



## REPORT TO COUNCIL

Regular Meeting of Council

**DATE:** May 11<sup>th</sup>, 2026  
**TO:** Richard Pucci, Chief Administrative Officer  
**FROM:** Corinne Bomben, Chief Financial Officer

**SUBJECT: 2025 AUDITED FINANCIAL STATEMENTS (THE “STATEMENTS”)**

---

### **RECOMMENDATION:**

**THAT Council accepts the 2025 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.

### **DISCUSSION:**

The auditors have reviewed the bylaws of the Prince Rupert Airport Authority and determined control of the Authority rests with the City. Our position is that any legal implications of control are superseded by the practical arms-length relationship that has existed between the entities for many years.

There is an expectation that the financial statements of controlled entities are consolidated into the municipality's statements. This has not been done so the audit report has been qualified in this regard.

The City has the option to revise the bylaws that imply control or request the airport change their year end from March 31 to December 31 and consolidate the statements into the City.

Should the financial information have been consolidated, it would work to improve the asset position of the City and not detract from it. The exclusion of the information means it is the only part that doesn't conform with PSAS (Public Sector Accounting Standards)

and otherwise the financial information attached presents fairly the financial results reported by the City and its reported entities, which are identified in note 1 (g), at the year-end date.

## **FINANCIAL HIGHLIGHTS:**

### **Statement “A” Consolidated Statement of Financial Position**

#### Financial Assets

*Cash and Cash Equivalents* - Increase of \$8 million primarily due to receiving three years of funding from the Province under the Northwest BC Regional Funding Agreement (also known as RBA), net of funds used to construct capital assets under the BIG project.

*General Receivables* – Increase of \$4.5 million primarily due to grant funding receivable from the Federal government for infrastructure works under the BIG project.

#### Liabilities

*Accounts Payable and Accrued Liabilities* – Increase of nearly \$3 million due to construction payables related to the BIG project.

*Deposits and Prepayments* – Decrease of \$2.1 million due to the release of construction holdbacks associated with the completion of the RCMP Detachment.

*Deferred Revenue* – Decrease of nearly \$7.5 million primarily relating to deferred grants used for the BIG project.

*Asset Retirement Obligation* – Increase of nearly \$9.8 million due to the Ministry of Environment’s requirement to close the landfill on Watson Island and conduct post closure activities. The estimated cost of this retirement obligation has been recognized in the fiscal year the City was informed of the obligation.

*Loans Payable* – Decrease of nearly \$18.7 million due to repayment of short-term financing for the RCMP detachment with a long-term debenture taken after construction was completed combined with reserves allocated to the project.

*Debenture Debt* – Increase of \$15.8 million primarily due to the long-term debt associated with the RCMP detachment (as noted above), net of repayments made during the year.

#### Non-Financial Assets

*Tangible Capital Assets* - Increase in net TCA of almost \$48M due mostly to the completion and commissioning of the RCMP Detachment and Water and Sewer infrastructure under construction at year end, as well as the requirement to add the asset retirement obligation noted above.

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

#### City Position - Note 11

*Accumulated Operating Surplus* - Increase of nearly \$8.8 million largely due to interest earned on funds held in reserve and grants received in advance for the BIG project. Development activity in the City has resulted in unanticipated tipping fees at the landfill and building permit revenue. Additionally, Prince Rupert Legacy's earnings and lower expenses from favourable winter conditions in 2025 contributed to the overall increase in the City's surplus.

*Bylaw and Statutory Reserve Funds* – Increase of near \$16.1 million due primarily to the receipt of three years' worth of Provincial funding which has been transferred to reserves. The City plans to use \$28.8 million of these reserves within the next three years on approved capital projects.

*Investment in Tangible Capital Assets* – Increase of \$35.5 million due to expenditures on capital assets (mentioned above) and repayment of debenture and equipment debt. Partially offsetting the increase was amortization of assets.

### **Statement “B” Consolidated Statement of Operations**

Revenues were below budget by nearly \$63 million mainly because grants for the waterfront and BIG Project in 2025 were not utilized to the extent initially planned. These funds continue to remain in deferred revenue and reserves or available to claim from senior governments and will be taken into income as the works are completed. Revenues compared to the prior year are \$32.7 million higher made up mostly from the previously mentioned advance receipt of RBA, funding received for the BIG project, commercial disposal fees and revenues received in Prince Rupert Legacy.

Excluding the unbudgeted items such as amortization, expenses are under budget by nearly \$2.4 million with most city functions on target. The largest savings was in policing. In accordance with a Council bylaw, savings experienced in policing is transferred to reserve to smooth future increases outside of City control. Remaining drivers contributing to lower expenses in 2025 were experienced in the utility funds where inability to staff certain positions resulted in lower than budgeted costs. Expenses overall compared to the prior year are basically flat.

#### Budget Variance – Attachment 2

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 approximately \$3.2 million made up largely through better than projected interest earnings, revisions in valuations affecting payments, building permits and penalties and interest not budgeted and a light snow clearing year in 2025.

The Sanitary and Storm Sewer Utility ended the year with a surplus of \$1.4 million attributed to incomplete projects by year end and reduced staff availability working within the utility.

The Water Utility ended the year with a \$2.5 million surplus due to interest earned on grant funds received for the BIG project.

The Solid Waste Utility closed out the year with a \$1.3 million surplus because of significant commercial building demolition tipping fees received in the fiscal year.

#### Prince Rupert Legacy Inc. Financial Statements

This is Legacy's twelfth 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 a net position of \$12 million, of which nearly \$4.5 million is appropriated for projects in 2026, 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 2025 Financial Statement approval process and satisfy the City's legislative requirements.

#### **Report Prepared By:**

\_\_\_\_\_  
Corinne Bomben,  
Chief Financial Officer

#### **Report Reviewed By:**

\_\_\_\_\_  
Richard Pucci,  
Chief Administrative Officer

#### Attachments:

- Attachment 1 – City of Prince Rupert 2025 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**

## **2025 Consolidated Financial Statements**

**DRAFT**

## City of Prince Rupert

Consolidated Statement of Financial Position	2025	2024
December 31		<i>Restated</i>
<b>Financial Assets</b>		
Cash and Cash Equivalents	\$ 132,841,032	\$ 124,835,284
Taxes Receivable (Note 2a)	2,747,084	2,437,946
General Receivables (Note 2b)	13,530,527	8,983,738
Deposit-Municipal Finance Authority (Note 3)	490,773	435,523
Land Inventory for Resale (Note 4)	462,658	-
Loans to Prince Rupert Airport Authority (Note 5)	5,629,030	6,090,096
	<u>\$ 155,701,104</u>	<u>\$ 142,782,587</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6a)	\$ 19,146,398	\$ 16,050,431
Deposits and Prepayments	898,451	3,011,638
Deferred Revenue (Note 6b)	71,054,907	78,576,207
Asset Retirement Obligations (Note 7)	19,628,693	9,878,788
Reserves - Municipal Finance Authority (Note 3)	93,744	91,019
Loans Payable (Schedule 11 and Note 8)	6,276,509	24,987,626
Debenture Debt (Schedule 12 and Note 8)	38,223,506	22,455,773
	<u>\$ 155,322,208</u>	<u>\$ 155,051,482</u>
<b>Net Financial Assets (Debt)</b> (Statement C)	<u>\$ 378,896</u>	<u>\$ (12,268,895)</u>
<b>Non-financial Assets</b>		
Tangible Capital Assets (Schedule 3 and Note 1c)	\$ 253,103,247	\$ 205,230,609
Inventories of Supplies (Note 1d)	1,878,609	1,916,071
Investment in City West Cable & Tel. Corp. (Schedule 4 and Note 9)	48,108,763	48,389,763
	<u>\$ 303,090,619</u>	<u>\$ 255,536,443</u>
<b>Net Assets</b> (Note 11)	<u><b>\$ 303,469,515</b></u>	<u><b>\$ 243,267,548</b></u>

Corinne Bomben, CPA, CA  
Chief Financial Officer

DRAFT

## City of Prince Rupert

### Consolidated Statement of Operations For The Year Ended December 31

	<u>2025</u> <u>Budget</u>	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>
<b>Revenues</b>			
Taxes (Net) (Schedule 6)	\$ 32,905,000	\$ 34,324,872	\$ 31,276,603
Sale of Services (Schedule 7)	16,091,000	17,809,003	14,618,568
Services Provided to Other Governments	120,000	121,123	135,888
Government Transfers (Schedule 8)	122,212,025	46,047,842	20,257,411
Fees, Permits, Licenses and Fines (Schedule 9)	423,000	851,817	419,440
Investment Income	1,523,000	5,241,967	6,323,628
City West Cable & Tel. Corp. (Schedule 4)	-	219,000	(61,000)
Prince Rupert Legacy Inc.	-	4,871,697	3,265,813
Miscellaneous (Schedule 9)	1,817,000	2,266,332	2,804,863
<b>Total Revenue</b>	<u>\$ 175,091,025</u>	<u>\$ 111,753,653</u>	<u>\$ 79,041,214</u>
<b>Expenses</b>			
Protection to Persons and Property	\$ 15,575,200	\$ 14,174,840	\$ 14,604,757
Water, Sewage and Solid Waste	9,965,600	8,935,432	9,499,134
Roadways and Transportation	6,612,600	6,592,502	6,193,995
Recreation and Culture	7,167,500	6,847,963	6,436,681
General Government	9,311,300	9,713,053	9,688,972
Amortization of Tangible Capital Assets	-	5,292,880	4,954,465
(Gain) loss on disposal of Tangible Capital Assets	-	(624,626)	-
Accretion of Asset Retirement Obligations	-	325,355	311,639
Other	370,400	294,287	314,422
<b>Total Expenses (Schedule 10)</b>	<u>\$ 49,002,600</u>	<u>\$ 51,551,686</u>	<u>\$ 52,004,065</u>
<b>Annual Surplus</b>	<u>\$ 126,088,425</u>	<u>\$ 60,201,967</u>	<u>\$ 27,037,149</u>
<b>Opening Net Assets</b>	<u>\$ 243,267,548</u>	<u>\$ 243,267,548</u>	<u>\$ 216,230,399</u>
<b>Closing Net Assets (Statement A)</b>	<u>\$ 369,355,973</u>	<u>\$ 303,469,515</u>	<u>\$ 243,267,548</u>

