

City of Prince Rupert

2006 Audited Financial Statements

AUDIT REPORT

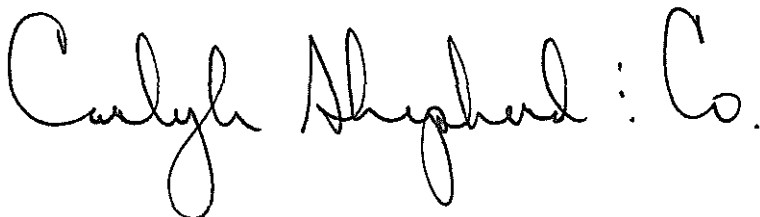
TO THE MAYOR AND COUNCIL CITY OF PRINCE RUPERT

We have audited the statements of financial position of the City of Prince Rupert as at December 31, 2006 and the statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City management and Council. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2006 and the results of its operations for the year then ended in accordance with accounting principles generally accepted for Municipalities in the Province of British Columbia, and that these principles have been applied on a basis consistent with that of the preceding year.

Prince Rupert, BC
April 27, 2007



**City of Prince Rupert
2006 Audited Financial Statements**

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Audit Report

Financial Statements

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City of Prince Rupert

Consolidated Statement of Financial Position As at December 31

	2006	2005
Financial Assets		
Cash	\$ 6,018,870	\$ 3,184,777
Taxes Receivable (Note 2)	1,384,431	6,077,946
General Receivables (Note 2)	3,833,507	2,913,853
	11,236,808	12,176,576
Museum Loan Receivable (Note 3)	2,250,460	2,333,260
Deposits - Municipal Finance Authority (Note 4)	366,081	366,865
	13,853,349	14,876,701
Liabilities		
Payables, Accruals, and Deferred Revenue (Note 5)	7,818,584	10,717,320
Landfill closure costs (Note 7b)	156,518	-
	7,975,102	10,717,320
Reserves - Municipal Finance Authority (Note 4)	366,081	366,865
Capital Leases (Schedule 6)	1,745,424	1,965,092
Debenture Debt (Schedule 7)	9,839,494	10,343,259
	19,926,101	23,392,536
Net Financial Assets (Liabilities)	(6,072,752)	(8,515,835)
Physical Assets		
Investment in City West Cable & Telephone Corp. (Note 6)	46,379,323	45,248,586
Inventory (Note 1)	534,479	588,588
Capital Assets (Schedule 5)	149,967,046	149,101,852
	196,880,848	194,939,026
NET POSITION	\$ 190,808,097	\$ 186,423,191
Municipal Position		
Surplus (Deficit) in Operating Funds (Statement S)	\$ (1,037,126)	\$ (1,640,668)
Surplus in Reserve Funds (Statement T)	4,833,311	3,556,146
Fund Balances	3,796,185	1,915,478
Equity in Capital Assets and City West Cable & Telephone Corp.	187,011,912	184,507,713
NET POSITION	\$ 190,808,097	\$ 186,423,191


Gordon Howie
Chief Administrative Officer


Dan Rodin, CGA
Chief Financial Officer

City of Prince Rupert

Consolidated Statement of Financial Activities For the Year Ended December 31

	Actual 2006	Unaudited Budget 2006	Actual 2005
Revenues			
Taxes (Schedule 1)	\$ 20,724,374	\$ 19,501,255	\$ 20,194,752
Less: Collections for Other Governments	(6,245,406)	(6,230,532)	(6,044,271)
Less: Tax Sharing - District of Port Edward	(534,854)	(548,200)	(544,530)
	<u>13,944,114</u>	<u>12,722,523</u>	<u>13,605,951</u>
Services Provided to Other Governments	88,211	68,000	70,527
Sale of Services (Schedule 2)	7,318,258	7,953,170	14,214,211
Revenue from Own Sources (Schedule 3)	2,980,165	1,163,325	1,458,269
Transfers from Other Governments (Schedule 4)	847,467	540,000	1,266,910
Administration charges/dividend	1,220,000	2,240,000	-
	<u>26,398,216</u>	<u>24,687,018</u>	<u>30,615,868</u>
Expenditures			
General Government	1,980,625	2,794,215	1,686,255
Protective Services	5,851,868	5,365,315	5,884,486
Transportation and Transit Services	3,061,256	3,036,601	2,590,280
Airport Ferry	1,740,898	1,617,827	1,830,581
Health and Cemetery Services	186,435	195,000	194,154
Community, Economic, & Campground	908,928	1,253,290	1,059,218
Parks and Recreation	3,168,211	2,907,552	2,905,523
Cultural Services	915,045	651,640	898,065
Water Services	1,615,983	2,035,500	1,527,646
Sewer Services	1,054,581	1,675,346	958,662
Solid Waste Services	1,627,260	1,905,300	1,425,068
Telephone Utility	-	-	4,368,894
	<u>22,111,089</u>	<u>23,437,586</u>	<u>25,328,832</u>
Net Operating Surplus	<u>4,287,126</u>	<u>1,249,432</u>	<u>5,287,036</u>
Unusual Items			
Cruise Ship Dock Contribution	(8,020)	-	14,300
Property tax write-off and appeals	(1,022,960)	-	(2,303,864)
Excess (Deficiency) of Revenues over Expenditures	<u>3,256,147</u>	<u>1,249,432</u>	<u>2,997,472</u>
Capital Expenditures	(1,774,315)	(2,677,800)	(1,094,771)
Debt / Capital Financing			
Principal Repayments	(448,166)	(1,508,388)	(796,922)
Long-term debt issued	847,041	2,277,291	639,850
	<u>398,875</u>	<u>768,903</u>	<u>(157,072)</u>
Increase (Decrease) in Fund Balances	<u>1,880,707</u>	<u>(659,465)</u>	<u>1,745,629</u>
Consolidated Fund Balances - Beginning of Year	<u>1,915,478</u>	<u>1,915,478</u>	<u>169,849</u>
Consolidated Fund Balances - End of Year	<u>\$ 3,796,185</u>	<u>\$ 1,256,013</u>	<u>\$ 1,915,478</u>

