operations with a corresponding increase or decrease in the investment. Any distributions reduce the carrying value of the investment.

The City's reporting entities include:

| | | |
|-----------------------------------|--------------------------------|------|
| Prince Rupert Legacy Inc. | Controlled Entity | 100% |
| City West Cable & Telephone Corp. | Government Business Enterprise | 100% |

g) Financial instruments

The City's financial instruments consist of cash, taxes and accounts receivable, loans receivable, accounts payable, accruals and deferred revenue, equipment and short term financing debt, 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.

h) Asset Retirement Obligations

Asset Retirement Obligations ("ARO") represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible capital assets ("TCA") include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the City to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

1) Significant accounting policies (continued)

h) Asset Retirement Obligations

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related TCA is also recognized for underlying assets that have been recorded and reported within the TCA values presented in the financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, the City derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

2) Receivables

a) Taxes receivable

| | <u>2024</u> | <u>2023</u> |
|----------------------|---------------------|---------------------|
| Current | \$ 1,157,050 | \$ 1,108,641 |
| Arrears | 507,328 | 405,059 |
| Tax sale properties | 773,568 | 351,838 |
| Net taxes receivable | <u>\$ 2,437,946</u> | <u>\$ 1,865,538</u> |

b) General receivables

| | <u>2024</u> | <u>2023</u> |
|---------------------------------|---------------------|---------------------|
| General receivables | \$ 9,007,184 | \$ 2,574,604 |
| Allowance for doubtful accounts | (23,446) | (16,957) |
| Net general receivables | <u>\$ 8,983,738</u> | <u>\$ 2,557,647</u> |

3) Municipal Finance Authority reserve and deposit

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.

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

4) Land inventory held for resale

The City received the title to Watson Island in 2009 via 2008's tax sale. In 2024, the consolidated entity Prince Rupert Legacy Inc. entered into a multi-year exclusivity agreement with an unrelated party for the remaining area of Watson Island, meaning that the City is no longer actively marketing the property for sale and instead intends to hold the property to generate lease revenue. The Watson Island land property value is reported as Tangible Capital Assets in 2024 with a cost equal to the balance previously reported as Land Inventory Held for Resale, at the gross value of the municipal property taxes owing when it was acquired through tax sale in 2008 plus \$3.7 million of remediation costs incurred to prepare the island for use.

5) Loans to Prince Rupert Airport Authority (PRAA)

| | <u>2024</u> | <u>2023</u> |
|--|------------------|------------------|
| From Municipal Finance Authority (MFA) (details per Schedule 12) | \$ 4,105,169 | \$ 4,439,414 |
| Rescheduled payments | <u>1,051,717</u> | <u>1,051,717</u> |
| | \$ 5,156,886 | \$ 5,491,131 |

The PRAA is economically dependent on commercial flights provided by Air Canada. Flight frequency has not returned to pre-COVID 19 levels. If flight frequency does not increase, the City may not be able to collect debt payments for 2026.

(Due to COVID 19 disruption, the annual combination principal and interest repayment for 2020, 2021, and 2022 from Prince Rupert Airport are rescheduled to the end of the term.)

From Prince Rupert Legacy

Payments include interest at 2.5% per annum, secured by mortgage on Airport Lands.

| | | |
|---|---------------------|---------------------|
| \$24,080 due January 28 and July 28 each year with a final payment on January 28, 2033. | \$ 366,985 | \$ 405,312 |
| \$16,054 due April 6 and October 6 each year with a final payment on April 6, 2033. | 244,656 | 270,208 |
| \$9,030 due June 20 and December 20 each year with a final payment on June 20, 2033. | 144,850 | 151,992 |
| \$10,033 due February 28 and August 28 each year with a final payment on August 28, 2034. | 176,719 | 192,108 |
| | \$ 933,210 | \$ 1,019,620 |
| Total loans to Prince Rupert Airport Authority | <u>\$ 6,090,096</u> | <u>\$ 6,510,751</u> |

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

6) Accounts payable, accrued liabilities and deferred revenue

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| a) Accounts payable and accrued liabilities | | |
| Trade payables | \$ 10,003,875 | \$ 12,280,982 |
| Accrued liabilities | \$ 48,487 | \$ 35,000 |
| Accrued interest payable - MFA | \$ 141,156 | \$ 141,156 |
| Taxes due to other governments | \$ 435,396 | \$ 2,055,392 |
| Salaries, wages, other payroll payables | \$ 5,421,517 | \$ 4,568,342 |
| | <u>\$ 16,050,431</u> | <u>\$ 19,080,872</u> |
| b) Deferred revenue | | |
| Prepaid taxes | \$ 1,418,276 | \$ 1,369,029 |
| Deferred revenue - PR Legacy | 1,836,448 | 2,165,240 |
| Deferred revenue - Capacity Funding for LG Housing Initiatives (Schedule 14) | 187,978 | - |
| Other deferred revenue | 75,133,505 | 78,539,809 |
| | <u>\$ 78,576,207</u> | <u>\$ 82,074,078</u> |

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

7) Asset Retirement Obligations

| | <u>2024</u> | <u>2023</u> |
|----------------------------------|----------------------------|-----------------------------|
| Funded | | |
| Balance, beginning of the year | \$ 5,380,000 | \$ 3,445,852 |
| Liabilities settled | (4,484,751) | (232,157) |
| Change in estimate | 1,800,000 | 2,166,305 |
| Balance, end of the year | <u>\$ 2,695,249</u> | <u>\$ 5,380,000</u> |
| Unfunded | | |
| Balance, beginning of the year | 6,584,260 | 8,387,186 |
| Liabilities incurred | 2,087,640 | - |
| Change in estimate | - | 232,157 |
| Transfer from (to) Funded | (1,800,000) | (2,166,305) |
| Accretion expense | 311,639 | 378,662 |
| Changes in estimated cash flows | - | (247,440) |
| Balance, end of the year | <u>\$ 7,183,539</u> | <u>\$ 6,584,260</u> |
| Estimated total liability | <u><u>\$ 9,878,788</u></u> | <u><u>\$ 11,964,260</u></u> |

Asbestos and Lead

The City owns and operates assets which contain asbestos and/or lead paint, and therefore, the City is legally required to perform abatement activities upon renovation or demolition of the assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in 2028 through 2043 of \$9.94 million. The estimated total liability of \$5.23 million (2023- \$5.01 million) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.56% and assuming annual inflation of 3%. The municipality has not designated funds for settling the abatement activities.

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

7) Asset Retirement Obligations (continued)

Landfill - Ridley Island Road

Landfill closure and post-closure care requirements have been defined in accordance with the Environmental Management Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 102-year period using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimates in the table below of Net Phase Capacity are taken from the 2021 Design, Operations, and Closure Plan (DOCP). Estimated remaining capacity is also presented in cubic meters and percentage.

| Phase | Net Phase Capacity (m ³) | Capacity Utilized (m ³) | Capacity Remaining (m ³) | Capacity Utilized (%) | Capacity Remaining (%) |
|---------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-----------------------|------------------------|
| Developed Phases | | | | | |
| Phase 1 – West | 95,369 | 95,369 | 0 | 100% | 0% |
| Phase 2 – North | 170,877 | 86,042 | 84,835 | 50% | 50% |
| Total - developed | 266,246 | 181,411 | 84,835 | 68% | 32% |
| Undeveloped Phases | | | | | |
| Phase 2 – South | 444,369 | 0 | 444,369 | 0% | 100% |
| Phase 3 | 577,359 | 0 | 577,359 | 0% | 100% |
| Total - undeveloped | 1,021,728 | 0 | 1,021,728 | 0% | 200% |
| Grand Total | 1,287,974 | 181,411 | 1,106,563 | 14% | 86% |

Phase 1 - West is fully utilized and closure was mostly completed in 2024. Only "Phase 2 - North" is currently operational. Before "Phase 2 South" and "Phase 3" can be utilized, they must be developed at estimated costs of \$3.6 million and \$4.3 million (2021 dollars), respectively. The estimated remaining capacity of the landfill without this development is 32% – 84,835 cubic metres (2023 – 64%, 169,168 cubic metres) of its total estimated useable capacity of 266,246 cubic metres and its estimated remaining life is 7 years (2023 – 13 years).