# DRAFT

## City of Prince Rupert

### Consolidated Statement of Changes in Net Financial Asset (Debt) For The Year Ended December 31

	<u>2025</u> <u>Budget</u>	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>
Annual Surplus (Statement B)	\$ 126,088,425	\$ 60,201,967	\$ 27,037,149
Acquisition of Tangible Capital Assets (Schedule 1 & 3)	(111,017,407)	(43,402,835)	(49,718,326)
Amortization of Tangible Capital Assets	-	5,292,880	4,954,465
Adjustments to Estimates of ARO underlying asset cost	-	(10,000,000)	(2,087,640)
City West Cable and Tel. Corp.			
(Net Income) Loss of Corporation	-	(219,000)	61,000
Repayment of loan	-	500,000	500,000
Change in Inventories of Supplies	-	37,462	115,533
Change in Net Financial Assets	<u>\$ 15,071,018</u>	<u>\$ 12,647,791</u>	<u>\$ (19,137,819)</u>
Net Financial Assets (Debt) at Beginning of Year	<u>\$ (12,268,895)</u>	<u>\$ (12,268,895)</u>	<u>\$ 6,868,924</u>
Net Financial Assets (Debt) at End of Year	<u><u>\$ 2,802,123</u></u>	<u><u>\$ 378,896</u></u>	<u><u>\$ (12,268,895)</u></u>

# DRAFT

## City of Prince Rupert

### Consolidated Statement of Cash Flows For The Year Ended December 31

	2025 Actual	2024 Actual
<b>Operating Activities</b>		
Annual surplus	\$ 60,201,967	\$ 27,037,149
Non-cash Items		
Amortization	5,292,880	4,954,465
Accretion of Asset Retirement Obligations	325,355	311,639
City West Cable & Tel. Corp	(219,000)	61,000
Taxes Receivable	(309,138)	(572,408)
General Receivables	(4,546,789)	(6,426,091)
Land Inventory Held for Resale	(462,658)	9,618,106
Inventories of Supplies	37,462	115,533
Accounts Payable and Accrued Liabilities	3,095,967	(3,030,441)
Deposits and Prepayments	(2,113,187)	1,851,970
Deferred Revenue	(7,521,300)	(3,497,871)
Cash Provided by Operating Activities	<u>\$ 53,781,559</u>	<u>\$ 30,423,051</u>
<b>Financing Activities</b>		
Loans and Debenture Debt Advanced	\$ 1,417,521	\$ 14,470,000
MFA Deposits and Reserves	(52,525)	(11,593)
Repayment (Loans) from Prince Rupert Airport Authority	461,066	420,655
Principal Repayments	(4,360,905)	(1,977,751)
Cash provided by/(applied to) Financing Activities	<u>\$ (2,534,843)</u>	<u>\$ 12,901,311</u>
<b>Capital Activities</b>		
Tangible Capital Assets Additions	\$ (43,402,835)	\$ (49,718,326)
Tangible Capital Assets Net Write Downs/Disposals	237,317	-
Settlement of Asset Retirement Obligations	(575,450)	(4,484,751)
Cash Provided by/(applied to) Capital Activities	<u>\$ (43,740,968)</u>	<u>\$ (54,203,077)</u>
<b>Investing Activities</b>		
City West Cable & Tel. Corp. Loan Repayment	500,000	500,000
Cash Provided by/(applied to) Investing Activities	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Increase/(Decrease) in Cash and Cash Equivalents	\$ 8,005,748	\$ (10,378,715)
Cash and Cash Equivalents at Beginning of Year	124,835,284	135,213,999
Cash and Cash Equivalents at End of Year	<u>\$ 132,841,032</u>	<u>\$ 124,835,284</u>

# City of Prince Rupert

---

## Notes to the Consolidated Financial Statements December 31, 2025

### 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 Canada Public Sector Accounting Handbook.

#### b) *Basis of accounting*

The accrual method for reporting revenues and expenses has been used. Revenues are recognized in the period in which the transactions or events occur that give rise to the revenue. Expenses are recognized in the period in which the goods or services are acquired and a liability is incurred.

#### c) *Revenue recognition*

Taxes are recognized as they are levied.

Sales of services are recognized as they are delivered.

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.

Investment income is earned as the City becomes entitled to it.

#### d) *Tangible capital assets*

Tangible capital assets are reported at cost less accumulated amortization. Donated assets are reported at fair market value at the time of donation. Tangible capital assets are amortized using the straight-line method over the estimated useful life of the asset 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 \$54,314,121 (2024 - 47,762,446) have not been amortized. Amortization on these assets will commence when the asset is put into service.

**DRAFT**

# City of Prince Rupert

---

## Notes to the Consolidated Financial Statements December 31, 2025

### 1) Significant accounting policies *(continued)*

#### e) *Inventory*

Inventories of materials and supplies expected to be used by the municipality are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.

#### f) *Estimates*

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

#### g) *Reporting entity*

The consolidated financial statements consolidate the assets, liabilities and flow of resources of the municipality. The entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The City's reporting entities include:

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

Government business enterprises are accounted for using the modified equity method. Under the modified equity method, accounting principles 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.

#### h) *Financial instruments*

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

**DRAFT**

# City of Prince Rupert

## Notes to the Consolidated Financial Statements December 31, 2025

### 1) Significant accounting policies (continued)

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire

#### i) 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.

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>2025</u>	<u>2024</u>
Current	\$ 1,182,730	\$ 1,157,050
Arrears	774,790	507,328
Tax sale properties	789,564	773,568
Net taxes receivable	<u>\$ 2,747,084</u>	<u>\$ 2,437,946</u>

**DRAFT**

## City of Prince Rupert

### Notes to the Consolidated Financial Statements December 31, 2025

2) **Receivables** *(continued)*

<b>b) General receivables</b>	<u><b>2025</b></u>	<u><b>2024</b></u>
General receivables	\$ 13,642,215	\$ 9,007,184
Allowance for doubtful accounts	(111,688)	(23,446)
Net general receivables	<u>\$ 13,530,527</u>	<u>\$ 8,983,738</u>

3) **Municipal Finance Authority reserve and deposit**

The Municipal Finance Authority of British Columbia (MFA) provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the MFA to the regional districts.

Upon maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received.

4) **Land inventory held for resale**

During 2025, the City acquired land for the purposes of transferring it to a third party as a condition of receiving a grant, in exchange for land and soil/rock disposal rights. The transfer of the property is expected to complete in 2026.

5) **Loans to Prince Rupert Airport Authority (PRAA)**

	<u><b>2025</b></u>	<u><b>2024</b></u>
From Municipal Finance Authority (MFA) (details per Schedule 12)	\$ 3,739,904	\$ 4,105,169
Rescheduled payments	1,051,717	1,051,717
	<u>\$ 4,791,621</u>	<u>\$ 5,156,886</u>

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.)