City of Prince Rupert

Consolidated Statement of Cash Flows For the Year Ended December 31

	2006	2005
Cash provided by (used for):		
Operations:		
Excess (Deficiency) of Revenues over Expenditures	\$ 3,256,147	\$ 2,997,472
Changes in non-cash operating items:		
Taxes Receivable	4,693,515	781,269
General Receivables	(919,654)	474,633
Inventory	54,109	109,000
Bank Overdraft/Revenue Anticipation Borrowing	-	(1,291,703)
Landfill closure costs	156,518	-
Payables, Accruals, Deferred Revenue	(2,898,736)	1,116,901
	4,341,899	4,187,572
Cash provided by (used for) Financing activities:		
Long-term debt issued	847,041	639,850
Principal Repayments	(448,166)	(796,922)
	398,875	(157,072)
Cash provided by (used for) Investing activities:		
Museum Loan Receivable	-	132,366
Capital Asset Additions	(1,774,315)	(1,094,771)
	(1,774,315)	(962,405)
Increase in Cash	2,966,459	3,068,095
Cash - Beginning of Year	3,184,777	116,682
Cash - End of Year	\$ 6,151,236	\$ 3,184,777

City of Prince Rupert

General Operating Fund Statement of Financial Position As at December 31

	2006	2005
Assets		
Financial Assets		
Cash	\$ 5,902,187	\$ 3,068,094
Taxes Receivable (Note 2)	1,384,431	6,077,946
General Receivables (Note 2)	3,833,507	2,913,853
	11,120,125	12,059,893
Inventory (Note 1)	317,145	368,873
Deposits - Municipal Finance Authority (Note 4)	195,509	180,861
Total	\$ 11,632,779	\$ 12,609,627
Liabilities and Municipal Position		
Current Liabilities		
Payables, Accruals, and Deferred Revenue	7,818,195	10,716,930
Due to (from) Other Funds		
Water Fund	2,579,215	2,474,176
Sewer Fund	2,989,309	2,513,211
Solid Waste Fund	514,819	358,300
General Capital Fund	-	132,366
Telephone Fund	490,201	490,201
Statutory Reserve Funds	4,716,628	3,439,463
	11,290,172	9,407,717
Reserves - Municipal Finance Authority (Note 4)	195,509	180,861
	19,303,876	20,305,508
Municipal Position		
Non-Statutory Reserves for Future Expenditures (Statement S)	1,285,409	1,285,409
Deficiency		
Balance at beginning of Year	(8,981,290)	(10,432,446)
Transfer from Non-Statutory Reserves for Future Expenditures	-	338,896
Surplus/Deficit for the Year	24,784	1,112,260
Balance at end of Year	(8,956,506)	(8,981,290)
Total	\$ 11,632,779	\$ 12,609,627

City of Prince Rupert

General Operating Fund Statement of Financial Activities For the Year Ended December 31

	Actual 2006	Unaudited Budget 2006	Actual 2005
Revenues			
Taxes	\$ 20,724,374	\$ 19,501,255	\$ 20,194,752
Less: Collections for Other Governments	(6,245,406)	(6,230,532)	(6,044,271)
Less: Tax Sharing - District of Port Edward	(534,854)	(548,200)	(544,530)
	13,944,114	12,722,523	13,605,951
Services Provided to Other Governments	88,211	68,000	70,527
Sale of Services (Schedule 2)	1,866,879	1,820,370	1,836,551
Revenue from Own Sources (Schedule 3)	1,655,175	1,114,325	1,360,541
Transfers from Other Governments (Schedule 4)	637,136	540,000	660,448
Administration charges/dividend	1,220,000	2,240,000	2,598,000
	<u>19,411,515</u>	<u>18,505,218</u>	<u>20,132,018</u>
Expenditures			
General Government	1,980,625	2,355,065	1,686,255
Protective Services	5,851,868	5,962,543	5,884,486
Transportation and Transit Services	3,061,256	3,186,288	2,590,280
Airport Ferry Services	1,740,898	1,617,827	1,830,581
Health and Cemetery Services	186,435	195,000	194,154
Community, Economic and Campground Services	908,928	549,800	1,059,218
Parks and Recreation	3,168,211	2,912,471	2,905,523
Cultural Services	915,045	761,042	898,065
	<u>17,813,266</u>	<u>17,540,036</u>	<u>17,048,562</u>
Excess of Revenues over Expenditures	1,598,249	965,182	3,083,456
Unusual Items			
Cruise Ship Dock Contributions	(8,020)	-	14,300
Property tax write-off and appeals	(1,022,960)	(250,000)	(2,303,864)
	(1,030,980)	(250,000)	(2,289,564)
Fiscal Services			
Funding from Borrowing	847,041	-	548,299
Principal Repayments	(269,950)	(20,000)	(109,315)
	577,092	(20,000)	438,984
Interfund Transfers			
Transfers from (to) Other Operating Funds	328,345	(1,057,564)	-
Transfers from (to) Reserves Funds	(8,000)	-	75,000
Transfers from (to) Reserve Accounts	-	(550,000)	(2,700)
Transfer from (to) Capital Fund	(1,439,922)	(2,092,800)	(192,916)
	<u>(1,119,577)</u>	<u>(3,700,364)</u>	<u>(120,616)</u>
Surplus (Deficit) for the Year	<u>\$ 24,784</u>	<u>\$ (3,005,182)</u>	<u>\$ 1,112,260</u>

