

CITY OF PRINCE RUPERT  
REPORT TO COUNCIL

DATE: May 11, 2009  
FROM: Dan Rodin, Chief Financial Officer  
SUBJECT: **2008 AUDITED FINANCIAL STATEMENTS**

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**RECOMMENDATION:**

**That Council, by resolution, approve the 2008 Audited Financial Statements**

**BACKGROUND:**

Pursuant to the Community Charter, the City of Prince Rupert must prepare Audited Annual Financial Statements. The Statements must be filed with the Minister of Community Services by May 15<sup>th</sup> of the subsequent year.

**CURRENT STATUS**

The Auditor has completed the audit of the attached 2008 Audited Annual Financial Statements

**STATEMENT HIGHLIGHTS**

Revenues

Total revenue was higher than budgeted.

*Tax Revenues* were recorded in the Financial Statements at a higher amount than budgeted (\$530,000). This occurred because in 2008 Sun Wave disputed the assessed value of its property. To reduce the financial exposure of the City, only a portion of the assessed taxes that were receivable from Sun Wave was included in the budget (Schedule 1).

*Sales of Service Revenue* and *Revenue from Own Sources* also did better than anticipated.

Expenditures

Most departmental expenditures were on budget. *Transportation & Transit Services* exceeded its budget due to higher than anticipated snow removal costs. *Parks & Recreation* expenditures exceeded budget due to Parks being over budget \$155,000 and Recreation Services over budget the balance.

The accounting for *Cultural Services* contributions to other organizations was modified mid-year which resulted in the payments being higher than budgeted.

**City of Prince Rupert**

**2008 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, 2008 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, 2008 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.

Prince Rupert, BC  
March 20, 2009


*Carlyle Shepherd : Co.*

## City of Prince Rupert

### Consolidated Statement of Financial Position As at December 31

	2008	2007
<b>Financial Assets</b>		
Cash	\$ 9,794,006	\$ 7,962,634
Taxes Receivable (Note 2)	7,249,058	4,659,058
General Receivables (Note 2)	3,160,041	2,836,834
	20,203,105	15,458,526
Museum Loan Receivable (Note 3)	2,046,612	2,162,888
Deposits - Municipal Finance Authority (Note 4)	148,626	191,394
	22,398,343	17,812,808
<b>Liabilities</b>		
Payables, Accruals, and Deferred Revenue (Note 5)	11,282,530	9,736,144
Landfill closure costs (Note 7b)	556,518	406,518
	11,839,048	10,142,662
Reserves - Municipal Finance Authority (Note 4)	148,626	191,394
Capital Leases (Schedule 6)	893,035	1,469,857
Debenture Debt (Schedule 7)	8,272,630	8,885,837
	21,153,339	20,689,750
<b>Net Financial Assets (Liabilities)</b>	1,245,004	(2,876,942)
<b>Physical Assets</b>		
Investment in City West Cable & Telephone Corp. (Note 6)	31,402,399	46,901,103
Inventory (Note 1)	835,366	518,161
Capital Assets (Schedule 5)	153,097,841	150,661,493
	185,335,606	198,080,757
<b>NET POSITION</b>	\$ 186,580,610	\$ 195,203,815
<b>Municipal Position</b>		
Surplus in Operating Funds (Statement R)	\$ 2,098,041	\$ 300,632
Surplus in Reserve Funds (Statement S)	7,101,377	5,533,394
<b>Fund Balances</b>	9,199,418	5,834,026
<b>Equity in Capital Assets and City West Cable &amp; Telephone Corp.</b>	177,381,192	189,369,789
<b>NET POSITION</b>	\$ 186,580,610	\$ 195,203,815