DRAFT

## City of Prince Rupert

### Notes to the Consolidated Financial Statements December 31, 2025

#### 5) Loans to Prince Rupert Airport Authority (PRAA) *(continued)*

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.	\$ 327,700	\$ 366,985
\$16,054 due April 6 and October 6 each year with a final payment on April 6, 2033.	218,466	244,656
\$9,030 due June 20 and December 20 each year with a final payment on June 20, 2033.	130,298	144,850
\$10,033 due February 28 and August 28 each year with a final	160,945	176,719
	\$ 837,409	\$ 933,210
Total loans to Prince Rupert Airport Authority	\$ 5,629,030	\$ 6,090,096

#### 6) Accounts payable, accrued liabilities and deferred revenue

	<u>2025</u>	<u>2024</u>
<b>a) Accounts payable and accrued liabilities</b>		
Trade payables	\$ 13,089,872	\$ 10,003,875
Accrued liabilities	\$ 40,450	\$ 48,487
Accrued interest payable - MFA	\$ 256,244	\$ 141,156
Taxes due to other governments	\$ 455,376	\$ 435,396
Salaries, wages, other payroll payables	\$ 5,304,456	\$ 5,421,517
	\$ 19,146,398	\$ 16,050,431
<b>b) Deferred revenue</b>		
Prepaid taxes	\$ 1,760,151	\$ 1,418,276
Community works - gas tax	1,681,770	1,331,129
Federal - rock and soil disposal	5,169,771	-
LG Housing Initiatives (Schedule 14)	146,219	187,978
Prince Rupert Legacy	1,470,104	1,836,448
Provincial - Rupert Landing	9,064,254	9,347,228
Provincial - water distribution	48,739,341	61,035,759
UBCM - Next Generation 9-1-1	1,714,551	1,739,507
Other	1,308,746	1,679,882
	\$ 71,054,907	\$ 78,576,207

DRAFT

## City of Prince Rupert

### Notes to the Consolidated Financial Statements December 31, 2025

#### 7) Asset Retirement Obligations

	<u>2025</u>	<u>2024</u>
<b>Funded</b>		
Balance, beginning of the year	\$ 2,695,249	\$ 5,380,000
Liabilities settled	(575,450)	(4,484,751)
Change in estimate	300,000	1,800,000
Balance, end of the year	\$ 2,419,799	\$ 2,695,249
<b>Unfunded</b>		
Balance, beginning of the year	7,183,539	6,584,260
Liabilities incurred	10,000,000	2,087,640
Transfer from (to) Funded	(300,000)	(1,800,000)
Accretion expense	325,355	311,639
Balance, end of the year	\$ 17,208,894	\$ 7,183,539
<b>Estimated total liability</b>	<b>\$ 19,628,693</b>	<b>\$ 9,878,788</b>

#### 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 \$5.47 million (2024- \$5.23 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.

Phase	Net Phase Capacity (m <sup>3</sup> )	Capacity Utilitized (m <sup>3</sup> )	Capacity Remaining (m <sup>3</sup> )	Capacity Utilitized (%)	Capacity Remaining (%)
<b>Developed Phases</b>					
Phase 1 – West	95,369	95,369	0	100%	0%
Phase 2 – North	170,877	120,050	50,827	70%	30%
Total - developed	266,246	215,419	50,827	81%	19%
<b>Undeveloped Phases</b>					
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%
<b>Grand Total</b>	<b>1,287,974</b>	<b>215,419</b>	<b>1,072,555</b>	<b>17%</b>	<b>83%</b>

DRAFT

# City of Prince Rupert

---

## Notes to the Consolidated Financial Statements December 31, 2025

### 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.

Phase 1 - West is fully utilized and closure was completed in 2025. 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 19% – 50,827 cubic metres (2024 – 32%, 84,835 cubic metres) of its total estimated useable capacity of 266,246 cubic metres and its estimated remaining life is 3 years (2024 – 7 years).

The estimated remaining capacity of the landfill with development of "Phase 2 - South" and "Phase 3" is 83% – 1,072,555 cubic metres (2024 - 86% – 1,106,563 ) of its total estimated capacity of 1,287,974 cubic metres and its estimated useful life would be extended to 52 years. The period for post-closure care is estimated to be 50 years, beginning after closure is completed in 2076.

#### Landfill - Watson Island

During prior fiscal years, the City became the owner of Watson Island through the tax sale process and remediated the pulp mill installation in partnership with the Ministry of Environment. Watson Island includes a landfill that was opened and filled by the previous owner(s). During 2025, the Ministry of Environment has informed the City that a full closure plan must be completed for this landfill. Closure and post-closure costs have been estimated at \$10 million (2025 dollars). No formal dates for closure have been set nor have sources of funding been agreed.

#### Landfill - Wantage Road

The City owns a landfill that is already closed on Wantage Road. 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 recorded.

### 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. See *Schedule 12*.

**DRAFT**

# City of Prince Rupert

## Notes to the Consolidated Financial Statements December 31, 2025

### 9) Investment in City West Cable & Telephone Corp.

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

	<u>2025</u>	<u>2024</u>
Assets	\$ 95,597,000	\$ 93,232,000
Liabilities to arms-length parties	\$ 47,489,000	\$ 44,843,000
Net income (loss)	\$ 219,000	\$ (61,000)

### 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, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 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, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The City of Prince Rupert paid \$1,702,181 (2024 - \$1,620,543) for employer contributions while employees contributed \$1,484,146 (2024 - \$1,424,571) to the plan in fiscal 2025.

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.

#### b) Third party claims

The City has various lawsuits and claims pending by and against it, the outcomes of which are not determinable at this time. Accordingly, no provision has been made in the accounts for these matters.

The amount of loss, if any, arising from these contingencies liabilities will be recorded in the accounts in the period in which the loss is realized. The City has insurance policies and financial reserves to offset associated risks.

**DRAFT**

# City of Prince Rupert

## Notes to the Consolidated Financial Statements December 31, 2025

### 10) Commitments and contingencies *(continued)*

#### c) *Payments in lieu of taxes*

Payments in lieu of taxes are recognized as revenue based on management's best estimates of amounts receivable. Certain property assessment values were under dispute at year-end. Subsequent to year-end, a settlement was reached, resulting in a revision to the estimate of amounts receivable. Accordingly, \$1,438,000 has been recognized as revenue in 2025, with a corresponding reduction to accounts payable and accrued liabilities.

#### 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.

### 11) Net Assets

Accumulated Operating Surplus (Schedule 1)	\$ 23,073,709	\$ 14,312,161
Bylaw and Statutory Reserve Funds (Schedule 2)	42,932,120	26,762,135
Investment in City West Cable & Tel. Corp. (Schedule 4 and Note 9)	48,108,763	48,389,763
Invested in Tangible Capital Assets (Schedule 5)	189,354,923	153,803,489
Net Assets (Statement B)	\$ 303,469,515	\$ 243,267,548

### 12) Prior year restatement - Prince Rupert Legacy Inc.

Prince Rupert Legacy Inc. changed its financial reporting framework from Accounting Standards for Private Enterprises to Public Sector Accounting Standards. This change has resulted in a change in the way Prince Rupert Legacy Inc. land is consolidated into the consolidated financial statements of the City. The impact of this change on the opening balances at January 1, 2025 is as follows:

Increase in Tangible Capital Assets - Land	1,088,810
(Increase) in Investment in Tangible Capital Assets	(1,088,810)

DRAFT

## 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.	2025 Total	2024 Total
<b>Operating Results</b>							
Revenue	\$ 67,031,332	\$ 26,221,707	\$ 6,453,017	\$ 7,175,900	\$ 4,871,697	\$ 111,753,653	\$ 79,041,214
Expenditure (Excludes Tangible Capital Assets)	37,622,645	3,487,326	977,546	4,770,560	-	46,858,077	48,537,961
	<u>\$ 29,408,687</u>	<u>\$ 22,734,381</u>	<u>\$ 5,475,471</u>	<u>\$ 2,405,340</u>	<u>\$ 4,871,697</u>	<u>\$ 64,895,576</u>	<u>\$ 30,503,253</u>
Add /(Less)							
Additions to Tangible Capital Assets (TCA)	\$ (15,616,613)	\$ (20,767,438)	\$ (6,450,333)	\$ (293,085)	\$ (275,366)	\$ (43,402,835)	\$ (49,718,326)
Proceeds of disposition of TCA	861,943	-	-	-	-	861,943	-
New Loans and Deferred Revenue to fund TCA	6,884,493	-	-	-	(297,201)	6,587,292	14,470,000
Debt payment and Actuarial Adjustments	(3,175,102)	(495,525)	(21,675)	(599,141)	-	(4,291,443)	(2,506,287)
Bylaw and Statutory Reserve Interest Income	(1,192,428)	(128,562)	(6,905)	(14,102)	-	(1,341,997)	(1,401,599)
Prince Rupert Legacy Dividend	1,786,037	1,213,963	-	-	(3,000,000)	-	-
City West Cable & Tel. Corp Loan Repayment	500,000	-	-	-	-	500,000	500,000
City West Cable & Tel. Corp (Income)/Loss	(219,000)	-	-	-	-	(219,000)	61,000
Transfer (to)/ from Reserves (Schedule 2)	(15,940,691)	(881,824)	2,127,440	(132,913)	-	(14,827,988)	890,212
	<u>\$ (26,111,361)</u>	<u>\$ (21,059,386)</u>	<u>\$ (4,351,473)</u>	<u>\$ (1,039,241)</u>	<u>\$ (3,572,567)</u>	<u>\$ (56,134,028)</u>	<u>\$ (37,705,000)</u>
Total Operating Surplus/(Deficit)	\$ 3,297,326	\$ 1,674,995	\$ 1,123,998	\$ 1,366,099	\$ 1,299,130	\$ 8,761,548	\$ (7,201,747)
Balance forward Surplus/(Deficit)	5,227,692	2,034,364	2,005,930	(77,017)	5,121,192	14,312,161	21,513,908
Accumulated Surplus/(Deficit)	<u>\$ 8,525,018</u>	<u>\$ 3,709,359</u>	<u>\$ 3,129,928</u>	<u>\$ 1,289,082</u>	<u>\$ 6,420,322</u>	<u>\$ 23,073,709</u>	<u>\$ 14,312,161</u>
<b>Surplus/(Deficit) Allocation</b>							
Unappropriated Surplus (deficit)	\$ 5,617,018	\$ 248,359	\$ 48,928	\$ (17,918)	\$ 4,596,322	\$ 10,492,709	\$ 6,604,161
2026 Appropriated Surplus	2,908,000	3,461,000	3,081,000	1,307,000	1,824,000	12,581,000	7,708,000
	<u>\$ 8,525,018</u>	<u>\$ 3,709,359</u>	<u>\$ 3,129,928</u>	<u>\$ 1,289,082</u>	<u>\$ 6,420,322</u>	<u>\$ 23,073,709</u>	<u>\$ 14,312,161</u>