The estimated remaining capacity of the landfill with development of "Phase 2 - South" and "Phase 3" is 86% – 1,106,563 cubic metres (2023 - 1,190,896 cubic metres) of its total estimated capacity of 1,287,974 cubic metres and its estimated useful life would be extended to 53 years. The period for post-closure care is estimated to be 50 years, beginning after closure is completed in 2076.

The unfunded liability for the landfill will be paid for by increases to user fees and grants. Any unfunded portion still remaining will have to be borrowed, with the debt servicing being funded by increases to user fees or taxation in the years following closure.

Landfills - Wantage Road and Watson Island

The City owns two landfills that are already closed; one on Wantage Road and one on Watson Island. The Ministry of Environment has informed the City that further monitoring and remediation actions will be required, but as of yet, the extent, plans, and cost are not known so a reasonable estimate cannot be made and no Asset Retirement Obligation has been required.

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

8) Debenture debt and loans payable

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

9) Investment in City West Cable & Telephone Corp.

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

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|---------------|---------------|
| Assets | \$ 93,232,000 | \$ 83,456,000 |
| Liabilities to arms-length parties | \$ 44,843,000 | \$ 34,506,000 |
| Net income (loss) | \$ (61,000) | \$ 1,998,000 |

10) Commitments and contingencies:

a) Pension information

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024.

The City of Prince Rupert paid \$1,620,543 (2023 - \$1,562,767) for employer contributions while employees contributed \$1,424,571 (2023 - \$1,373,798) to the plan in fiscal 2024.

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

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2024

10) Commitments and contingencies: (continued)

b) *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.

c) *Payments in lieu of taxes*

Payments in lieu of taxes are recorded as revenue based on managements' best estimates of taxes due. Property assessment values are subject to dispute and the Dispute Advisory Panel is being asked to provide advice in a matter spanning multiple years. The impact of any future settlement agreement is as yet unknown.

d) *School taxes levied on Watson Island*

The Province of BC reports school taxes owing regarding Watson Island of \$1,336,414, which were previously disclosed as Taxes Due to Other Governments. The City no longer intends to sell the property. If the property were to be sold, the school taxes would then be payable by the City to the Province and a liability would be recorded at that time.

City of Prince Rupert

**Operating Funds and Surplus Allocation
For The Year Ended December 31**

| Fund | General | Water | Sewer | Solid Waste | Prince Rupert Legacy Inc. | 2024 Total | 2023 Total |
|--|-----------------|-----------------|----------------|--------------------|--------------------------------------|-----------------------|-----------------------|
| Operating Results | | | | | | | |
| Revenue | \$ 52,758,728 | \$ 14,754,391 | \$ 3,213,500 | \$ 5,048,782 | \$ 3,265,813 | \$ 79,041,214 | \$ 66,950,560 |
| Expenditure (Exclude Tangible capital assets) | 37,238,827 | 3,752,414 | 1,275,040 | 6,271,680 | \$ - | 48,537,961 | 46,883,310 |
| | \$ 15,519,901 | \$ 11,001,977 | \$ 1,938,460 | \$ (1,222,898) | \$ 3,265,813 | \$ 30,503,253 | \$ 20,067,250 |
| Add /(Less) | | | | | | | |
| Additions to Tangible capital assets | \$ (30,327,664) | \$ (15,358,135) | \$ (3,155,843) | \$ (463,012) | \$ (413,672) | \$ (49,718,326) | \$ (27,565,931) |
| Gain on disposition of Land Held for Resale | - | - | - | - | - | - | 70,727 |
| Gain on disposition of Tangible Capital Assets | - | - | - | - | - | - | 20,000 |
| New Loans and Payables to fund TCA | 11,470,000 | 3,000,000 | - | - | - | 14,470,000 | 10,117,235 |
| Debt payment and Actuarial Adjustments | (571,176) | (488,380) | (23,496) | (560,454) | (862,781) | (2,506,287) | (1,496,750) |
| Bylaw and Statutory Reserve Interest Income | (1,401,599) | - | - | - | - | (1,401,599) | (1,477,841) |
| Prince Rupert Legacy Dividend | 2,390,243 | 859,757 | - | - | (3,250,000) | - | - |
| City West Cable & Tel. Corp Loan Repayment | 500,000 | - | - | - | - | 500,000 | 500,000 |
| City West Cable & Tel. Corp (Income)/Loss | 61,000 | - | - | - | - | 61,000 | (1,998,000) |
| Transfer (to)/ from Reserves (Schedule 2) | (3,705,496) | 2,931,097 | (36,460) | 1,701,071 | - | 890,212 | 424,530 |
| | \$ (21,584,692) | \$ (9,055,661) | \$ (3,215,799) | \$ 677,605 | \$ (4,526,453) | \$ (37,705,000) | \$ (21,406,030) |
| Total Operating Surplus/(Deficit) | \$ (6,064,791) | \$ 1,946,316 | \$ (1,277,339) | \$ (545,293) | \$ (1,260,640) | \$ (7,201,747) | \$ (1,338,780) |
| Balance forward Surplus/(Deficit) | 11,292,483 | 88,048 | 3,283,269 | 468,276 | \$ 6,381,832 | 21,513,908 | 22,852,688 |
| Accumulated Surplus/(Deficit) | \$ 5,227,692 | \$ 2,034,364 | \$ 2,005,930 | \$ (77,017) | \$ 5,121,192 | \$ 14,312,161 | \$ 21,513,908 |
| Surplus/(Deficit) Allocation | | | | | | | |
| Unappropriated Surplus (deficit) | \$ 4,719,692 | \$ 188,364 | \$ 726,930 | \$ (741,017) | \$ 1,710,192 | \$ 6,604,161 | \$ 7,014,085 |
| Restricted Land Surplus | - | - | - | - | - | - | 7,994,823 |
| 2025 Appropriated Surplus | 508,000 | 1,846,000 | 1,279,000 | 664,000 | 3,411,000 | 7,708,000 | 6,505,000 |
| | \$ 5,227,692 | \$ 2,034,364 | \$ 2,005,930 | \$ (77,017) | \$ 5,121,192 | \$ 14,312,161 | \$ 21,513,908 |