City of Prince Rupert

General Capital Fund Statement of Financial Position As at December 31

	2006	2005
ASSETS		
Museum Loan Receivable (Note 3)	2,250,460	2,333,260
Due From General Operating Fund	-	132,366
Capital Assets (Schedule 5)		
General Fund	102,282,917	101,541,787
Transit Shelters and Land	54,381	54,381
Golf Course	<u>2,207,418</u>	<u>2,207,418</u>
	104,544,716	103,803,586
	<u>\$ 106,795,176</u>	<u>\$ 106,269,212</u>
LIABILITIES AND EQUITY		
Capital Leases (Schedule 6)	394,994	115,316
Debenture Debt (Schedule 7)	<u>7,761,686</u>	<u>7,679,699</u>
	8,156,681	7,795,015
Equity in Capital Assets		
Equity, Beginning of Year	98,474,197	98,106,516
Add:		
Debenture Debt Principal Payments	231,303	90,683
Debenture Debt Actuarial Additions (Schedule 7)	138,909	127,976
Capital Lease Principal Payments (Schedule 6)	41,724	19,550
Funding from borrowing	(847,041)	(548,299)
Disposal of assets	(1,041,489)	-
Contribution from Asset Sales less Purchases	-	10,893
Debenture Debt issuing costs	(9,361)	(122,500)
Grants and Donations	210,331	596,462
Contribution from Operating Funds	<u>1,439,922</u>	<u>192,916</u>
Equity, End of Year	<u>98,638,495</u>	<u>98,474,197</u>
	<u>\$ 106,795,176</u>	<u>\$ 106,269,212</u>

City of Prince Rupert

Water Operating Fund Statement of Financial Position As at December 31

	2006	2005
ASSETS		
Inventory (Note 1)	\$ 127,240	\$ 116,764
Deposits - Municipal Finance Authority (Note 4)	147,868	164,297
Due from General Fund	2,579,215	2,474,176
	\$ 2,854,323	\$ 2,755,237
LIABILITIES AND MUNICIPAL POSITION		
Reserves - Municipal Finance Authority (Note 4)	\$ 147,868	\$ 164,297
Municipal Position		
Non-Statutory Reserves for Future Expenditures (Statement S)	204,910	204,910
Surplus		
Balance at beginning of Year	2,386,030	2,197,545
Surplus for the Year	115,516	188,485
Balance at end of Year	2,501,546	2,386,030
	\$ 2,854,323	\$ 2,755,237

City of Prince Rupert

Water Operating Fund Statement of Financial Activities For the Year Ended December 31

	Actual 2006	Unaudited Budget 2006	Actual 2005
Revenues			
User Fees	\$ 1,898,308	\$ 1,986,500	\$ 1,958,970
Water Meter Rentals	44,159	40,000	43,545
Other	6,904	9,000	11,136
	<u>1,949,370</u>	<u>2,035,500</u>	<u>2,013,651</u>
Expenditures			
Administration	558,876	425,310	370,695
Purification and Treatment	113,986	136,000	123,399
Operation and Maintenance	741,681	970,900	813,826
Interest on Debt	201,440	228,546	219,726
	<u>1,615,983</u>	<u>1,760,756</u>	<u>1,527,646</u>
Excess of Revenues over Expenditures	333,387	274,744	486,005
Fiscal Services			
Principal Repayments	<u>(105,683)</u>	<u>(102,000)</u>	<u>(100,532)</u>
Interfund Transfers			
Transfers from (to) Other Operating Funds	(50,000)	-	(85,000)
Transfer to Capital Fund	<u>(62,189)</u>	<u>-</u>	<u>(111,988)</u>
	<u>(112,189)</u>	<u>-</u>	<u>(196,988)</u>
Surplus for the Year	<u>\$ 115,516</u>	<u>\$ 50,000</u>	<u>\$ 188,485</u>

City of Prince Rupert

Water Capital Fund Statement of Financial Position As at December 31

	2006	2005
ASSETS		
Capital Assets		
Buildings	\$ 95,289	\$ 95,289
Machinery and Equipment	984,095	984,094
Engineering Structures	24,111,309	24,049,120
	\$ 25,190,693	\$ 25,128,503
LIABILITIES AND EQUITY		
Debenture Debt (Schedule 7)	\$ 1,468,406	\$ 1,915,174
Capital Leases (Schedule 6)	37,639	46,542
	1,506,045	1,961,716
Equity in Capital Assets		
Equity, Beginning of Year	23,166,787	22,750,422
Add:		
Debenture Debt Principal payments (Schedule 7)	96,780	96,780
Debenture Debt Actuarial Additions (Schedule 7)	349,989	203,845
Capital Lease repayment (Schedule 6)	8,903	3,752
Contribution from Water Operating Fund	62,189	111,988
Equity, End of Year	23,684,648	23,166,787
	\$ 25,190,693	\$ 25,128,503

City of Prince Rupert

Sewer Operating Fund Statement of Financial Position As at December 31

	2006	2005
ASSETS		
Inventory (Note 1)	\$ 90,094	\$ 102,951
Due from General Fund	2,989,309	2,513,211
	\$ 3,079,403	\$ 2,616,162
 LIABILITIES AND MUNICIPAL POSITION		
Municipal Position		
Non-Statutory Reserves for Future Expenditures (Statement S)	\$ 534,970	\$ 534,970
Surplus		
Balance at beginning of Year	2,081,192	1,720,164
Surplus for the Year	463,242	361,028
Balance at end of Year	2,544,434	2,081,192
	\$ 3,079,403	\$ 2,616,162