# DRAFT

## City of Prince Rupert

### Schedule of Bylaw and Statutory Reserve Fund Balances December 31, 2025

	<u>Opening Balance</u>	<u>Interest/Income</u>	<u>Transfer (to)/from Other Funds</u>	<u>Year End Balance</u>	<b>RESERVE ALLOCATION</b>			
					<u>2026 Budget Appropriation</u>	<u>Unappropriated Reserve</u>	<u>Year End Balance</u>	
<b>BYLAW &amp; OTHER RESERVES</b>								
General Reserves	\$ 7,635,991	\$ 235,942	\$ 44,549	\$ 7,916,482	\$ 2,705,000	\$ 5,211,482	\$ 7,916,482	
Public Work Equipment Reserves	2,185,535	56,662	(813,200)	1,428,997	1,100,000	328,997	1,428,997	
Ferry Maintenance Reserves	-	2,617	175,000	177,617	-	177,617	177,617	
NCPG Reserve (Schedule 13)	564,860	18,546	-	583,406	650,000	(66,594)	583,406	
Growing Communities Fund	4,452,924	151,636	-	4,604,560	4,456,000	148,560	4,604,560	
NW BC Regional Funding Agreement	6,210,558	653,895	14,127,418	20,991,871	16,836,000	4,155,871	20,991,871	
Water Asset Management Reserve	2,909,300	128,562	1,068,114	4,105,976	2,705,000	1,400,976	4,105,976	
Sewer Asset Management Reserve	155,659	6,905	65,344	227,908	350,000	(122,092)	227,908	
Solid Waste Asset Management Res.	339,226	14,102	132,913	486,241	-	486,241	486,241	
<b>Total Bylaw &amp; Other Reserves</b>	<b>\$ 24,454,053</b>	<b>\$ 1,268,867</b>	<b>\$ 14,800,138</b>	<b>\$ 40,523,058</b>	<b>\$ 28,802,000</b>	<b>\$ 11,721,058</b>	<b>\$ 40,523,058</b>	
<b>STATUTORY RESERVES</b>								
Capital Assets & Land Acquisition	\$ 1,760,081	\$ 60,127	\$ 10,931	\$ 1,831,139	\$ 50,000	\$ 1,781,139	\$ 1,831,139	
Parkland Reserves	8,011	249	-	\$ 8,260	-	8,260	8,260	
Parking Space Requirements	220,107	7,494	-	\$ 227,601	-	227,601	227,601	
Cemetery Care Trust	319,883	5,260	16,919	\$ 342,062	-	342,062	342,062	
<b>Total Statutory Reserves</b>	<b>\$ 2,308,082</b>	<b>\$ 73,130</b>	<b>\$ 27,850</b>	<b>\$ 2,409,062</b>	<b>\$ 50,000</b>	<b>\$ 2,359,062</b>	<b>\$ 2,409,062</b>	
<b>TOTAL RESERVES</b>	<b>\$ 26,762,135</b>	<b>\$ 1,341,997</b>	<b>\$ 14,827,988</b>	<b>\$ 42,932,120</b>	<b>\$ 28,852,000</b>	<b>\$ 14,080,120</b>	<b>\$ 42,932,120</b>	

DRAFT

**City of Prince Rupert**

**Consolidated Schedule of Tangible Capital Assets  
December 31**

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Assets under construction</u>	<u>2025</u>	<u>2024</u> <i>Restated</i>
<b>Historical Cost:</b>							
Opening Balance	\$ 22,165,958	\$ 21,892,516	\$ 15,763,094	\$ 182,842,969	\$ 47,762,446	\$ 290,426,983	\$ 238,868,794
Additions	5,897,955	888,004	2,512,787	3,647,090	30,456,999	43,402,835	49,718,326
Transfer of completed assets, previously under construction	-	23,723,000	-	182,324	(23,905,324)	-	-
Additions (adjustments) to Asset Retirement Obligation Cost	10,000,000	-	-	-	-	10,000,000	2,087,640
Disposals/Write-Downs	(237,317)	-	-	(440,257)	-	(677,574)	(247,777)
<b>Closing Balance</b>	<u>37,826,596</u>	<u>46,503,520</u>	<u>18,275,881</u>	<u>186,232,126</u>	<u>54,314,121</u>	<u>343,152,244</u>	<u>290,426,983</u>
<b>Accumulated Amortization:</b>							
Opening Balance	-	11,240,834	8,839,953	65,115,587	-	85,196,374	80,489,686
Amortization Expense	-	-	1,195,152	3,055,599	-	5,292,880	4,954,465
Disposals/ Write-Downs	-	-	-	(440,257)	-	(440,257)	(247,777)
<b>Closing Balance</b>	<u>-</u>	<u>12,282,963</u>	<u>10,035,105</u>	<u>67,730,929</u>	<u>-</u>	<u>90,048,997</u>	<u>85,196,374</u>
<b>Net Book Value</b>	<u>\$ 37,826,596</u>	<u>\$ 34,220,557</u>	<u>\$ 8,240,776</u>	<u>\$ 118,501,197</u>	<u>\$ 54,314,121</u>	<u>\$ 253,103,247</u>	<u>\$ 205,230,609</u>

DRAFT

## City of Prince Rupert

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

	2025	2024
<b>ASSETS</b>		
City West Cable & Telephone Corporation		
Investment	\$ 1	\$ 1
Loan	15,632,762	16,132,762
Equity	32,476,000	32,257,000
	\$ 48,108,763	\$ 48,389,763
<b>LIABILITIES AND EQUITY</b>		
Equity, Beginning of Year	\$ 48,389,763	\$ 48,950,763
Net Income (Loss) of Corporation	219,000	(61,000)
Repayment of loan	(500,000)	(500,000)
Equity, End of Year	\$ 48,108,763	\$ 48,389,763

# DRAFT

**City of Prince Rupert**

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

	<u>2025</u>	<u>2024</u> <i>Restated</i>
Opening Balance	\$ 153,803,489	\$ 119,514,980
Tangible Capital Assets Purchased By Operations	36,815,543	35,248,326
Debenture Debt Repayment	732,650	732,652
Actuarial Additions	134,352	138,265
Loan Repayment	3,128,638	862,781
Reduction of Deferred Capital revenue	295,803	772,589
Disposals/Writedowns of Tangible Capital Assets	(237,317)	-
Transfer from unfunded to funded ARO	300,000	1,800,000
Accretion	(325,355)	(311,639)
Amortization	<u>(5,292,880)</u>	<u>(4,954,465)</u>
Closing Balance	<u>\$ 189,354,923</u>	<u>\$ 153,803,489</u>

**DRAFT**

## City of Prince Rupert

### Schedule of Tax Revenues For The Year Ended December 31

	2025 Budget	2025 Actual	2024 Actual
<b>Real Property Taxes</b>			
Municipal Property Tax			
Residential	\$ 9,537,000	\$ 9,536,910	\$ 8,953,953
Utilities	376,000	376,292	355,655
Major Industry	12,113,000	12,113,061	11,659,646
Light Industry	850,000	849,767	799,888
Business	7,060,000	7,043,868	6,657,036
Recreational	24,000	23,553	23,537
	<u>\$ 29,960,000</u>	<u>\$ 29,943,451</u>	<u>\$ 28,449,715</u>
Less: Tax Sharing with District of Port Edward	(965,000)	(990,625)	(977,354)
Less: Provision for Assessment Appeals	<u>(39,000)</u>	<u>-</u>	<u>(25,000)</u>
	<u>\$ 28,956,000</u>	<u>\$ 28,952,826</u>	<u>\$ 27,447,361</u>
<b>Special Payments</b>			
Port Competitiveness Tax Grant	\$ 2,093,000	\$ 2,082,568	\$ 2,051,791
Revenue Tax	\$ 324,000	\$ 300,372	\$ 312,464
Payments in Lieu of Tax			
Federal Government Properties	\$ 231,000	\$ 217,504	\$ 221,125
Prince Rupert Port Authority	675,000	2,133,013	646,410
	<u>\$ 906,000</u>	<u>\$ 2,350,517</u>	<u>\$ 867,535</u>
Grants in Lieu of Tax			
Provincial Government Properties	\$ 342,000	\$ 344,066	\$ 326,272
BC Buildings Corp.	52,000	53,081	50,369
BC Housing Commission	116,000	112,258	110,823
BC Hydro and Power Authority	102,000	116,716	97,013
Insurance Corporation of BC	14,000	12,468	12,975
	<u>\$ 626,000</u>	<u>\$ 638,589</u>	<u>\$ 597,452</u>
	<u>\$ 3,949,000</u>	<u>\$ 5,372,046</u>	<u>\$ 3,829,242</u>
<b>Net Tax Revenue</b>	<u><u>\$ 32,905,000</u></u>	<u><u>\$ 34,324,872</u></u>	<u><u>\$ 31,276,603</u></u>