City of Prince Rupert

**Schedule of Bylaw and Statutory Reserve Fund Balances
December 31, 2024**

| | <u>Opening Balance</u> | <u>Interest/Income</u> | <u>Transfer (to)/from Other Funds</u> | <u>Year End Balance</u> | RESERVE ALLOCATION | | |
|---|------------------------|------------------------|---|-------------------------|--------------------------------------|-----------------------------------|-------------------------|
| | | | | | <u>2025 Budget Appropriation</u> | <u>Unappropriated Reserve</u> | <u>Year End Balance</u> |
| BYLAW & OTHER RESERVES | | | | | | | |
| General Reserves | \$ 8,755,709 | \$ 463,936 | \$ (1,583,654) | \$ 7,635,991 | \$ 950,000 | \$ 6,685,991 | \$ 7,635,991 |
| Public Work Equipment Reserves | 2,114,285 | 96,283 | (25,033) | 2,185,535 | 1,234,000 | 951,535 | 2,185,535 |
| Ferry Maintenance Reserves | 652,098 | 16,994 | (669,092) | - | - | - | - |
| NCPG Reserve (Schedule 13) | 2,445,137 | 93,742 | (1,974,019) | 564,860 | 300,000 | 264,860 | 564,860 |
| Growing Communities Fund | 4,228,940 | 223,984 | - | 4,452,924 | 4,456,000 | (3,076) | 4,452,924 |
| NW BC Regional Funding Agreement | - | 101,086 | 6,109,472 | 6,210,558 | 20,861,000 | (14,650,442) | 6,210,558 |
| Water Asset Management Reserve | 5,574,809 | 265,588 | (2,931,097) | 2,909,300 | 2,843,000 | 66,300 | 2,909,300 |
| Sewer Asset Management Reserve | 92,275 | 6,539 | 56,845 | 155,659 | - | 155,659 | 155,659 |
| Solid Waste Asset Management Res. | 227,324 | 15,148 | 96,754 | 339,226 | - | 339,226 | 339,226 |
| Total Bylaw & Other Reserves | \$ 24,090,577 | \$ 1,283,300 | \$ (919,824) | \$ 24,454,053 | \$ 30,644,000 | \$ (6,189,947) | \$ 24,454,053 |
| STATUTORY RESERVES | | | | | | | |
| Capital Assets & Land Acquisition | \$ 1,657,903 | \$ 102,178 | \$ - | \$ 1,760,081 | \$ 125,000 | \$ 1,635,081 | \$ 1,760,081 |
| Parkland Reserves | 7,608 | 403 | - | \$ 8,011 | - | 8,011 | 8,011 |
| Parking Space Requirements | 209,036 | 11,071 | - | \$ 220,107 | - | 220,107 | 220,107 |
| Cemetery Care Trust | 285,624 | 4,647 | 29,612 | \$ 319,883 | - | 319,883 | 319,883 |
| Total Statutory Reserves | \$ 2,160,171 | \$ 118,299 | \$ 29,612 | \$ 2,308,082 | \$ 125,000 | \$ 2,183,082 | \$ 2,308,082 |
| TOTAL RESERVES | \$ 26,250,748 | \$ 1,401,599 | \$ (890,212) | \$ 26,762,135 | \$ 30,769,000 | \$ (4,006,865) | \$ 26,762,135 |

City of Prince Rupert

Consolidated Schedule of Tangible Capital Assets December 31

| | Land | Buildings | Equipment | Infrastructure | Assets under construction | 2024 | 2023 |
|---|----------------------|----------------------|---------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| Historical Cost: | | | | | | | |
| Opening Balance | \$ 12,668,655 | \$ 20,820,298 | \$ 12,314,066 | \$ 175,693,335 | \$ 16,283,632 | \$ 237,779,986 | \$ 211,605,594 |
| Additions | 8,408,495 | 1,048,618 | 3,449,028 | 5,269,442 | 31,542,743 | 49,718,326 | 27,565,931 |
| Transfer of completed assets, previously under construction | - | 23,600 | - | 40,329 | (63,929) | - | - |
| Additions (adjustments) to Asset Retirement Obligation Cost | - | - | - | 2,087,640 | - | 2,087,640 | (220,730) |
| Disposals/Write-Downs | - | - | - | (247,777) | - | (247,777) | (1,170,809) |
| Closing Balance | 21,077,150 | 21,892,516 | 15,763,094 | 182,842,969 | 47,762,446 | 289,338,175 | 237,779,986 |
| Accumulated Amortization: | | | | | | | |
| Opening Balance | - | 10,663,677 | 7,777,970 | 62,048,039 | - | 80,489,686 | 76,910,114 |
| Amortization Expense | - | 577,157 | 1,061,983 | 3,315,325 | - | 4,954,465 | 4,136,485 |
| Disposals/ Write-Downs | - | - | - | (247,777) | - | (247,777) | (556,913) |
| Closing Balance | - | 11,240,834 | 8,839,953 | 65,115,587 | - | 85,196,374 | 80,489,686 |
| Net Book Value | \$ 21,077,150 | \$ 10,651,682 | \$ 6,923,141 | \$ 117,727,382 | \$ 47,762,446 | \$ 204,141,801 | \$ 157,290,300 |

City of Prince Rupert

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

| | 2024 | 2023 |
|---|---------------|---------------|
| ASSETS | | |
| City West Cable & Telephone Corporation | | |
| Investment | \$ 1 | \$ 1 |
| Loan | 16,132,762 | 16,632,762 |
| Equity | 32,257,000 | 32,318,000 |
| | \$ 48,389,763 | \$ 48,950,763 |
| LIABILITIES AND EQUITY | | |
| Equity, Beginning of Year | \$ 48,950,763 | \$ 47,452,763 |
| Net Income (Loss) of Corporation | (61,000) | 1,998,000 |
| Repayment of loan | (500,000) | (500,000) |
| Equity, End of Year | \$ 48,389,763 | \$ 48,950,763 |

City of Prince Rupert

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

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------|-----------------------|
| Opening Balance | \$ 118,426,172 | \$ 102,416,754 |
| Tangible Capital Assets Purchased By Operations | 35,248,326 | 17,448,696 |
| Debenture Debt Repayment | 732,652 | 732,652 |
| Actuarial Additions | 138,265 | 116,162 |
| Loan Repayment | 1,635,370 | 647,936 |
| Disposals/Writedowns of Tangible Capital Assets | - | (613,896) |
| Transfer from unfunded to funded ARO | 1,800,000 | 2,166,305 |
| Accretion | (311,639) | (351,952) |
| Amortization | <u>(4,954,465)</u> | <u>(4,136,485)</u> |
| Closing Balance | <u>\$ 152,714,681</u> | <u>\$ 118,426,172</u> |

City of Prince Rupert

Schedule of Tax Revenues For The Year Ended December 31

| | Unaudited 2024 Budget | 2024 Actual | 2023 Actual |
|--|--------------------------|----------------------|----------------------|
| Real Property Taxes | | | |
| Municipal Property Tax | | | |
| Residential | \$ 8,958,500 | \$ 8,953,953 | \$ 8,293,526 |
| Utilities | 356,000 | 355,655 | 328,986 |
| Major Industry | 11,660,000 | 11,659,646 | 10,810,252 |
| Light Industry | 800,000 | 799,888 | 741,260 |
| Business | 6,661,000 | 6,657,036 | 5,831,356 |
| Recreational | 23,500 | 23,537 | 22,133 |
| | <u>\$ 28,459,000</u> | <u>\$ 28,449,715</u> | <u>\$ 26,027,513</u> |
| Less: Tax Sharing with District of Port Edward | (963,000) | (977,354) | (953,497) |
| Less: Provision for Assessment Appeals | <u>(25,000)</u> | <u>(25,000)</u> | <u>(40,000)</u> |
| | <u>\$ 27,471,000</u> | <u>\$ 27,447,361</u> | <u>\$ 25,034,016</u> |
| Special Payments | | | |
| Port Competitiveness Tax Grant | \$ 2,052,000 | \$ 2,051,791 | \$ 1,972,876 |
| Revenue Tax | \$ 324,000 | \$ 312,464 | \$ 317,803 |
| Payments in Lieu of Tax | | | |
| Federal Government Properties | \$ 221,000 | \$ 221,125 | \$ 220,970 |
| Prince Rupert Port Authority | 761,000 | 646,410 | 639,557 |
| | <u>\$ 982,000</u> | <u>\$ 867,535</u> | <u>\$ 860,527</u> |
| Grants in Lieu of Tax | | | |
| Provincial Government Properties | \$ 335,000 | \$ 326,272 | \$ 311,297 |
| BC Buildings Corp. | 51,000 | 50,369 | 47,312 |
| BC Housing Commission | 105,000 | 110,823 | 97,448 |
| BC Hydro and Power Authority | 89,000 | 97,013 | 82,618 |
| Insurance Corporation of BC | 12,000 | 12,975 | 10,828 |
| | <u>\$ 592,000</u> | <u>\$ 597,452</u> | <u>\$ 549,503</u> |
| | <u>\$ 3,950,000</u> | <u>\$ 3,829,242</u> | <u>\$ 3,700,709</u> |
| Net Tax Revenue | <u>\$ 31,421,000</u> | <u>\$ 31,276,603</u> | <u>\$ 28,734,725</u> |