City of Prince Rupert

Sewer Operating Fund Statement of Financial Activities For the Year Ended December 31

	Actual 2006	Unaudited Budget 2006	Actual 2005
Revenues			
User Fees	\$ 1,611,886	\$ 1,601,000	\$ 1,561,496
Fiscal Services	4,763	8,000	9,154
	<u>1,616,648</u>	<u>1,609,000</u>	<u>1,570,650</u>
Expenditures			
Administration	472,070	297,706	257,375
Operation and Maintenance	582,510	939,272	701,287
	<u>1,054,581</u>	<u>1,236,978</u>	<u>958,662</u>
Excess of Revenues over Expenditures	562,068	372,022	611,988
Fiscal Services			
Principal Repayments	<u>(11,651)</u>	<u>(18,095)</u>	<u>-</u>
Interfund Transfers			
Transfers from (to) Other Operating Funds	(63,346)	66,346	(170,000)
Transfer to Capital Fund	<u>(23,828)</u>	<u>-</u>	<u>(80,960)</u>
	<u>(87,174)</u>	<u>66,346</u>	<u>(250,960)</u>
Surplus for the Year	<u>\$ 463,242</u>	<u>\$ 420,273</u>	<u>\$ 361,028</u>

City of Prince Rupert

Sewer Capital Fund Statement of Financial Position As at December 31

	2006	2005
ASSETS		
Capital Assets		
Buildings	\$ 11,707	\$ 11,707
Machinery and Equipment	156,925	156,925
Engineering Structures	16,508,163	16,484,335
	\$ 16,676,795	\$ 16,652,967
LIABILITIES AND EQUITY		
Debenture debt (Schedule 7)	\$ 335,318	\$ 346,970
Equity in Capital Assets		
Equity, Beginning of Year	16,305,997	16,215,037
Add:		
Debenture Debt Principal Repayment	11,652	-
Contribution from Sewer Operating Fund (Schedule 7)	23,828	80,960
Grants and Donations	-	10,000
Equity, End of Year	16,341,477	16,305,997
	\$ 16,676,795	\$ 16,652,967

City of Prince Rupert

Solid Waste Operating Fund Statement of Financial Position As at December 31

	2006	2005
FINANCIAL ASSETS		
Due from General Fund	\$ 514,819	\$ 358,300
LIABILITIES AND MUNICIPAL POSITION		
Accounts Payable	\$ 391	\$ 390
Landfill Closure costs (Note 7b)	156,518	-
	156,909	390
Municipal Position		
Non-Statutory Reserves for Future Expenditures (Statement S)	96,215	96,215
Surplus		
Balance at beginning of Year	261,695	-
Surplus for the Year	-	261,695
Balance at end of Year	261,695	261,695
	\$ 514,819	\$ 358,300

City of Prince Rupert

Solid Waste Operating Fund Statement of Financial Activities For the Year Ended December 31

	Actual 2006	Unaudited Budget 2006	Actual 2005
Revenues			
Collection Fees	\$ 943,333	\$ 960,300	\$ 902,341
Landfill Tipping Fees	997,853	830,000	845,728
Fiscal Services	-	-	-
	<u>1,941,186</u>	<u>1,790,300</u>	<u>1,748,069</u>
Expenditures			
Administration	392,190	396,095	399,940
Collection and Cleanup	441,798	456,000	423,322
Landfill Operation	588,989	639,500	554,467
Landfill closure costs	156,518		
Interest on Debt	47,765	58,931	47,339
	<u>1,627,260</u>	<u>1,550,526</u>	<u>1,425,068</u>
Excess of Revenues over Expenditures	313,926	239,774	323,001
Fiscal Services			
Principal Repayments	<u>(60,881)</u>	<u>(68,033)</u>	<u>(61,306)</u>
Interfund Transfers			
Transfers from (to) Other Operating Funds	(215,000)	115,000	-
Transfer to Capital Fund	<u>(38,045)</u>	<u>-</u>	<u>-</u>
	<u>(253,045)</u>	<u>115,000</u>	<u>-</u>
Surplus for the Year	<u>\$ -</u>	<u>\$ 286,741</u>	<u>\$ 261,695</u>

City of Prince Rupert

Solid Waste Capital Fund Statement of Financial Position As at December 31

	2006	2005
ASSETS		
Capital Assets		
Machinery and Equipment	\$ 668,714	\$ 668,714
Landfill Development	<u>2,886,128</u>	<u>2,848,082</u>
	<u>\$ 3,554,842</u>	<u>\$ 3,516,796</u>
LIABILITIES AND EQUITY		
Capital Leases (Schedule 6)	\$ 89,770	\$ 119,138
Debenture Debt (Schedule 7)	<u>121,815</u>	<u>178,407</u>
	211,585	297,545
Equity in Capital Assets		
Equity, Beginning of Year	3,219,251	3,135,560
Add:		
Debenture Debt Principal payments	31,513	31,513
Debenture Debt Actuarial Additions	25,080	22,385
Capital Lease Principal Payments	29,368	29,793
Contribution from Solid Waste Operating Fund	<u>38,045</u>	<u>-</u>
Equity, End of Year	<u>3,343,257</u>	<u>3,219,251</u>
	<u>\$ 3,554,842</u>	<u>\$ 3,516,796</u>