# DRAFT

## City of Prince Rupert

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

	2025 Budget	2025 Actual	2024 Actual
<b>GENERAL FUND</b>			
<b>Protective Services (RCMP)</b>	\$ 27,000	\$ 29,000	\$ 30,296
<b>Transportation Services</b>			
Public Transit	\$ 211,000	\$ 255,838	\$ 284,126
Airport Ferry	1,185,000	1,275,760	1,203,544
	<u>\$ 1,396,000</u>	<u>\$ 1,531,598</u>	<u>\$ 1,487,670</u>
<b>Other</b>			
Rezoning / Subdivision Services	\$ 10,000	\$ 8,495	\$ 8,450
Parking	95,000	86,554	88,515
Franchise Fees	280,000	264,066	252,117
	<u>\$ 385,000</u>	<u>\$ 359,115</u>	<u>\$ 349,082</u>
<b>Public Health (Cemetery)</b>	<u>\$ 159,000</u>	<u>\$ 69,515</u>	<u>\$ 112,177</u>
<b>Recreation and Cultural Services</b>			
Civic Centre Rentals & Programs	\$ 423,000	\$ 402,200	\$ 446,982
Swimming Pool	536,000	525,043	495,472
Arena	276,000	285,208	270,553
	<u>\$ 1,235,000</u>	<u>\$ 1,212,451</u>	<u>\$ 1,213,007</u>
<b>Cow Bay Marina</b>	<u>\$ 455,000</u>	<u>\$ 473,107</u>	<u>\$ 464,918</u>
<b>TOTAL GENERAL OPERATING FUND</b>	\$ 3,657,000	\$ 3,674,786	\$ 3,657,150
<b>SOLID WASTE FUND</b>	\$ 5,343,000	\$ 6,845,948	\$ 5,033,162
<b>WATER FUND</b>	\$ 3,230,000	\$ 3,447,752	\$ 3,085,675
<b>SEWER FUND</b>	<u>\$ 3,861,000</u>	<u>\$ 3,840,517</u>	<u>\$ 2,842,581</u>
	<u>\$ 16,091,000</u>	<u>\$ 17,809,003</u>	<u>\$ 14,618,568</u>

# DRAFT

## City of Prince Rupert

### Schedule of Government Transfers For The Year Ended December 31

	2025 Budget	2025 Actual	2024 Actual
<b>Federal Grant- Conditional</b>			
General Fund			
Recreation other grants received	\$ 25,000	\$ 27,500	\$ -
Recreation Washrooms Accessibility	97,000	96,947	3,053
Water Fund			
DMAF Grant for BIG Project	-	6,661,259	4,108,628
Sewer Fund			
DMAF Grant for BIG Project	9,600,000	2,101,630	360,216
	<u>\$ 9,722,000</u>	<u>\$ 8,887,336</u>	<u>\$ 4,471,897</u>
<b>Provincial Grants</b>			
<b>Unconditional</b>			
General Fund - Small Community	\$ 350,000	\$ 348,000	\$ 383,700
- Traffic Fines	230,000	211,000	228,000
Total Unconditional	<u>\$ 580,000</u>	<u>\$ 559,000</u>	<u>\$ 611,700</u>
<b>Conditional</b>			
General Fund			
Victim Services	\$ 80,000	\$ 85,546	\$ 86,763
Casino Revenue	588,000	512,104	587,682
Two Percent (2%) Hotel Tax	357,000	494,929	397,487
Situation Tables	-	-	15,015
BCATI - Downtown Revitalization & Asset Management	-	-	50,000
Waterfront Rupert's Landing & Ferry Development	9,348,000	282,974	852,772
LGCAP - City Hall Boiler	-	-	123,000
LGCAP - Lester PAC Boiler	40,000	31,500	
LGCAP - 3rd/4th Ave Pathway	350,000	32,215	
Capacity Funding for Local Government Housing Initiatives:	39,000	43,259	20,650
Indigenouse Engagement - EMBC	40,000	8,898	-
BIG Project - Trench Rescue Training and equipment	-	-	36,875
BIG Project - Records Management	50,000	-	-
BIG Project - Infrastructure Replacement	-	617,687	294,828
RCMP Detachment	-	-	1,095,775
BC Hydro - Auditorium ceiling	45,000	2,500	
North Coast BC Hydrogen Hub	500,000	99,245	150,000
Northwest BC Regional Funding Agreement	20,581,000	20,580,513	6,860,171
Northern Health Vision Zero	-	-	11,640
ICBC Road Improvements	-	-	16,200
Water Fund			
BIG Project - Infrastructure Replacement	65,182,000	11,666,299	8,633,537
Water Treatment/Transmission project	8,528,000	1,174,786	

# DRAFT

## City of Prince Rupert

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

	2025 Budget	2025 Actual	2024 Actual
Sewer Fund			
IBA-ICIP - Wastewater Treatment Facility Project	4,030,000	313,540	-
Total Conditional	<u>\$ 109,760,025</u>	<u>\$ 35,945,995</u>	<u>\$ 14,231,395</u>
<b>Regional and Other External Transfers - Conditional</b>			
General Fund			
NDIT- Economic Development	\$ 50,000	\$ 50,000	\$ 50,000
NDIT- Business Façade	20,000	-	10,000
NDIT- Love Prince Rupert	-	188	-
UBCM - Community Works Fund - City Hall Boiler	53,000	23,244	267,747
UBCM - Climate Action Plan	4,000	3,498	66,328
UBCM - Social Development Plan	-	-	19,100
UBCM - Reconciliation Committee	-	-	6,590
UBCM - Housing Capacity	25,000	18,500	-
UBCM - Development Approvals Access	31,000	20,267	-
UBCM - Complete Communities Assessment	-	-	130,857
UBCM - Emergency Support Services	14,000	26,077	3,030
UBCM - Indigenous Cultural Safety & Humility Training	-	-	23,000
UBCM - Asset Management	23,000	20,750	4,250
UBCM - NG911	30,000	18,360	15,825
UBCM - EOC and Training - Radio System Reliability	-	-	28,150
PRPA - Lester Centre Roof Replacement	-	-	317,542
Sewer Fund			
FCM - Moresby Wet Land Treatment Project.	200,000	181,542	-
Solid Waste Fund			
UBCM- Community Works Fund - Landfill Closure	1,700,000	293,085	-
	<u>\$ 2,150,000</u>	<u>\$ 655,511</u>	<u>\$ 942,419</u>
<b>Total Government Transfer</b>	<u><u>\$ 122,212,025</u></u>	<u><u>\$ 46,047,842</u></u>	<u><u>\$ 20,257,411</u></u>

# DRAFT

## City of Prince Rupert

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

	2025 Budget	2025 Actual	2024 Actual
Licenses and Permits	\$ 316,000	\$ 730,831	\$ 318,770
Fines	34,000	36,744	32,888
911 Service Fee	73,000	84,242	67,782
	<u>\$ 423,000</u>	<u>\$ 851,817</u>	<u>\$ 419,440</u>
Miscellaneous revenues			
Actuarial Additions	\$ -	\$ 242,283	\$ 237,439
Cemetery Care Fund	-	16,919	29,612
Miscellaneous - General Fund	571,000	754,692	665,220
Miscellaneous Grants - General Fund	769,000	238,532	113,590
Miscellaneous Grants - Sewer Fund	50,000	-	-
Penalties and Interest on Taxes	30,000	364,165	327,796
Property Rentals	252,000	310,827	265,727
Disposal of scrap/soil	-	178,182	1,015,656
Water Meter Rentals	145,000	160,732	149,823
Total Miscellaneous Revenues	<u>\$ 1,817,000</u>	<u>\$ 2,266,332</u>	<u>\$ 2,804,863</u>

# DRAFT

## City of Prince Rupert

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

	2025 Budget	2025 Actual	2024 Actual
Wages	\$ 20,904,000	\$ 19,373,505	\$ 19,146,527
Benefits	5,469,000	5,193,071	5,111,545
Professional Fees	2,219,000	2,634,014	2,767,779
Supplies	2,850,000	2,827,828	2,856,665
Services	4,866,000	5,082,333	4,577,678
Energy	1,532,000	1,466,633	1,340,531
Fiscal Expenses	2,388,600	2,651,458	2,355,289
Grants in Aid to Community Partners	1,908,000	2,004,017	1,928,402
Contracts	6,866,000	5,325,218	6,653,545
Amortization	-	5,292,880	4,954,465
(Gain) loss on disposal of Tangible Capital Assets	-	(624,626)	-
Accretion of Asset Retirement Obligations	-	325,355	311,639
<b>Total Expenses (Statement B)</b>	<b><u>\$ 49,002,600</u></b>	<b><u>\$ 51,551,686</u></b>	<b><u>\$ 52,004,065</u></b>