City of Prince Rupert

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

| | Unaudited 2024 Budget | 2024 Actual | 2023 Actual |
|---|--------------------------|----------------------|----------------------|
| GENERAL FUND | | | |
| Protective Services (RCMP) | \$ 27,000 | \$ 30,296 | \$ 28,028 |
| Transportation Services | | | |
| Public Transit | \$ 201,000 | \$ 284,126 | \$ 213,891 |
| Airport Ferry | 1,180,000 | 1,203,544 | 1,129,282 |
| | <u>\$ 1,381,000</u> | <u>\$ 1,487,670</u> | <u>\$ 1,343,173</u> |
| Other | | | |
| Rezoning / Subdivision Services | \$ - | \$ 8,450 | \$ 11,405 |
| Parking | 114,000 | 88,515 | 93,822 |
| Franchise Fees | 280,000 | 252,117 | 282,416 |
| | <u>\$ 394,000</u> | <u>\$ 349,082</u> | <u>\$ 387,643</u> |
| Public Health (Cemetery) | <u>\$ 154,000</u> | <u>\$ 112,177</u> | <u>\$ 84,762</u> |
| Recreation and Cultural Services | | | |
| Civic Centre Rentals & Programs | \$ 362,000 | \$ 446,982 | \$ 343,782 |
| Swimming Pool | 523,000 | 495,472 | 529,416 |
| Arena | 261,000 | 270,553 | 276,147 |
| | <u>\$ 1,146,000</u> | <u>\$ 1,213,007</u> | <u>\$ 1,149,345</u> |
| Cow Bay Marina | <u>\$ 455,000</u> | <u>\$ 464,918</u> | <u>\$ 436,388</u> |
| TOTAL GENERAL OPERATING FUND | \$ 3,557,000 | \$ 3,657,150 | \$ 3,429,339 |
| SOLID WASTE FUND | \$ 4,792,000 | \$ 5,033,162 | \$ 8,897,197 |
| WATER FUND | \$ 3,046,000 | \$ 3,085,675 | \$ 3,043,011 |
| SEWER FUND | <u>\$ 2,872,000</u> | <u>\$ 2,842,581</u> | <u>\$ 2,808,350</u> |
| | <u>\$ 14,267,000</u> | <u>\$ 14,618,568</u> | <u>\$ 18,177,897</u> |

City of Prince Rupert

Schedule of Government Transfers For The Year Ended December 31

| | Unaudited 2024 Budget | 2024 Actual | 2023 Actual |
|---|--------------------------|---------------------|-------------------|
| Federal Grant- Conditional | | | |
| General Fund | | | |
| Active Transportation Strategy - Infrastructure Canada | \$ - | \$ - | \$ 9,000 |
| Recreation Washrooms Accessibility | 100,000 | 3,053 | - |
| Water Fund | | | |
| DMAF Grant for BIG Project | 12,436,000 | 4,108,628 | - |
| Sewer Fund | | | |
| DMAF Grant for BIG Project | 3,600,000 | 360,216 | - |
| | <u>\$ 16,136,000</u> | <u>\$ 4,471,897</u> | <u>\$ 9,000</u> |
| Provincial Grants | | | |
| Unconditional | | | |
| General Fund - Small Community | \$ 350,000 | \$ 383,700 | \$ 350,000 |
| - Traffic Fines | 215,000 | 228,000 | 214,000 |
| Total Unconditional | <u>\$ 565,000</u> | <u>\$ 611,700</u> | <u>\$ 564,000</u> |
| Conditional | | | |
| General Fund | | | |
| Victim Services | \$ 80,000 | \$ 86,763 | \$ 79,839 |
| Casino Revenue | 540,000 | 587,682 | 540,120 |
| Two Percent (2%) Hotel Tax | 350,000 | 397,487 | 340,349 |
| Situation Tables | 15,000 | 15,015 | 27,411 |
| BCATI - Downtown Revitalization & Asset Management | 50,000 | 50,000 | - |
| Waterfront Rupert's Landing & Ferry Development | 10,000,000 | 852,772 | 1,000,000 |
| LGCAP - City Hall Boiler | 123,000 | 123,000 | - |
| Capacity Funding for Local Government Housing Initiatives | 60,000 | 20,650 | - |
| Indigenouse Engagement - EMBC | 40,000 | - | - |
| BIG Project - Trench Rescue Training and equipment | 40,000 | 36,875 | - |
| BIG Project - Records Management | 50,000 | - | - |
| BIG Project - Infrastructure Replacement | - | 294,828 | - |
| RCMP Detachment | - | 1,095,775 | - |
| BC Transit Priority Bus Shelter Program | 108,000 | - | - |
| North Coast BC Hydrogen Hub | 150,000 | 150,000 | - |
| Growing Communities Fund | - | - | 4,068,000 |
| Northwest BC Regional Funding Agreement | 6,860,000 | 6,860,171 | - |
| Northern Health Vision Zero | 11,000 | 11,640 | - |
| ICBC Road Improvements | - | 16,200 | - |
| Water Fund | | | |
| BIG Project - Infrastructure Replacement | 15,564,000 | 3,632,537 | - |
| Woodworth Dam Design & Construction | - | - | 9,400 |
| Submarine & Overland Line Construction | - | - | 288,314 |

City of Prince Rupert

Schedule of Government Transfers (continued) For The Year Ended December 31

| | Unaudited 2024 Budget | 2024 Actual | 2023 Actual |
|--|-----------------------------|-----------------------------|----------------------------|
| Sewer Fund | | | |
| IBA-ICIP - Wastewater Treatment Facility Project | 4,500,000 | - | - |
| Total Conditional | <u>\$ 38,541,000</u> | <u>\$ 14,231,395</u> | <u>\$ 6,353,433</u> |
| Regional and Other External Transfers - Conditional | | | |
| General Fund | | | |
| FCM - Asset Management Strategy Development | \$ - | \$ - | \$ (12,340) |
| FCM - Community Efficiency Financing Feasibility Study | - | - | 60,000 |
| NDIT- Economic Development | 50,000 | 50,000 | 50,000 |
| NDIT- Business Façade | 20,000 | 10,000 | - |
| UBCM - Community Works Fund - City Hall Boiler | 321,000 | 267,747 | 5,703 |
| UBCM - Climate Action Plan | 47,000 | 66,328 | 22,543 |
| UBCM - Social Development Plan | 20,000 | 19,100 | 5,900 |
| UBCM - Reconciliation Committee | 10,000 | 6,590 | - |
| UBCM - Complete Communities Assessment | 148,000 | 130,857 | 16,743 |
| UBCM - Emergency Support Services | - | 3,030 | - |
| UBCM - Indigenous Cultural Safety & Humility Training | 23,000 | 23,000 | - |
| UBCM - Asset Management | - | 4,250 | - |
| UBCM - NG911 | 45,000 | 15,825 | - |
| UBCM - EOC and Training - Radio System Reliability | - | 28,150 | - |
| PRPA - Lester Centre Roof Replacement | 317,000 | 317,542 | - |
| Solid Waste Fund | | | |
| UBCM- Community Works Fund - Landfill Closure | 1,000,000 | - | - |
| | <u>\$ 2,001,000</u> | <u>\$ 942,419</u> | <u>\$ 148,549</u> |
| Total Government Transfer | <u><u>\$ 57,243,000</u></u> | <u><u>\$ 20,257,411</u></u> | <u><u>\$ 7,074,982</u></u> |