City of Prince Rupert

Telephone Operating Fund Statement of Financial Position As at December 31

	2006	2005
ASSETS		
Due from General Fund	\$ 490,201	\$ 490,201
Deposits - Municipal Finance Authority (Note 4)	<u>22,704</u>	<u>21,707</u>
	<u>\$ 512,905</u>	<u>\$ 511,908</u>
LIABILITIES AND MUNICIPAL POSITION		
Liabilities		
Reserves - Municipal Finance Authority (Note 4)	<u>\$ 22,704</u>	<u>\$ 21,707</u>
Municipal Position		
Surplus		
Balance at beginning of Year	490,201	631,834
Surplus (Deficit) for the Year	<u>-</u>	<u>(141,633)</u>
Balance at end of Year	<u>490,201</u>	<u>490,201</u>
	<u>\$ 512,905</u>	<u>\$ 511,908</u>

City of Prince Rupert

Telephone Operating Fund Statement of Financial Activities For the Year Ended December 31

	Actual 2006	Budget 2006	Actual 2005
Revenues			
Sale of Services			
Local Network Service	\$ -	\$ -	\$6,003,361
Network Access Service	-	-	264,469
Toll Service Revenue	-	-	431,795
Other Operating	-	-	347,329
Custom Work	-	-	53,184
Total Operating Revenue	-	-	7,100,138
Less: Bad Debts	-	-	30,466
Bad Debt Recovery	-	-	(26,358)
	-	-	4,108
Net Operating Revenue	-	-	7,096,030
 Operating Expenditures			
Plant Operations	-	-	652,403
Network Operations	-	-	411,928
Customer Operations	-	-	269,086
Corporate Operations	-	-	976,014
Cellular Operations	-	-	963,796
Cellular Research and Development	-	-	53,814
Internet Operations	-	-	346,254
Long Distance Operations	-	-	152,464
Other Expenses	-	-	12,694
Fiscal Services	-	-	29,407
Interest Expense	-	-	179,943
	-	-	4,047,803
Taxes - Transferred to General Fund	-	-	118,000
	-	-	4,165,803
Net Operating Surplus	-	-	2,930,227
Capital Expenditures	-	-	203,091
Financing Activities			
Principal Repaid	-	-	525,769
Dividend to City of Prince Rupert	-	-	2,343,000
Surplus (Deficit) for the Year	\$ -	\$ -	\$ (141,633)

City of Prince Rupert

Telephone Capital Fund Statement of Financial Position As at December 31

	2006	2005
ASSETS		
City West Cable & Telephone Corp.		
Investment	\$ 1	\$ 1
Loan	44,340,914	44,872,728
Equity	2,038,408	375,857
	\$ 46,379,323	\$ 45,248,586
LIABILITIES AND EQUITY		
Capital Leases (Schedule 6)	\$ 1,223,021	\$ 1,684,096
Debenture Debt (Schedule 7)	152,268	223,009
	1,375,289	1,907,105
Equity in Capital Assets		
Equity, Beginning of Year	43,341,481	30,923,715
Add:		
Adjustment on sale of assets to City West Cable & Telephone Corp.	-	11,428,032
Principal repayments	-	685,599
Debenture Debt Actuarial Additions	-	109,724
Equity growth in City West Cable & Telephone Corp.	1,662,553	375,857
Writedown of Capital Equipment	-	(383,081)
Contribution from Telephone Operating Fund	-	201,635
Equity, End of Year	45,004,034	43,341,481
	\$ 46,379,323	\$ 45,248,586

City of Prince Rupert

Statement of Surplus (Deficit) in Operating Funds For the Year Ended December 31

	<u>Balance Beginning of Year</u>	<u>Transfer (to) from Other Funds</u>	<u>Current Surplus (Deficit)</u>	<u>Balance End of Year</u>
RESERVE ACCOUNTS				
General Fund				
Future Expenditures Reserve	1,285,409	-	-	1,285,409
Water Fund				
Future Expenditures Reserve	204,910	-	-	204,910
Sewer Fund				
Future Expenditures Reserve	534,970	-	-	534,970
Solid Waste Fund				
Future Expenditures Reserve	96,215	-	-	96,215
	<u>2,121,504</u>	<u>-</u>	<u>-</u>	<u>2,121,504</u>
 UNAPPROPRIATED SURPLUS (DEFICIT)				
General Fund				
	(8,981,290)	-	24,784	(8,956,506)
Water Fund				
	2,386,030	-	115,516	2,501,546
Sewer Fund				
	2,081,192	-	463,242	2,544,434
Solid Waste Fund				
	261,695	-	-	261,695
Telephone Fund				
	490,201	-	-	490,201
	<u>(3,762,172)</u>	<u>-</u>	<u>603,542</u>	<u>(3,158,630)</u>
Net Surplus (Deficit) in Operating Funds	<u>\$ (1,640,668)</u>	<u>\$ -</u>	<u>\$ 603,542</u>	<u>\$ (1,037,126)</u>

City of Prince Rupert

Statement of Statutory Reserve Fund Balances For the Year Ended December 31

	<u>Balance Beginning of Year</u>	<u>Income</u>	<u>Transfer from Other Funds</u>	<u>Balance End of Year</u>
RESERVE FUNDS				
Capital Works Fund				
General Reserve	\$ 1,770,098	\$ -	\$ -	\$ 1,770,098
Land Acquisition	10,700	1,138,639	-	1,149,339
Fire Services Equipment	150,000	-	-	150,000
Public Works/General Equipment	1,131,239	-	-	1,131,239
Other Equipment	54,874	-	-	54,874
Fund Accumulated Interest	96,804	118,907	-	215,711
Reserve for Future Election Expense	-	-	8,000	8,000
	<u>3,213,715</u>	<u>1,257,546</u>	<u>8,000</u>	<u>4,479,261</u>
Civic Buildings				
Future Expenditure Reserve	209,406	7,748	-	217,154
Cemetery				
Cemetery Care Trust	<u>133,025</u>	<u>3,871</u>	<u>-</u>	<u>136,896</u>
	<u>\$ 3,556,146</u>	<u>\$ 1,269,165</u>	<u>\$ 8,000</u>	<u>\$ 4,833,311</u>

City of Prince Rupert

Notes to the Consolidated Financial Statements

December 31, 2006

1) Summary of Significant Accounting Policies

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

- b) **Accrual Accounting** The accrual method for reporting revenues and expenditures has been used.
- c) **Capital Assets** Capital assets are reported at cost as purchased. Donated assets are reported at fair market value at the time of donation.
- d) **Inventory** Inventory is reported at cost.
- e) **Estimates** The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates
- f) **Financial Instruments** The City's financial instruments consists of cash, taxes and accounts receivable, payables, accruals and deferred revenue, capital leases and debenture debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments.