# DRAFT

## City of Prince Rupert

### Schedule of Loans Payable December 31

Loan No.	Purpose	New/ Renewal	Amount of Issue	2024 Balance	Additions	Principal Payments	2025 Balance
<b>Equipment Financing</b>							
0004-0	Garbage Truck	2020	\$ 850,000	\$ 188,161	\$ -	\$ (188,161)	\$ -
0005-0	Single Axle Dump Truck	2023	300,000	245,504	-	(61,661)	183,843
0006-0	Solid Waste Dozer, Excavator and Garabge Truc	2023	1,317,235	1,074,761	-	(274,016)	800,745
0007-0	Fire Engine 8 Pumper Truck	2025	1,417,521	-	1,417,521	-	1,417,521
				\$ 1,508,426	\$ 1,417,521	\$ (523,838)	\$ 2,402,109
<b>Short Term / Temporary Financing</b>							
0695-0003	McBride Street Water Main Repair	2022	850,000	\$ 509,200	\$ -	\$ (170,400)	\$ 338,800
0695-0004	New RCMP Detachment	2023	8,500,000	19,300,000	-	(19,300,000)	-
0695-0005	Infrastructure Replacement Design	2024	3,000,000	3,000,000	-	-	3,000,000
0695-0006	Digby Island Ferry Refit	2024	670,000	670,000	-	(134,400)	535,600
				\$ 23,479,200	\$ -	\$ (19,604,800)	\$ 3,874,400
				\$ 24,987,626	\$ 1,417,521	\$ (20,128,638)	\$ 6,276,509

# DRAFT

**City of Prince Rupert**

**Schedule of Debenture Debt  
December 31**

<b>Bylaw No.</b>	<b>No.</b>	<b>Maturity Date</b>	<b>Amount of Issue</b>	<b>2024 Balance</b>	<b>Additions</b>	<b>Principal Payment</b>	<b>2024 Accrued Actuarial</b>	<b>2025 Actuarial</b>	<b>2025 Accrued Actuarial</b>	<b>2025 Balance</b>		
<b>General Fund</b>												
3201		Cruise Ship Dock	94	2025	\$ 3,133,056	\$ 195,077	\$ -	\$ (115,138)	\$ 22,081	\$ (102,020)	\$ -	\$ -
3333		Airport Upgrade	127	2034	7,000,000	4,105,169	-	(257,332)	72,529	(98,781)	(81,681)	3,739,904
3484		RCMP Detachment	167	2055	17,000,000	-	17,000,000	-	-	-	-	17,000,000
					<u>\$ 4,300,246</u>	<u>\$ 17,000,000</u>	<u>\$ (372,470)</u>	<u>\$ 94,610</u>	<u>\$ (200,801)</u>	<u>\$ (81,681)</u>	<u>\$ 20,739,904</u>	
<b>Water Fund</b>												
3433		Woodworth Dam	156	2046	\$ 10,000,000	\$ 9,066,926	\$ -	\$ (302,360)	\$ 5,432	\$ (20,872)	\$ (7,325)	\$ 8,741,801
<b>Sewer Fund</b>												
3201		Moresby Sewer Upgrade	94	2025	\$ 346,970	\$ 21,675	\$ -	\$ (12,792)	\$ 2,453	\$ (11,336)	\$ -	\$ -
<b>Solid Waste Fund</b>												
3454		New Landfill Cell	156	2046	\$ 10,000,000	\$ 9,066,926	\$ -	\$ (302,360)	\$ 5,432	\$ (20,872)	\$ (7,325)	\$ 8,741,801
					<u>\$ 22,455,773</u>	<u>\$ 17,000,000</u>	<u>\$ (989,982)</u>	<u>\$ 107,927</u>	<u>\$ (253,881)</u>	<u>\$ (96,331)</u>	<u>\$ 38,223,506</u>	

**DRAFT**

## City of Prince Rupert

---

### Schedule of Northern Capital and Planning Grant For Year Ended December 31, 2025

Grant Balance as at Jan 1, 2025	\$	<b>564,860</b>
Interest earned in 2025		18,546
Grant Balance as at Dec 31, 2025 (Schedule 2)	\$	<b>583,406</b>

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.

DRAFT

## City of Prince Rupert

---

### Schedule of Capacity Funding for Local Government Housing Initiatives For Year Ended December 31, 2025

Grant Balance as at Jan 1, 2025	\$	187,978
Official Community Plan and Amendments		(41,759)
Grant Balance as at Dec 31, 2025 (Note 6b)	\$	146,219

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*.

DRAFT

# ATTACHMENT #2

## City of Prince Rupert

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

REVENUES	2025 Budget	2025 Actual	Budget Variance	Variance (%)
Airport Ferry	\$ 1,185,000	\$ 1,275,761	\$ 90,761	7.66
Bylaw Enforcement	133,000	122,669	(10,331)	(7.77)
Cemetery	144,000	69,515	(74,485)	(51.73)
Civic Properties	252,000	310,826	58,826	23.34
Corporate Administration	39,000	24,500	(14,500)	(37.18)
Cow Bay Marina	455,000	473,107	18,107	3.98
Development Services	313,000	746,838	433,838	138.61
Economic Development	70,000	50,188	(19,812)	(28.30)
Fire 911 Services	73,000	84,242	11,242	15.40
Fire Protective Services	5,000	11,847	6,847	136.94
FD Emergency Measures	14,000	26,077	12,077	86.26
Finance	15,000	18,441	3,441	22.94
Fiscal Revenue	30,546,000	35,760,647	5,214,647	17.07
Information Technology	1,000	-	(1,000)	(100.00)
Engineering Services	5,000	7,220	2,220	44.40
PW Common Cost	70,000	101,046	31,046	44.35
RCMP	147,000	150,123	3,123	2.12
Rec - Arena	276,000	285,208	9,208	3.34
Rec - Civic Centre	423,000	404,700	(18,300)	(4.33)
Rec - Community Services	3,000	-	(3,000)	(100.00)
Rec - Pool	536,000	525,043	(10,957)	(2.04)
Transit	211,000	255,838	44,838	21.25
Victim Services	96,000	118,490	22,490	23.43
Watson Island	400,000	979,379	579,379	144.84
	35,412,000	41,801,705	6,389,705	18.04
Property Taxes	29,960,000	29,943,451	(16,549)	(0.06)
Capital Works- Funding from Grants	584,000	713,209	129,209	22.12
Capital Works- Funding from Appr. Surplus	310,000	181,581	(128,419)	(41.43)
Capital Works- Funding from Reserves	350,000	-	(350,000)	(100.00)
Capital Purchases- Funding from PR Legacy	335,000	179,807	(155,193)	(46.33)
Capital Purchases- Funding from Grant	10,420,000	532,241	(9,887,759)	(94.89)
Capital Purchases- Funding from Appr. Surplus	200,000	154,746	(45,254)	(22.63)
Capital Purchases- Funding from Reserves	8,162,000	5,411,978	(2,750,022)	(33.69)
Capital Purchases- Funding from CWF grant	53,000	23,244	(29,756)	(56.14)
Capital Purchases- Funding from Borrowing	1,410,000	1,417,521	7,521	0.53
Capital Purchases- Funding from Deferred Reve	-	4,707,113	4,707,113	NA
Special Projects- Funding from PR Legacy	117,000	185,065	68,065	58.18
Special Projects- Funding from Grant	393,000	257,238	(135,762)	(34.55)
Special Projects- Funding from Appr. Surplus	85,000	66,254	(18,746)	(22.05)
Special Projects- Funding from Reserve	250,000	103,753	(146,247)	(58.50)
	\$ 88,041,000	\$ 85,678,906	\$ (2,362,094)	(2.68)

## City of Prince Rupert

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

EXPENDITURES	2025 Budget	2025 Actual	Budget Variance	Variance (%)
Airport Ferry	\$ 2,543,000	\$ 2,599,417	\$ (56,417)	(2.22)
Bylaw Enforcement	574,000	373,573	200,427	34.92
Cemetery	327,000	267,725	59,275	18.13
Civic Properties	773,000	807,693	(34,693)	(4.49)
Corporate Administration	1,210,000	1,314,107	(104,107)	(8.60)
Cow Bay Marina	455,000	447,132	7,868	1.73
Development Services	1,164,000	1,013,099	150,901	12.96
Economic Development	225,000	196,165	28,835	12.82
FD 911	692,000	692,838	(838)	(0.12)
FD Fire Protective Services	6,006,000	5,898,424	107,576	1.79
FD Emergency Measures	46,000	55,983	(9,983)	(21.70)
Finance	1,433,000	1,456,654	(23,654)	(1.65)
Finance Cost Allocation	(519,000)	(519,000)	-	-
Fiscal Expenditures	5,034,000	5,876,439	(842,439)	(16.73)
Governance	353,000	373,379	(20,379)	(5.77)
Grants	1,915,000	2,004,017	(89,017)	(4.65)
Human Resources	507,000	502,350	4,650	0.92
Information Technology	843,000	822,675	20,325	2.41
Parks	1,108,000	1,011,281	96,719	8.73
Engineering	749,000	664,365	84,635	11.30
PW Common Costs	5,476,000	5,027,391	448,609	8.19
Allocation of Common Cost	(5,434,000)	(4,462,618)	(971,382)	17.88
PW Vehicles	1,995,000	1,568,042	426,958	21.40
PW Net Vehicle Cost & Allocation	(1,996,000)	(1,568,921)	(427,079)	21.40
RCMP	7,756,000	7,809,277	(53,277)	(0.69)
Rec. Centre Arena	605,000	539,245	65,755	10.87
Rec. Centre Civic Centre	2,227,000	2,312,910	(85,910)	(3.86)
Rec. Centre Community Services	4,000	3,460	540	13.50
Rec. Centre Pool	1,620,000	1,438,583	181,417	11.20
Roads	2,699,000	1,931,670	767,330	28.43
Transit	1,008,000	1,074,245	(66,245)	(6.57)
Victim Services	196,000	164,218	31,782	16.22
Watson Island	400,000	979,379	(579,379)	(144.84)
Transfer to Reserves	21,181,000	23,481,170	(2,300,170)	(10.86)
Special Projects	870,000	627,768	242,232	27.84
Capital Purchases	21,252,000	13,399,780	7,852,220	36.95
Capital Works	2,744,000	2,259,140	484,860	17.67
	\$ 88,041,000	\$ 82,443,055	\$ 5,597,945	6.36
Surplus/(Deficit)	\$ -	\$ 3,235,851	\$ 3,235,851	-