City of Prince Rupert

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

| | Unaudited 2024 Budget | 2024 Actual | 2023 Actual |
|-------------------------------------|--------------------------|---------------------|---------------------|
| Licenses and Permits | \$ 316,000 | \$ 318,770 | \$ 320,512 |
| Fines | 33,000 | 32,888 | 27,261 |
| 911 Service Fee | 79,000 | 67,782 | 72,463 |
| | <u>\$ 428,000</u> | <u>\$ 419,440</u> | <u>\$ 420,236</u> |
| Miscellaneous revenues | | | |
| Actuarial Additions | \$ - | \$ 237,439 | \$ 212,054 |
| Cemetery Care Fund | - | 29,612 | 24,825 |
| Miscellaneous - General Fund | 640,000 | 665,220 | 585,146 |
| Miscellaneous Grants - General Fund | 1,045,000 | 113,590 | 91,116 |
| Miscellaneous Grants - Sewer Fund | 200,000 | - | - |
| Penalties and Interest on Taxes | 237,000 | 327,796 | 264,509 |
| Property Rentals | 252,000 | 265,727 | 252,498 |
| Parking Space Requirement | - | - | 50,000 |
| Disposal of scrap/soil | - | 1,015,656 | - |
| Water Meter Rentals | 140,000 | 149,823 | 140,062 |
| Total Miscellaneous Revenues | <u>\$ 2,514,000</u> | <u>\$ 2,804,863</u> | <u>\$ 1,620,210</u> |

City of Prince Rupert

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

| | Unaudited 2024 Budget | 2024 Actual | 2023 Actual |
|---|--------------------------|-----------------------|----------------------|
| Wages | \$ 20,345,000 | \$ 19,146,527 | \$ 18,124,894 |
| Benefits | 5,270,000 | \$ 5,111,545 | 4,692,485 |
| Professional Fees | 2,642,000 | \$ 2,767,779 | 2,114,836 |
| Supplies | 2,702,000 | \$ 2,856,665 | 3,166,150 |
| Services | 4,565,000 | \$ 4,577,678 | 4,905,260 |
| Energy | 1,527,000 | \$ 1,340,531 | 1,380,610 |
| Fiscal Expenses | 4,101,000 | \$ 3,860,530 | 5,004,300 |
| Grants in Aid to Community Partners | 1,889,000 | \$ 1,928,402 | 1,824,105 |
| Contracts | <u>6,666,000</u> | <u>\$ 6,744,557</u> | <u>6,042,983</u> |
| | \$ 49,707,000 | \$ 48,334,214 | \$ 47,255,623 |
| Capital Purchases & Capital Works (Per budget) | 97,623,000 | \$ 51,789,789 | 28,932,961 |
| Wages & Vehicle cost allocated to Capital Works | (319,000) | \$ (362,475) | (358,755) |
| Less: | | | |
| Investments in Tangible Capital Assets | (94,048,230) | \$ (49,718,326) | (27,565,931) |
| Debt Repayment | <u>(1,765,000)</u> | <u>\$ (1,505,241)</u> | <u>(1,380,588)</u> |
| Total Expenses (Statement B) | <u>\$ 51,197,770</u> | <u>\$ 48,537,961</u> | <u>\$ 46,883,310</u> |

City of Prince Rupert

**Schedule of Loans Payable
December 31**

| Loan No. | Purpose | New/ Renewal | Amount of Issue | 2023 Balance | Additions | Principal Payments | 2024 Balance |
|---|--|---------------------|------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| Equipment Financing | | | | | | | |
| 0003-0 | Vactor Truck | 2019 | \$ 450,000 | \$ 82,676 | \$ - | \$ (82,676) | \$ - |
| 0004-0 | Garbage Truck | 2020 | 850,000 | 353,394 | - | (165,233) | 188,161 |
| 0005-0 | Single Axle Dump Truck | 2023 | 300,000 | 300,000 | - | (54,496) | 245,504 |
| 0006-0 | Solid Waste Dozer, Excavator and Garabge Tru | 2023 | 1,317,235 | 1,317,235 | - | (242,474) | 1,074,761 |
| | | | | <u>\$ 2,053,305</u> | <u>\$ -</u> | <u>\$ (544,879)</u> | <u>\$ 1,508,426</u> |
| Short Term / Temporary Financing | | | | | | | |
| 0695-0001 | 2018 Cell Block Reno and PW Buildings | 2019 | 1,150,000 | \$ 57,310 | \$ - | \$ (57,310) | \$ - |
| 0695-0003 | 2022 McBride Street Water Main Repair | 2022 | 850,000 | 679,600 | - | (170,400) | 509,200 |
| 0695-0004 | 2023-2024 New RCMP Detachment | 2023 | 8,500,000 | 8,500,000 | 10,800,000 | - | 19,300,000 |
| 0695-0005 | Infrastructure Replacement Design | 2024 | 3,000,000 | - | 3,000,000 | - | 3,000,000 |
| 0695-0004 | Digby Island Ferry Refit | 2024 | 670,000 | - | 670,000 | - | 670,000 |
| | | | | <u>\$ 9,236,910</u> | <u>\$ 14,470,000</u> | <u>\$ (227,710)</u> | <u>\$ 23,479,200</u> |
| | | | | <u><u>\$ 11,290,215</u></u> | <u><u>\$ 14,470,000</u></u> | <u><u>\$ (772,589)</u></u> | <u><u>\$ 24,987,626</u></u> |

City of Prince Rupert

Schedule of Debenture Debt December 31

| Bylaw No. | | Maturity Date | Amount of Issue | 2023 Balance | Additions | Principal Payment | 2023 Accrued Actuarial | 2024 Actuarial | 2024 Accrued Actuarial | 2024 Balance | |
|-------------------------|-----------------------|---------------|-----------------|----------------------|--------------|---------------------|------------------------|---------------------|------------------------|----------------------|--------------|
| General Fund | | | | | | | | | | | |
| 3201 | Cruise Ship Dock | 94 | 2025 | \$ 3,133,056 | \$ 406,538 | \$ - | \$ (115,139) | \$ 20,436 | \$ (94,677) | \$ (22,081) | \$ 195,077 |
| 3333 | Airport Upgrade | 127 | 2034 | 7,000,000 | 4,439,414 | - | (235,072) | 72,865 | (99,509) | (72,529) | 4,105,169 |
| | | | | <u>\$ 4,845,952</u> | <u>\$ -</u> | <u>\$ (350,211)</u> | <u>\$ 93,301</u> | <u>\$ (194,186)</u> | <u>\$ (94,610)</u> | <u>\$ 4,300,246</u> | |
| Water Fund | | | | | | | | | | | |
| 3433 | Woodworth Dam | 156 | 2046 | \$ 10,000,000 | \$ 9,384,906 | \$ - | \$ (302,360) | \$ 3,571 | \$ (13,759) | \$ (5,432) | \$ 9,066,926 |
| Sewer Fund | | | | | | | | | | | |
| 3201 | Moresby Sewer Upgrade | 94 | 2025 | \$ 346,970 | \$ 45,171 | \$ - | \$ (12,793) | \$ 2,270 | \$ (10,520) | \$ (2,453) | \$ 21,675 |
| Solid Waste Fund | | | | | | | | | | | |
| 3454 | New Landfill Cell | 156 | 2046 | \$ 10,000,000 | \$ 9,384,906 | \$ - | \$ (302,360) | \$ 3,571 | \$ (13,759) | \$ (5,432) | \$ 9,066,926 |
| | | | | <u>\$ 23,660,935</u> | <u>\$ -</u> | <u>\$ (967,724)</u> | <u>\$ 102,713</u> | <u>\$ (232,224)</u> | <u>\$ (107,927)</u> | <u>\$ 22,455,773</u> | |

City of Prince Rupert

Schedule of Northern Capital and Planning Grant For Year Ended December 31, 2024

| | |
|---|---------------------|
| Grant Balance as at Jan 1, 2024 | \$ 2,445,137 |
| Interest earned in 2024 | 93,742 |
| 6th Avenue Bridge Rehabilitation | (474,019) |
| Ridley Island Landfill Cell Closure | (1,500,000) |
| Grant Balance as at Dec 31, 2024 (Schedule 2) | \$ 564,860 |

This money is used at the discretion of the municipality for capital and long term planning purposes in accordance with S.32 of the Local Government Grants Regulation (BC Reg. 221/95) which cross-references with S.4(1)(a) & (c) of the Local Government Grants Act.