2) Receivables

	2006	2005
Property taxes	1,411,837	27,093,081
Allowance for Doubtful Tax Accounts	(27,405)	(21,015,135)
Net Property Taxes Receivable	<u>\$ 1,384,431</u>	<u>\$ 6,077,946</u>
General Receivables		
General Receivables	1,425,722	1,031,015
Due from City West Cable & Telephone Cor	2,467,686	1,508,211
Other Governments	15,283	401,627
	<u>3,908,690</u>	<u>2,940,853</u>
Allowance for Doubtful Accounts	(75,183)	(27,000)
Net General Receivables	<u>\$ 3,833,507</u>	<u>\$ 2,913,853</u>

3) Museum Loan Receivable

Funds were loaned to the Northern British Columbia Museum Association for the purchase of land and buildings at 100 First Avenue West. The City of Prince Rupert in turn borrowed the funds from the Municipal Finance Authority. The interest rate is a variable rate set by the Municipal Finance Authority. The loan term is 5 years with the outstanding balance and interest due June 30, 2009. The loan is to be repaid through a City of Prince Rupert annual contribution of up to \$192,850 for the term of the loan plus any grants received by the museum. The loan is secured by a first charge on land and improvements.

City of Prince Rupert

Notes to the Consolidated Financial Statements December 31, 2006

4) Municipal Finance Authority Reserve Deposits

The City issues its debt instruments through the Municipal Finance Authority. As a condition of
As of December 31, the total Debt Reserve Fund was comprised of

	2006	2005
General	\$ 195,509	\$ 180,861
Water	147,868	164,297
Telephone	22,704	21,707
	\$ 366,081	\$ 366,865

5) Payables, Accruals, and Deferred Revenue

	2006	2005
a) Accounts Payable		
General	\$ 1,876,385	\$ 1,772,665
Due to Other Govern	690,118	900,731
Taxes Due to Other	212,966	4,700,536
Salaries, Wages, oth	3,542,023	2,212,092
Holdbacks and Depc	33,198	26,982
	6,354,690	9,613,006
b) Deferred Revenue		
Prepaid Taxes	852,356	609,231
Other Deferred Reve	611,537	495,083
	1,463,893	1,104,314
	\$ 7,818,583	\$ 10,717,320

6) Investment in City West Cable & Telephone Corp.

The City is the sole shareholder of City West Cable and Telephone Corp. The investment in the company is reported using the modified equity method. In the year, the City has recorded income of \$220,000 from management fees and a dividend of \$1,000,000. The cash for the dividend will be received in May 2007.

Financial information for the company as at December 31, 2006 is as follows

Assets	\$ 80,609,837
Liabilities to arms-leng	\$ 33,241,176
Net Income	\$ 2,682,966

Annually, the City expects a \$2 Million dividend form City West Cable and Telephone Corp. In 2006 the City recorded a \$1,000,000 dividend. It is expected that City West will pay an additional \$1 million dividend for 2006 at a later date

City of Prince Rupert

Schedule of Tax Revenues For the Year Ended December 31

	2006 Actual	2006 Budget	2005 Actual
Real Property Taxes			
Municipal Property Tax			
Residential	\$ 5,055,780	\$ 4,769,240	\$ 4,769,240
Utilities	175,022	164,997	164,997
Major Industry	3,088,718	2,100,000	3,036,563
Light Industry	230,443	222,854	222,854
Business	3,492,938	3,281,388	3,164,299
Recreational	<u>13,465</u>	<u>12,244</u>	<u>12,244</u>
	12,056,367	10,550,723	11,370,197
Collections for Other Governments			
SQC Regional District	383,389	383,389	387,210
Ministry of Education	4,976,059	4,976,059	4,866,629
SQC Regional Hospital District	150,684	150,684	149,365
NW Regional Hospital District	597,713	597,713	519,938
BC Assessment Authority	122,474	122,474	120,947
Municipal Finance Authority	<u>212</u>	<u>212</u>	<u>183</u>
	<u>6,230,532</u>	<u>6,230,532</u>	<u>6,044,272</u>
	18,286,899	16,781,255	17,414,469
Special Assessments, Grants in Lieu of Taxes			
Port Competitiveness Tax Grant	1,383,536	1,385,000	1,383,536
Revenue Tax	409,129	527,000	524,536
Specified Area Tax	60,951	61,000	60,951
Grants in Lieu of Taxes			
Federal Governments and Agencies			
Federal Government Properties	180,890	187,000	186,744
Prince Rupert Port Authority	<u>195,434</u>	<u>300,000</u>	<u>416,014</u>
	376,324	487,000	602,758
Provincial Governments and Agencies			
Provincial Government Properties	10,425	10,000	9,846
BC Housing Commission	128,065	162,326	130,890
BC Hydro and Power Authority	53,780	73,070	54,694
Insurance Corporation of BC	<u>15,265</u>	<u>14,604</u>	<u>13,072</u>
	<u>207,536</u>	<u>260,000</u>	<u>208,502</u>
	<u>2,437,475</u>	<u>2,720,000</u>	<u>2,780,283</u>
	<u>\$ 20,724,374</u>	<u>\$ 19,501,255</u>	<u>\$ 20,194,752</u>