## City of Prince Rupert

### Budget Variance Report of Utilities For The Year Ended December 31

UTILITIES	2025 Budget	2025 Actual	Budget Variance	Variance %
<b>Sanitary and Storm Sewer</b>				
Revenues	\$ 3,861,000	\$ 3,847,422	\$ (13,578)	(0.35)
Capital Works- Grants	13,880,000	2,596,711	(11,283,289)	(81.29)
Capital Works- Appropriated Surplus	1,279,000	280,721	(998,279)	(78.05)
Capital Works- Borrowing	11,944,000	-	(11,944,000)	(100.00)
Capital Works- Reserves	15,351,000	2,192,784	(13,158,216)	(85.72)
Capital Works	(44,304,000)	(6,457,661)	37,846,339	(85.42)
Net Revenue	\$ 2,011,000	\$ 2,459,977	\$ 448,977	22.33
Expenditures	2,011,000	1,055,258	955,742	47.53
Surplus /(Deficit)	\$ -	\$ 1,404,719	\$ 1,404,719	-
<b>Water</b>				
Revenues	\$ 4,074,000	\$ 6,696,597	\$ 2,622,597	64.37
Debenture Payments- PR Legacy	1,159,000	744,826	(414,174)	(35.74)
Capital Works- Grants	73,710,000	18,327,557	(55,382,443)	-
Capital Works- PR Legacy	469,000	469,137	137	0.03
Capital Works- Appropriated Surplus	1,846,000	893,174	(952,826)	(51.62)
Capital Works- Reserves	6,462,000	359,810	(6,102,190)	(94.43)
Capital Purchases	(190,000)	(186,290)	3,710	(1.95)
Capital Works	(83,696,000)	(20,646,083)	63,049,917	(75.33)
Net Revenue	\$ 3,834,000	\$ 6,658,728	\$ 2,824,728	73.68
Expenditures	3,834,000	4,090,559	(256,559)	(6.69)
Surplus/(Deficit)	\$ -	\$ 2,568,169	\$ 2,568,169	-
<b>Solid Waste</b>				
Revenues	\$ 5,343,000	\$ 6,860,049	\$ 1,517,049	28.39
Capital Works- Appropriated Surplus	120,000	-	(120,000)	(100)
Capital Works- Accruals	600,000	575,449	(24,551)	(4.09)
Capital Works- CWF (Gas Tax)	1,700,000	293,085	(1,406,915)	(83)
Capital Works	(2,420,000)	(868,535)	1,551,465	(64.11)
Net Revenue	\$ 5,343,000	\$ 6,860,048	\$ 1,517,048	28.39
Expenditures	5,887,000	5,493,949	393,051	6.68
Surplus /(Deficit)	\$ (544,000)	\$ 1,366,099	\$ 1,910,099	-

# ATTACHMENT #3

Financial Statements

Prince Rupert Legacy Inc.

December 31, 2025

DRAFT

# Contents

	<b>Page</b>
MANAGEMENT'S REPORT	1
INDEPENDENT AUDITOR'S REPORT	2 – 3
FINANACIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flow	7
Notes to the Financial Statements	8 - 13

## **MANAGEMENT'S REPORT**

The management of Prince Rupert Legacy Ltd. is responsible for the integrity of the accompanying financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily includes some amounts which are based on the best estimates and careful judgement of management.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The financial statements have been audited by the independent firm of Doane Grant Thornton LLP. Their report to the shareholder stating the scope of their examination and opinion on the financial statements accompanies this statement.

Corinne Bomben  
Director

# 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 Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, change in net financial assets and cash flow 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 Prince Rupert Legacy Inc. as at December 31, 2025, and its results of operations, its changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

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

## Emphasis of Matter – First Time Adoption of Canadian Public Sector Accounting Standards

We draw attention to Note 2 to the financial statements which describes that the Organization adopted Canadian public sector accounting standards on January 1, 2025 with a transition date of January 1, 2024. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2024, and the statement of operations, changes in net financial assets and cash flow for the year ended December 31, 2024, and related disclosures. Our opinion is not modified in respect of this matter.

## Other matter

The financial statements of the Organization for the year ended December 31, 2024 were audited by another auditor who expressed a unmodified opinion on those financial statements on April 30, 2025.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as

management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **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 Organization'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 Organization'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 Organization 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, Canada  
Date

Chartered Professional Accountants

---

# Prince Rupert Legacy Inc.

## Statement of Financial Position

December 31

2025

2024

---

### Financial assets

Cash	\$ 8,742,353	\$ 8,289,866
Accounts receivable	322,023	214,848
Loans receivable (Note 5)	837,410	933,210
	<u>9,901,786</u>	<u>9,437,924</u>

### Liabilities

Accounts payable and accrued liabilities	37,086	502,723
Deferred revenue (Note 6)	1,470,104	1,836,448
Due to City of Prince Rupert	3,094,380	3,394,669
	<u>4,601,570</u>	<u>5,733,840</u>

### Net financial assets

5,300,216      3,704,084

### Non financial assets

Property (Note 7)	<u>7,129,592</u>	<u>6,913,130</u>
-------------------	------------------	------------------

### Net assets (Note 10)

\$ 12,429,808      \$ 10,617,214

### Lease commitments (Note 11)

---

Approved by the directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements

# Prince Rupert Legacy Inc.

## Statement of Operations

For the Year Ended December 31	Budget 2025	Actual 2025	Actual 2024
<b>Revenue</b>			
Rental	\$ 3,775,000	\$ 3,977,435	\$ 2,295,089
Throughput	1,300,000	1,290,370	1,310,728
Interest	100,000	132,282	143,840
Province of British Columbia grant	-	-	150,000
	5,175,000	5,400,087	3,899,657
<b>Expenses</b>			
Amortization	55,000	58,903	54,042
Contract services	250,000	209,720	304,850
Lease costs	130,000	104,703	130,072
Office and sundry	-	-	186
Professional services	60,000	64,336	59,933
Repairs and maintenance	60,000	115,863	56,401
Travel	50,000	33,968	82,602
	605,000	587,493	688,086
Annual surplus (note 10)	\$ 4,570,000	\$ 4,812,594	\$ 3,211,571

See accompanying notes to the financial statements

## Prince Rupert Legacy Inc. Statement of Changes in Net Financial Assets

For the Year Ended December 31	Budget 2025	Actual 2025	Actual 2024
Annual surplus	\$ 4,570,000	\$ 4,812,594	\$ 3,211,571
Changes in non-financial assets			
Amortization of property	54,042	58,903	54,042
Acquisition of property	(413,672)	(275,365)	(413,672)
	(359,630)	(216,462)	(359,630)
Change in net financial assets from operations and capital	4,210,370	4,596,132	2,851,941
Other changes in net financial assets			
Dividend declared	(3,250,000)	(3,000,000)	(3,250,000)
Change in net financial assets	960,370	1,596,132	(398,059)
Net financial assets, beginning of year	3,704,084	3,704,084	4,102,143
Net financial assets, end of year	\$ 4,664,454	\$ 5,300,216	\$ 3,704,084

See accompanying notes to the financial statements

# Prince Rupert Legacy Inc.

## Statement of Cash Flow

For the Year Ended December 31

2025

2024

Increase (decrease) in cash

### Operating activities

Annual surplus \$ 4,812,594 \$ 3,211,571

Non-cash items:

Amortization 58,903 54,042

4,871,497 3,265,613

Changes in non-cash operating items:

Accounts receivable (107,175) (55,979)

Accounts payable and accrued liabilities (465,637) 408,517

Deferred revenue (366,344) (328,792)

(939,156) 23,746

Cash flow from operating activities

3,932,341 3,289,359

### Investing activities

Loan receivable 95,800 86,411

Cash flow used by investing activities

95,800 86,411

### Financing activities

Dividend (3,000,000) (3,250,000)

Due to City of Prince Rupert (300,289) (889,897)

Cash flow used by financing activities

(3,300,289) (4,139,897)

### Capital activities

Property additions (275,365) (413,672)

Cash flow used by capital activities

(275,365) (413,672)

**Increase (decrease) in cash**

452,487 (1,177,799)

**Cash, beginning of year**

8,289,866 9,467,665

**Cash, end of year**

\$ 8,742,353 \$ 8,289,866

See accompanying notes to the financial statements

---

# **Prince Rupert Legacy Inc.**

## **Notes to the Financial Statements**

December 31, 2025

---

### **1. Purpose of organization**

Prince Rupert Legacy Ltd. (the “Organization”) is a wholly owned subsidiary of the City of Prince Rupert (the “City”) established to develop and manage property and generate profits to fund City capital projects. All figures are presented in Canadian dollars. The company is exempt from revenue taxes under section 149 of the Revenue Tax Act.