City of Prince Rupert

Schedule of Capacity Funding for Local Government Housing Initiatives For Year Ended December 31, 2024

| | | |
|--|-----------|----------------|
| Grant Balance as at Jan 1, 2024 | \$ | - |
| Funding received Jan 31, 2024 | | 208,628 |
| Official Community Plan and Amendments | | (20,650) |
| Grant Balance as at Dec 31, 2024 (Note 6b) | \$ | 187,978 |

This money must be used by the municipality to help facilitate implementation and meet the new legislative requirements of Bill 44 Housing Statutes (Residential Development) Amendment Act and Bill 47 Housing Statutes (Transit-Oriented Areas) Amendment Act and to adopt new authorities under Bill 46 Housing Statutes (Development Financing) Amendment Act and Bill 16 Housing Statutes Amendment Act. This schedule is provided as required under s. 167 of the *Community Charter* and s. 377(1)(a) of the *Local Government Act*.

ATTACHMENT #2

City of Prince Rupert

Budget Variance Report General Operating Departments For The Year Ended December 31

| REVENUES | 2024 Budget | 2024 Actual | Budget Variance | Variance (%) |
|---|----------------|----------------|--------------------|-----------------|
| Airport Ferry | \$ 1,180,000 | \$ 1,203,544 | \$ 23,544 | 2.00 |
| Bylaw Enforcement | 151,000 | 121,796 | (29,204) | (19.34) |
| Cemetery | 139,000 | 112,177 | (26,823) | (19.30) |
| Civic Properties | 252,000 | 265,727 | 13,727 | 5.45 |
| Corporate Administration | 84,000 | 10,349 | (73,651) | (87.68) |
| Cow Bay Marina | 455,000 | 464,918 | 9,918 | 2.18 |
| Development Services | 303,000 | 320,250 | 17,250 | 5.69 |
| Economic Development | 70,000 | 60,000 | (10,000) | (14.29) |
| Fire 911 Services | 79,000 | 67,782 | (11,218) | (14.20) |
| Fire Protective Services | 5,000 | 1,135 | (3,865) | (77.30) |
| FD Emergency Measures | - | 3,030 | 3,030 | NA |
| Finance | 15,000 | 15,051 | 51 | 0.34 |
| Fiscal Revenue | 16,536,000 | 17,925,713 | 1,389,713 | 8.40 |
| Information Technology | 1,000 | - | (1,000) | (100.00) |
| Parks | - | 15,186 | 15,186 | NA |
| Engineering Services | 5,000 | 4,970 | (30) | (0.60) |
| PW Common Cost | 70,000 | 63,901 | (6,099) | (8.71) |
| RCMP | 147,000 | 166,184 | 19,184 | 13.05 |
| Rec - Arena | 261,000 | 270,553 | 9,553 | 3.66 |
| Rec - Civic Centre | 362,000 | 446,982 | 84,982 | 23.48 |
| Rec - Community Services | 3,000 | - | (3,000) | (100.00) |
| Rec - Pool | 523,000 | 495,472 | (27,528) | (5.26) |
| Transit | 201,000 | 284,126 | 83,126 | 41.36 |
| Victim Services | 113,000 | 153,020 | 40,020 | 35.42 |
| Watson Island | 400,000 | 1,551,177 | 1,151,177 | 287.79 |
| | 21,355,000 | 24,023,043 | 2,668,043 | 12.49 |
| Property Taxes | 28,459,000 | 28,449,714 | (9,286) | (0.03) |
| Capital Works- Funding from PR Legacy | 178,000 | 177,665 | (335) | (0.19) |
| Capital Works- Funding from Grants | 200,000 | 313,493 | 113,493 | 56.75 |
| Capital Works- Funding from Appr. Surplus | 35,000 | 35,637 | 637 | 1.82 |
| Capital Works- Funding from Reserves | 2,105,000 | 1,804,599 | (300,401) | (14.27) |
| Capital Purchases-Funding from PR Legacy | 837,000 | 728,730 | (108,270) | (12.94) |
| Capital Purchases- Funding from Grant | 11,268,000 | 2,446,116 | (8,821,884) | (78.29) |
| Capital Purchases- Funding from Appr. Surplus | 205,000 | 8,189,522 | 7,984,522 | 3,894.89 |
| Capital Purchases- Funding from Reserves | 4,852,000 | 2,531,543 | (2,320,457) | (47.82) |
| Capital Purchases- Funding from CWF grant | 321,000 | 267,747 | (53,253) | (16.59) |
| Capital Purchases-Funding from Borrowing | 15,620,000 | 11,470,000 | (4,150,000) | (26.57) |
| Special Projects- Funding from PR Legacy | 188,000 | 49,327 | (138,673) | (73.76) |
| Special Projects- Funding from Grant | 751,000 | 419,174 | (331,826) | (44.18) |
| Special Projects- Funding from Appr. Surplus | 80,000 | 4,877 | (75,123) | (93.90) |
| | \$ 86,454,000 | \$ 80,911,187 | \$ (5,542,813) | (6.41) |

City of Prince Rupert

Budget Variance Report General Operating Departments For The Year Ended December 31