City of Prince Rupert

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

	2006 Actual	2006 Budget	2005 Actual
GENERAL FUND			
Protective Services (RCMP)	\$ 38,107	\$ 30,000	\$ 33,213
Transportation Services			
Public Transit	261,645	360,150	260,216
Airport Ferry	903,143	851,820	694,853
	<u>1,164,788</u>	<u>1,211,970</u>	<u>955,069</u>
Environmental Development Services			
Rezoning / Subdivision Services	13,477	13,000	17,041
Parking	11,333	-	10,644
Tourism Services	15	-	490
Campground Services	575	-	220,661
	<u>25,400</u>	<u>13,000</u>	<u>248,836</u>
Public Health (Cemetery)	34,738	28,000	25,940
Recreation and Cultural Services			
Recreation Centre, Programs, Gym, Hall	199,484	154,700	168,386
Swimming Pool	255,213	239,300	250,026
Arena	148,849	139,200	143,505
Field Rentals	300	4,200	4,200
Golf Course	-	-	7,376
	<u>603,846</u>	<u>537,400</u>	<u>573,493</u>
TOTAL GENERAL OPERATING FUND	1,866,879	1,820,370	1,836,551
GENERAL CAPITAL FUND	-	755,000	10,894
SOLID WASTE FUND	1,941,186	1,790,300	1,748,069
WATER FUND	1,898,308	1,986,500	1,958,970
SEWER FUND	1,611,886	1,601,000	1,561,496
TELEPHONE FUND	-	-	7,096,030
CEMETERY RESERVE FUND	-	-	2,201
	<u>\$ 7,318,258</u>	<u>\$ 7,953,170</u>	<u>\$ 14,214,211</u>
Summary			
Operating Funds	\$ 7,318,258	\$ 7,953,170	\$ 14,201,116
Capital Funds	-	755,000	10,894
Reserve Funds	-	-	2,201
	<u>\$ 7,318,258</u>	<u>\$ 8,708,170</u>	<u>\$ 14,214,211</u>

City of Prince Rupert

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

	2006 Actual	2006 Budget	2005 Actual
GENERAL FUND			
Licences and Permits	\$ 354,524	\$ 290,900	\$ 321,335
Fines	24,965	15,600	38,605
911 Service Fee	232,212	221,000	152,269
Rentals	237,975	206,400	274,313
Return on Investments	317,750	50,000	170,132
Penalties and Interest on Taxes	240,184	250,000	301,260
Miscellaneous	<u>247,566</u>	<u>80,425</u>	<u>102,627</u>
TOTAL GENERAL FUND	<u>1,655,175</u>	<u>1,114,325</u>	<u>1,360,541</u>
WATER FUND			
Rentals	44,159	40,000	43,545
Miscellaneous	<u>6,904</u>	<u>9,000</u>	<u>11,136</u>
TOTAL WATER FUND	51,063	49,000	54,681
SEWER FUND	<u>4,763</u>	<u>-</u>	<u>9,154</u>
RESERVE FUNDS			
Land sales	1,138,639	-	-
Other	<u>130,526</u>	<u>-</u>	<u>33,893</u>
	<u>1,269,165</u>	<u>-</u>	<u>33,893</u>
	<u>\$ 2,980,165</u>	<u>\$ 1,163,325</u>	<u>\$ 1,458,269</u>
Summary			
Operating Funds	\$ 1,711,000	\$ 1,163,325	\$ 1,424,376
Reserve Funds	<u>1,269,165</u>	<u>-</u>	<u>33,893</u>
	<u>\$ 2,980,165</u>	<u>\$ 1,163,325</u>	<u>\$ 1,458,269</u>

City of Prince Rupert

Schedule of Transfers from Other Governments For the Year Ended December 31

	2006 Actual	2006 Budget	2005 Actual
Federal Government			
General Capital Fund - Uplands Development	-	-	363,556
Total Federal Government	-	-	363,556
Provincial Government			
Unconditional			
General Operating - Revenue Sharing	188,892	185,000	149,703
General Operating - Traffic Fines	274,640	280,000	302,478
Total Unconditional	463,532	465,000	452,181
Conditional			
General Operating Fund			
Victim Services	45,000	45,000	45,000
2% Hotel Tax	129,303	-	130,069
Fire/Emergency Services Grant	-	-	2,500
Miscellaneous	(698)	30,000	30,698
	173,604	75,000	208,267
General Capital Fund	210,331	-	232,906
Sewer Capital Fund	-	-	10,000
Total Conditional	383,935	75,000	451,173
Total Provincial Government	847,467	540,000	903,354
	<u>\$ 847,467</u>	<u>\$ 540,000</u>	<u>\$ 1,266,910</u>
Summary			
General Operating Fund	\$ 637,136	\$ 540,000	\$ 660,448
General Capital Fund	210,331	-	596,462
Sewer Capital Fund	-	-	10,000
	<u>\$ 847,467</u>	<u>\$ 540,000</u>	<u>\$ 1,266,910</u>