### **2. First time adoption of Canadian Public Sector Accounting Standards**

These financial statements are the first financial statements for which the Organization has applied Canadian public sector accounting standards (“PSAS”).

The Organization’s comparative financial information for the year ended December 31, 2024 has been restated to conform with PSAS, in accordance with the transition provisions set out in Section PS 2125 – First-time Adoption. The date of transition to PSAS is January 1, 2025.

In fiscal years preceding December 31, 2025, the Organization prepared its financial statements in accordance with Accounting Standards for Private Enterprises (ASPE). During the year ended December 31, 2025, it was determined that the Organization meets the definition of an Other Government Organization and is therefore required to prepare its financial statements in accordance with PSAS.

Upon adoption of PSAS, amounts previously presented as shareholder’s equity under ASPE are now presented as net assets, in accordance with PSAS presentation requirements. The adoption of PSAS did not result in any adjustments to the Organization’s opening shareholder’s equity as at January 1, 2025, and accordingly no restatement of shareholder’s equity was required on transition.

### **3. Significant accounting policies**

The significant accounting policies used in the preparation of these financial statements are summarized below:

#### **Basis of accounting**

The financial statements have been prepared on an accrual basis of accounting primarily using the historical cost basis of measurement. In limited circumstances, where specifically mentioned in the respective accounting policies, other bases of measurement have been used.

#### **Revenue recognition**

Revenue and expenses are reported on an accrual basis.

---

**Prince Rupert Legacy Inc.**  
**Notes to the Financial Statements**  
December 31, 2025

---

**3. Significant accounting policies** *(continued)*

Rental revenue is recognized on a straight-line basis over the term of the lease. Amounts received in advance of the period to which the rental revenue relates are recorded as deferred rental revenue and as revenue over the applicable lease term.

Throughput revenue represents fees or charges earned based on the volume of operation handled by the tenant. Throughput revenue is recognized as revenue in the period in which the related activity occurs.

Interest revenue is recognized on an accrual basis using the effective interest method. Interest revenue is recorded in the period in which it is earned.

**Cash**

Cash comprises demand accounts with financial institutions.

**Property**

Land and land improvements are recorded at cost, net of write-downs.

Leasehold improvements are recorded at cost less accumulated amortization on a straight-line basis over 25 years.

An impairment loss is recognized when the carrying amount of a property is not fully recoverable. The loss is measured as the excess of the carrying amount over its fair value. The fair value is the market value or the sum of the undiscounted cash flows expected to result from its use or eventual disposition. Property are tested for recoverability when events or changes in circumstances indicate that its carrying amount may not be recoverable.

**Financial instruments**

The Organization considers any contract creating a financial asset, liability or surplus instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments: cash, accounts receivable, accounts payable and loans receivable.

*Measurement*

The Organization initially measures financial assets and financial liabilities originating, acquired, issued or assumed in arm's length transactions at fair value.

The Organization subsequently measures these financial assets and financial liabilities at amortized cost.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

---

# Prince Rupert Legacy Inc.

## Notes to the Financial Statements

December 31, 2025

---

### 3. Significant accounting policies *(continued)*

#### *Derecognition*

Financial liabilities are removed from the statement of financial position when they are discharged, cancelled or expire.

#### *Impairment*

Financial assets measured at amortized cost are tested for impairment when indicators of impairment exist at the end of the reporting period. Previously recognized impairment losses are reversed to the extent of the improvement provided the financial asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in annual surplus.

#### **Measurement uncertainty**

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affects the amounts reported in the financial statements and accompanying notes. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations in the period in which they become known. Actual results could differ from those estimates.

Items subject to management estimates include the estimated useful lives of property, the allowance for doubtful accounts, and the amount of accrued liabilities.

### 4. Financial instruments

Prince Rupert Legacy Inc. is not subject to significant risk from market, liquidity, foreign currency, interest rate or price risk. The significant financial risks to which the Organization is exposed, include the following:

#### *Credit Risk:*

Credit Risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Organization to a concentration of credit risk consist primarily of cash and accounts receivable. The Organization limits its exposure to credit loss by placing its cash with approved Canadian financial institutions. Accounts receivable consist primarily of amounts due from the commercial tenants, which are generally large, established organizations and are not considered to have significant credit risk. The Organization's maximum exposure to credit risk for cash and accounts receivables are the amounts disclosed in the Statement of Financial Position. Management believes that the credit risk concentration with respect to financial instruments included in cash and receivables is minimal.

# Prince Rupert Legacy Inc.

## Notes to the Financial Statements

December 31, 2025

### 5. Loans receivable

Loans receivable from the Prince Rupert Airport Authority (PRAA); payments include interest at 2.5% per annum. The loans are secured by mortgage on Airport Lands.

	<u>2025</u>	<u>2024</u>
\$24,080 due January 28 and July 28 each year with a final payment on January 28, 2033.	<b>\$ 327,700</b>	\$ 366,985
\$16,054 due April 6 and October 6 each year with a final payment on April 6, 2033.	<b>218,466</b>	244,656
\$9,030 due June 20 and December 20 each year with a final payment on June 20, 2033.	<b>130,298</b>	144,850
\$10,033 due February 28 due August 28 each year with a final payment on August 28, 2034.	<b>160,946</b>	176,719
	<b><u>\$ 837,410</u></b>	<b><u>\$ 933,210</u></b>

Principal repayment terms are approximately:

2026	\$ 105,792
2027	100,840
2028	103,361
2029	105,945
2030	108,592
Thereafter	<b>\$ 312,880</b>

### 6. Deferred revenue

	<u>2025</u>	<u>2024</u>
Rental received in advance - cash	<b>\$ 328,764</b>	\$ 399,705
Rental received in advance – leasehold improvements	<b>1,120,107</b>	1,415,910
Other	<b>21,233</b>	20,833
	<b><u>\$ 1,470,104</u></b>	<b><u>\$ 1,836,448</u></b>

# Prince Rupert Legacy Inc.

## Notes to the Financial Statements

December 31, 2025

### 7. Property

			<u>2025</u>	<u>2024</u>
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,816,230	\$ -	\$ 1,816,230	\$ 1,816,230
Land improvements	4,135,296	-	4,135,296	3,962,019
Leasehold improvements	1,409,333	231,267	1,178,066	1,134,881
	<u>\$ 7,360,859</u>	<u>\$ 231,267</u>	<u>\$ 7,129,592</u>	<u>\$ 6,913,130</u>

### 8. Equity in property

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 5,497,220	\$ 4,909,721
Less: Amortization	(58,903)	(54,042)
Add: Property additions	275,365	413,672
Add: Deferred leasehold improvement revenue	295,803	227,869
Balance, end of year	<u>\$ 6,009,485</u>	<u>\$ 5,497,220</u>

### 9. Share capital

#### Authorized

1,000 Class A shares, common, without par value

#### Issued

	<u>2025</u>	<u>2024</u>
1 Class A share	<u>\$ 1</u>	<u>\$ 1</u>

# Prince Rupert Legacy Inc.

## Notes to the Financial Statements

December 31, 2025

### 10. Net assets

	<b>2025</b>				
	<b>Balance, beginning of year</b>	<b>Annual surplus</b>	<b>Transfer</b>	<b>Dividend declared</b>	<b>Balance, end of year</b>
Share capital	\$ 1	\$ -	\$ -	\$ -	\$ 1
Operating surplus, unrestricted	5,119,993	4,575,694	(275,365)	(3,000,000)	6,420,322
Equity in property	5,497,220	236,900	275,365	-	6,009,485
<b>Total</b>	<b>\$10,617,214</b>	<b>\$ 4,812,594</b>	<b>\$ -</b>	<b>\$(3,000,000)</b>	<b>\$12,429,808</b>

	<b>2024</b>				
	<b>Balance, beginning of year</b>	<b>Annual surplus</b>	<b>Transfer</b>	<b>Dividend declared</b>	<b>Balance, end of year</b>
Share capital	\$ 1	\$ -	\$ -	\$ -	\$ 1
Operating surplus, unrestricted	5,745,921	3,037,744	(413,672)	(3,250,000)	5,119,993
Equity in capital	4,909,721	173,827	413,672	0	5,497,220
<b>Total</b>	<b>\$10,655,643</b>	<b>\$ 3,211,571</b>	<b>\$ -</b>	<b>\$(3,250,000)</b>	<b>\$10,617,214</b>

See accompanying notes to the financial statements

---

**Prince Rupert Legacy Inc.**  
**Notes to the Financial Statements**  
December 31, 2025

---

**11. Lease commitments**

The Organization leases land from the City of Prince Rupert under two thirty-year land lease agreements that commenced in January and June 2017. Each lease provides has nominal consideration of \$100 per annum and were not negotiated at arm's length.

**12. Economic dependence**

The Organization is economically dependent on a limited number of tenants. During the year, approximately 80% (2024: 75%) of the Organization's revenues was generated from a single tenant.

DRAFT