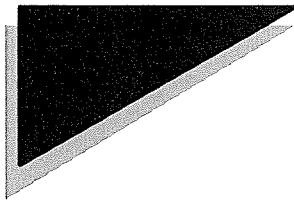
| EXPENDITURES | 2024 Budget | 2024 Actual | Budget Variance | Variance (%) |
|----------------------------------|----------------|----------------|--------------------|-----------------|
| Airport Ferry | \$ 2,375,000 | \$ 2,350,195 | \$ 24,805 | 1.04 |
| Bylaw Enforcement | 476,000 | 344,405 | 131,595 | 27.65 |
| Cemetery | 323,000 | 259,975 | 63,025 | 19.51 |
| Civic Properties | 742,000 | 717,183 | 24,817 | 3.34 |
| Corporate Administration | 1,153,000 | 1,109,057 | 43,943 | 3.81 |
| Cow Bay Marina | 450,000 | 400,621 | 49,379 | 10.97 |
| Development Services | 1,015,000 | 926,821 | 88,179 | 8.69 |
| Economic Development | 254,000 | 256,911 | (2,911) | (1.15) |
| FD 911 | 675,000 | 687,163 | (12,163) | (1.80) |
| FD Fire Protective Services | 5,578,000 | 5,496,314 | 81,686 | 1.46 |
| FD Emergency Measures | 31,000 | 36,419 | (5,419) | (17.48) |
| Finance | 1,362,000 | 1,352,344 | 9,656 | 0.71 |
| Finance Cost Allocation | (471,000) | (471,000) | - | - |
| Fiscal Expenditures | 3,666,000 | 3,644,340 | 21,660 | 0.59 |
| Governance | 432,000 | 447,869 | (15,869) | (3.67) |
| Grants | 1,889,000 | 1,928,403 | (39,403) | (2.09) |
| Human Resources | 488,000 | 443,286 | 44,714 | 9.16 |
| Information Technology | 805,000 | 794,483 | 10,517 | 1.31 |
| Parks | 1,323,000 | 982,225 | 340,775 | 25.76 |
| Engineering | 782,000 | 734,226 | 47,774 | 6.11 |
| PW Common Costs | 5,493,000 | 5,365,726 | 127,274 | 2.32 |
| Allocation of Common Cost | (5,351,000) | (4,673,086) | (677,914) | 12.67 |
| PW Vehicles | 1,778,000 | 1,786,644 | (8,644) | (0.49) |
| PW Net Vehicle Cost & Allocation | (1,778,000) | (1,787,045) | 9,045 | (0.51) |
| RCMP | 7,355,000 | 7,347,535 | 7,465 | 0.10 |
| Rec. Centre Arena | 589,600 | 573,903 | 15,697 | 2.66 |
| Rec. Centre Civic Centre | 2,123,400 | 2,031,859 | 91,541 | 4.31 |
| Rec. Centre Community Services | 4,000 | 1,069 | 2,931 | 73.28 |
| Rec. Centre Pool | 1,550,000 | 1,374,980 | 175,020 | 11.29 |
| Roads | 2,534,000 | 1,965,259 | 568,741 | 22.44 |
| Transit | 854,000 | 945,335 | (91,335) | (10.69) |
| Victim Services | 222,000 | 213,652 | 8,348 | 3.76 |
| Watson Island | 400,000 | 1,060,076 | (660,076) | (165.02) |
| Transfer to Reserves | 7,795,000 | 8,992,124 | (1,197,124) | (15.36) |
| Special Projects | 1,251,000 | 690,981 | 560,019 | 44.77 |
| Capital Purchases | 34,668,000 | 27,123,793 | 7,544,207 | 21.76 |
| Capital Works | 3,618,000 | 3,291,897 | 326,103 | 9.01 |
| | \$ 86,454,000 | \$ 78,745,942 | \$ 7,708,058 | 8.92 |
| Surplus/(Deficit) | \$ - | \$ 2,165,245 | \$ 2,165,245 | - |

City of Prince Rupert

Budget Variance Report of Utilities For The Year Ended December 31

| UTILITIES | 2024 Budget | 2024 Actual | Budget Variance | Variance % |
|-------------------------------------|----------------|----------------|--------------------|---------------|
| Sanitary and Storm Sewer | | | | |
| Revenues | \$ 2,872,000 | \$ 2,842,581 | \$ (29,419) | (1.02) |
| Capital Works- Grants | 8,300,000 | 360,216 | (7,939,784) | (95.66) |
| Capital Works- Appropriated Surplus | 3,327,000 | 1,957,255 | (1,369,745) | (41.17) |
| Capital Works- Borrowing | 6,400,000 | - | (6,400,000) | (100.00) |
| Capital Works- Reserves | 150,000 | 20,385 | (129,615) | (86.41) |
| Capital Works | (19,477,000) | (3,172,442) | 16,304,558 | (83.71) |
| Net Revenue | \$ 1,572,000 | \$ 2,007,995 | \$ 435,995 | 27.74 |
| Expenditures | 1,572,000 | 1,328,079 | 243,921 | 15.52 |
| Surplus /(Deficit) | \$ - | \$ 679,916 | \$ 679,916 | - |
| Water | | | | |
| Revenues | \$ 4,328,000 | \$ 6,997,606 | \$ 2,669,606 | 61.68 |
| Debenture Payments- PR Legacy | 1,159,000 | 828,815 | (330,185) | (28.49) |
| Capital Works- Grants | 28,000,000 | 7,741,165 | (20,258,835) | - |
| Capital Works- PR Legacy | 500,000 | 30,941 | (469,059) | (93.81) |
| Capital Works- Borrowing | 2,000,000 | 3,000,000 | 1,000,000 | 50.00 |
| Capital Works- Reserves | 4,590,000 | 3,797,493 | (792,507) | (17.27) |
| Capital Purchases | (190,000) | - | 190,000 | (100.00) |
| Capital Works | (35,900,000) | (15,794,166) | 20,105,834 | (56.01) |
| Net Revenue | \$ 4,487,000 | \$ 6,601,854 | \$ 2,114,854 | 47.13 |
| Expenditures | 4,487,000 | 4,655,538 | (168,538) | (3.76) |
| Surplus/(Deficit) | \$ - | \$ 1,946,316 | \$ 1,946,316 | - |
| Solid Waste | | | | |
| Revenues | \$ 4,792,000 | \$ 5,033,162 | \$ 241,162 | 5.03 |
| Capital Works- Appropriated Surplus | 300,000 | 21,441 | (278,559) | (93) |
| Capital Works- Accruals | 2,880,000 | 2,984,751 | 104,751 | 3.64 |
| Capital Works- Reserves | 2,260,000 | 1,797,825 | (462,175) | (20.45) |
| Capital Works- CWF (Gas Tax) | 1,000,000 | - | (1,000,000) | (100.00) |
| Capital Purchases | (475,000) | (463,012) | 11,988 | (2.52) |
| Capital Works | (6,175,000) | (4,515,558) | 1,659,442 | (26.87) |
| Net Revenue | \$ 4,582,000 | \$ 4,858,609 | \$ 276,609 | 6.04 |
| Expenditures | 5,611,000 | 5,382,461 | 228,539 | 4.07 |
| Surplus /(Deficit) | \$ (1,029,000) | \$ (523,852) | \$ 505,148 | - |

ATTACHMENT #3

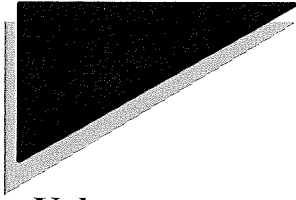


Vohora LLP
CPAs & Business Advisors

PRINCE RUPERT LEGACY INC.

Financial Statements

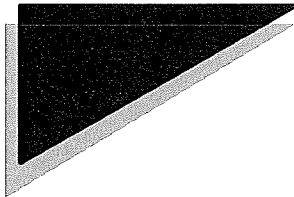
Year Ended December 31, 2024



Vohora LLP
CPAs & Business Advisors

PRINCE RUPERT LEGACY INC.
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Year Ended December 31, 2024

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| Statement of Income | 5 |
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Prince Rupert Legacy Inc.

Opinion

We have audited the financial statements of Prince Rupert Legacy Inc. (the Company), which comprise the balance sheet as at December 31, 2024, and the statements of retained earnings, income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 of the financial statements which describes the applicable financial reporting framework. The financial statements are prepared only for management purposes and the shareholder's oversight of the company regarding its financial performance, in accordance with Canadian accounting standards for private enterprises. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter.

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

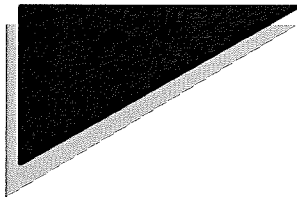
Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud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

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

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

(continues)





INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

PRINCE RUPERT LEGACY INC.