City of Prince Rupert

**Schedule of Capital Assets
As at December 31**

	Land	Buildings	Engineering Structures	Machinery and Equipment	2006 Total	2005 Total
General Fund						
General Government	\$ 3,272,033	\$ 1,269,308	\$ -	\$ 1,857,424	\$ 6,398,765	\$ 7,304,877
Protective Services	16,459	1,572,255	-	2,439,063	4,027,777	3,893,382
Transportation Services	19,428	3,833,387	52,901,857	7,580,659	64,335,332	63,247,383
Health and Cemetery Services	313,036	79,911	460,472	-	853,419	853,419
Community, Economic, & Campground	-	924,203	-	80,363	1,004,566	1,058,688
Parks, Recreation and Cultural Services	<u>1,377,461</u>	<u>15,982,861</u>	<u>8,331,121</u>	<u>2,233,414</u>	<u>27,924,857</u>	<u>27,445,837</u>
	4,998,418	23,661,925	61,693,450	14,190,923	104,544,716	103,803,586
Water Utility	-	95,289	24,111,309	984,094	25,190,692	25,128,503
Sewer Utility	-	11,707	16,508,163	156,925	16,676,795	16,652,967
Solid Waste Utility	<u>89,769</u>	<u>-</u>	<u>2,796,358</u>	<u>668,714</u>	<u>3,554,841</u>	<u>3,516,796</u>
	<u>\$ 5,088,186</u>	<u>\$ 23,768,921</u>	<u>\$ 105,109,281</u>	<u>\$ 16,000,656</u>	<u>\$ 149,967,044</u>	<u>\$ 149,101,852</u>

City of Prince Rupert

Schedule of Leases As at December 31

Lease No.	Purpose	Purchase Renewal	Amount of Issue	2005 Balance	Additions	Principal Payments	2006 Balance
General Fund							
11002/1951	Tractor	2001/2006	32,509	\$ 14,432	-	2,745	\$ 11,687
11932/2052	Excavator	2001/2006	85,631	36,674	-	7,892	28,782
16152	Aerator	2003	31,890	24,103	-	3,077	21,026
1584	Flusher Truck	2006	269,695	-	269,695	11,658	258,037
1455	2 Chevy Trucks	2006	51,707	-	51,707	9,028	42,679
51005	Mower	2005	41,257	40,107	-	7,323	32,784
				<u>115,316</u>	<u>321,402</u>	<u>41,724</u>	<u>394,994</u>
Solid Waste Fund							
7374/1082	Refuse Packer	1999/2004	282,582	56,560	-	7,982	48,578
14311	Garbage Truck	2002	84,951	62,578	-	21,387	41,191
				<u>119,138</u>	<u>-</u>	<u>29,369</u>	<u>89,770</u>
Water Fund							
40605	Generator	2005	50,294	46,542	-	8,903	37,639
Telephone Fund							
10782	Cellular Upgrade	2000/2005	3,604,996	1,423,902	-	325,049	1,098,853
10731	1 Meg Modems	2000	361,288	10,819	-	10,819	-
10812	1 Meg Modems	2000	162,356	5,004	-	5,004	-
12025	1 Meg Modems	2001	210,598	35,560	-	35,560	-
13153	1 Meg Modems	2002	91,838	35,021	-	17,053	17,968
13595	1 Meg Modems	2002	184,167	64,574	-	33,583	30,991
13846	Photocopier	2002	22,888	8,364	-	4,166	4,198
15539	1 Meg Modems	2002	91,296	40,461	-	16,646	23,815
20205	AS400 Computer	2004	77,291	60,391	-	13,195	47,196
				<u>1,684,096</u>	<u>-</u>	<u>461,075</u>	<u>1,223,021</u>
				<u>\$ 1,965,092</u>	<u>\$ 321,402</u>	<u>\$ 541,070</u>	<u>\$ 1,745,424</u>

City of Prince Rupert

Schedule of Debenture Debt
As at December 31

Bylaw No.	Purpose	No.	Maturity Date	Amount of Issue	2005 Balance	New Issue	Principal Payment	Actuarial Additions	2006 Balance
General Fund									
2586	Performing Arts Centre	41	2007	\$ 1,000,000	\$ 149,204	\$ -	\$ -	\$ 72,782	\$ 76,422
2790	Third Avenue West	53	2007	1,500,000	268,710	-	69,513	61,565	137,632
3129	George Hills Way/Specified A	75	2021	700,000	608,755	-	21,170	4,562	583,023
3201	Uplands Development	94	2025	1,054,348	1,054,348	-	35,407	-	1,018,941
3201	Cruise Ship Dock	94	2025	3,133,056	3,133,056	-	105,214	-	3,027,842
3201	Museum purchase	94	2025	2,465,626	2,465,626	-	82,800	-	2,382,826
3199	Morse Creek Bridge	99	2017	535,000	-	535,000	-	-	535,000
					<u>7,679,699</u>	<u>535,000</u>	<u>314,103</u>	<u>138,909</u>	<u>7,761,686</u>
Solid Waste Fund									
2823	Solid Waste	54	2008	680,000	178,408	-	31,513	25,080	121,815
Water Fund									
2585	Fern Passage	41	2007	2,000,000	298,408	-	-	145,565	152,843
2661	Fern Passage	46	2009	600,000	170,722	-	18,145	152,577	-
2748	Improvements	50	2011	463,000	188,574	-	14,002	13,721	160,851
2824	Improvements	54	2008	220,000	57,720	-	10,195	8,114	39,411
2961	New Water Main	63	2016	1,800,000	1,199,750	-	54,437	30,012	1,115,301
					<u>1,915,174</u>	<u>-</u>	<u>96,779</u>	<u>349,989</u>	<u>1,468,406</u>
Sewer Fund									
3201	Moresby Sewer Upgrade	94	2025	346,970	346,970	-	11,652	-	\$ 335,318
Telephone Fund									
2825	Telephone Switch	54	2008	850,000	223,009	-	39,391	31,350	152,268
					<u>\$ 10,343,260</u>	<u>\$ 535,000</u>	<u>\$ 493,438</u>	<u>\$ 545,328</u>	<u>\$ 9,839,494</u>