Balance Sheet

December 31, 2024

| | 2024 | 2023 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 8,289,866 | \$ 9,467,665 |
| Accounts receivable | 214,848 | 158,869 |
| Loan receivable, current portion (Note 3) | 103,212 | 93,641 |
| | <u>8,607,926</u> | <u>9,720,175</u> |
| PROPERTY (Note 2) | 6,913,130 | 6,553,500 |
| LOANS (Note 3) | 829,998 | 925,980 |
| | <u>\$ 16,351,054</u> | <u>\$ 17,199,655</u> |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 502,723 | \$ 94,206 |
| Deferred income, current portion (Note 4) | 648,407 | 521,461 |
| Due to City of Prince Rupert | 3,394,669 | 4,284,566 |
| | <u>4,545,799</u> | <u>4,900,233</u> |
| DEFERRED INCOME (Note 4) | 1,188,041 | 1,643,779 |
| | <u>5,733,840</u> | <u>6,544,012</u> |
| SHAREHOLDER'S EQUITY | | |
| Share capital (Note 5) | 1 | 1 |
| Contributed surplus (Note 6) | 1,088,810 | 1,088,810 |
| Retained earnings | 9,528,403 | 9,566,832 |
| | <u>10,617,214</u> | <u>10,655,643</u> |
| | <u>\$ 16,351,054</u> | <u>\$ 17,199,655</u> |

APPROVED BY THE DIRECTORS

Director

Director

See notes to financial statements

Originally signed available upon request

PRINCE RUPERT LEGACY INC.
Statement of Retained Earnings
Year Ended December 31, 2024

| | 2024 | 2023 |
|--|----------------------------|----------------------------|
| RETAINED EARNINGS - BEGINNING OF YEAR | \$ 9,566,832 | \$ 10,467,147 |
| NET INCOME | <u>3,211,571</u> | <u>3,299,685</u> |
| | 12,778,403 | 13,766,832 |
| DIVIDEND DECLARED | <u>(3,250,000)</u> | <u>(4,200,000)</u> |
| RETAINED EARNINGS - END OF YEAR | <u>\$ 9,528,403</u> | <u>\$ 9,566,832</u> |

PRINCE RUPERT LEGACY INC.
Statement of Income
Year Ended December 31, 2024

| | 2024 | 2023 |
|------------------------------------|---------------------|---------------------|
| INCOME | | |
| Rental | \$ 2,295,089 | \$ 2,418,755 |
| Interest | 143,840 | 135,990 |
| Throughput | 1,310,728 | 1,287,326 |
| Province of British Columbia grant | 150,000 | - |
| | <u>3,899,657</u> | <u>3,842,071</u> |
| EXPENSES | | |
| Amortization | 54,042 | 54,042 |
| Contract services | 304,850 | 207,131 |
| Bad debts | - | 1,500 |
| Lease costs | 130,072 | 97,970 |
| Office and sundry | 186 | - |
| Professional services | 59,933 | 17,349 |
| Repairs and maintenance | 56,401 | 116,699 |
| Travel | 82,602 | 47,695 |
| | <u>688,086</u> | <u>542,386</u> |
| NET INCOME | <u>\$ 3,211,571</u> | <u>\$ 3,299,685</u> |

PRINCE RUPERT LEGACY INC.
Statement of Cash Flows
Year Ended December 31, 2024

| | 2024 | 2023 |
|--|----------------------------|----------------------------|
| OPERATING ACTIVITIES | | |
| Net income | \$ 3,211,571 | \$ 3,299,685 |
| Item not affecting cash: | | |
| Amortization | 54,042 | 54,042 |
| | <u>3,265,613</u> | <u>3,353,727</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (55,979) | (64,591) |
| Accounts payable and accrued liabilities | 408,519 | 65,577 |
| Deferred Income | (328,794) | (407,042) |
| | <u>23,746</u> | <u>(406,056)</u> |
| Cash flow from operating activities | <u>3,289,359</u> | <u>2,947,671</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property | (413,672) | (608,749) |
| Repayment of loans | 86,411 | 19,595 |
| Cash flow used by investing activities | <u>(327,261)</u> | <u>(589,154)</u> |
| FINANCING ACTIVITIES | | |
| Dividend | (3,250,000) | (4,200,000) |
| Due to City of Prince Rupert | (889,897) | (3,136,061) |
| Cash flow used by financing activities | <u>(4,139,897)</u> | <u>(7,336,061)</u> |
| DECREASE IN CASH FLOW | (1,177,799) | (4,977,544) |
| Cash - beginning of year | <u>9,467,665</u> | <u>14,445,209</u> |
| CASH - END OF YEAR | <u>\$ 8,289,866</u> | <u>\$ 9,467,665</u> |

PRINCE RUPERT LEGACY INC.
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and are not prepared, in all material respects, within the applicable financial reporting framework. Under Public Sector Accounting Standards, international financial reporting standards would normally be applied, but management is of the opinion that special purpose framework financial statements are appropriate under Part II of the Chartered Professional Accountants Canada Handbook.

Cash comprise demand accounts and term deposits with maturity dates of less than eighteen months.

Property are reported at market value at acquisition date. Leasehold improvements are amortized over 25 years.

Income and expenses are reported on an accrual basis. Income is recognized when the service is delivered and the value of the transaction can be measured. Income received in advance of a service being delivered is deferred until the conditions for recognition have been met.

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the amounts reported. Estimates include the useful life of property and accrued liabilities. Actual results could differ from those estimates.

The company measures financial assets and liabilities at market value at the date of acquisition. It is management's opinion that the company's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks.

The company is exempt from income taxes under section 149 of the Income Tax Act.

2. PROPERTY

| | Cost | Accumulated amortization | 2024 Net book value | 2023 Net book value |
|------------------------|---------------------|-----------------------------|------------------------------------|---------------------------|
| Land | \$ 1,816,230 | \$ - | \$ 1,816,230 | \$ 1,816,230 |
| Land improvements | 3,962,019 | - | 3,962,019 | 3,548,347 |
| Leasehold improvements | 1,307,244 | 172,363 | 1,134,881 | 1,188,923 |
| | \$ 7,085,493 | \$ 172,363 | \$ 6,913,130 | \$ 6,553,500 |

3. LOANS

| | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|
| Prince Rupert Airport Authority; payments include interest at 2.5% per annum, secured by mortgage on Airport Lands. | | |
| \$24,080 due January 28 and July 28 each year with a final payment on January 28, 2033. | \$ 366,985 | \$ 405,312 |
| \$16,054 due April 6 and October 6 each year with a final payment on April 6, 2033. | 244,656 | 270,209 |

(continues)

PRINCE RUPERT LEGACY INC.
Notes to Financial Statements
Year Ended December 31, 2024

| | | |
|---|-------------------|-------------------------------------|
| 3. LOANS <i>(continued)</i> | <u>2024</u> | <u>2023</u> |
| \$9,030 due June 20 and December 20 each year with a final payment on June 20, 2033. | 144,850 | 151,992 |
| \$10,033 due February 28 due August 28 each year with a final payment on August 28, 2034. | <u>176,719</u> | <u>192,108</u> |
| Amounts receivable within one year | <u>(103,212)</u> | <u>1,019,621</u> <u>(93,641)</u> |
| | <u>\$ 829,998</u> | <u>\$ 925,980</u> |

Principal repayment terms are approximately:

| | |
|------|-------------------|
| 2025 | \$ 103,212 |
| 2026 | 98,381 |
| 2027 | 100,840 |
| 2028 | 103,361 |
| 2029 | <u>105,945</u> |
| | <u>\$ 511,739</u> |

| | | |
|--------------------|---------------------|---------------------|
| 4. DEFERRED INCOME | <u>2024</u> | <u>2023</u> |
| Rental | \$ 1,836,448 | \$ 2,165,240 |
| Current portion | <u>(648,407)</u> | <u>(521,461)</u> |
| | <u>\$ 1,188,041</u> | <u>\$ 1,643,779</u> |

5. SHARE CAPITAL
Issued 100 Common shares without par value.

6. CONTRIBUTED SURPLUS
Contributed surplus is the market value of land transferred by the City of Prince Rupert to the company on June 14, 2014 less transfer costs.