  
Gordon Howie  
City Manager

  
Dan Rodin, CGA  
Chief Financial Officer

## City of Prince Rupert

### Consolidated Statement of Financial Activities For the Year Ended December 31

	Actual 2008	Unaudited Budget 2008	Actual 2007
<b>Revenues</b>			
Taxes (Schedule 1)	\$ 22,736,797	\$ 22,206,199	\$ 23,437,337
Less: Collections for Other Governments	(6,490,430)	(6,493,701)	(6,895,829)
Less: Tax Sharing - District of Port Edward	(550,937)	(547,000)	(537,682)
	<u>15,695,430</u>	<u>15,165,498</u>	<u>16,003,826</u>
Services Provided to Other Governments	127,950	102,000	92,006
Sale of Services (Schedule 2)	7,963,109	7,794,000	7,791,840
Revenue from Own Sources (Schedule 3)	2,853,681	2,358,600	2,809,249
Transfers from Provincial Government (Schedule 4)	4,307,727	4,249,000	738,983
Administration charges/dividend	1,060,000	1,060,000	1,060,000
	<u>\$ 32,007,897</u>	<u>\$ 30,729,098</u>	<u>\$ 28,495,904</u>
<b>Expenditures</b>			
General Government	2,529,834	2,671,148	2,339,316
Protective Services	6,820,422	6,888,900	5,874,690
Transportation & Transit Services	3,415,094	3,249,010	3,808,705
Airport Ferry	1,678,993	1,910,000	1,853,508
Health & Cemetery Services	235,860	271,790	205,582
Community & Economic Development	1,025,072	1,145,600	1,013,555
Parks & Recreation	3,950,855	3,579,903	3,933,924
Cultural Services	1,108,436	963,500	905,876
Water Services	2,067,726	2,112,400	1,635,582
Sewer Services	1,069,022	1,471,000	1,274,451
Solid Waste Services	1,718,483	1,675,700	1,949,857
Property tax write-off and appeals	(23,552)	201,252	7,937
	<u>25,596,245</u>	<u>26,140,203</u>	<u>24,802,983</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ 6,411,652</u>	<u>\$ 4,588,895</u>	<u>\$ 3,692,921</u>
<b>Capital Expenditures</b>	(2,436,350)	(2,826,000)	(1,325,029)
<b>Fiscal Services</b>			
Principal Repayments	(609,909)	(494,700)	(667,798)
Long-term debt issued	-	-	337,752
	<u>(609,909)</u>	<u>(494,700)</u>	<u>(330,046)</u>
<b>Increase (Decrease) in Fund Balances</b>	<u>3,365,393</u>	<u>-</u>	<u>2,037,846</u>
<b>Consolidated Fund Balances - Beginning of Year</b>	<u>5,834,031</u>	<u>-</u>	<u>3,796,185</u>
<b>Consolidated Fund Balances - End of Year</b>	<u>\$ 9,199,424</u>	<u>\$ -</u>	<u>\$ 5,834,031</u>

## City of Prince Rupert

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

	2008	2007
<b>Cash provided by (used for):</b>		
<b>Operations:</b>		
Excess of Revenues over Expenditures	\$ 6,411,652	\$ 3,692,916
Changes in non-cash operating items:		
Taxes Receivable	(2,590,000)	(3,274,629)
General Receivables	(323,207)	996,673
Inventory	(317,200)	16,318
Landfill Closure Costs	150,000	250,000
Payables, Accruals, Deferred Revenue	1,546,386	1,917,561
	4,877,631	3,598,839
<b>Cash provided by (used for) Financing activities:</b>		
Long-term debt issued	-	337,752
Principal Repayments	(609,909)	(667,798)
	(609,909)	(330,046)
<b>Cash provided by (used for) Investing activities:</b>		
Capital Asset Additions	(2,436,350)	(1,325,029)
<b>Increase in Cash</b>	1,831,372	1,943,764
<b>Cash - Beginning of Year</b>	7,962,634	6,018,870
<b>Cash - End of Year</b>	\$ 9,794,006	\$ 7,962,634

## City of Prince Rupert

### General Fund Statement of Financial Position As at December 31

	2008	2007
<b>Assets</b>		
Financial Assets		
Cash	\$ 9,638,749	\$ 7,845,951
Taxes Receivable (Note 2)	7,249,058	4,659,058
General Receivables (Note 2)	3,160,041	2,836,834
	20,047,848	15,341,843
Inventory (Note 1)	599,047	279,817
Deposits - Municipal Finance Authority (Note 4)	96,339	111,402
Total	\$ 20,743,234	\$ 15,733,062
<b>Liabilities and Municipal Position</b>		
Current Liabilities		
Payables, Accruals, and Deferred Revenue (Note 5)	11,282,530	9,736,144
Due to Other Funds		
Water Fund	363,120	2,668,143
Sewer Fund	810,561	3,115,473
Solid Waste Fund	667,839	602,486
Telephone Fund	-	490,201
Statutory Reserve Funds	6,946,125	5,416,710
	8,787,645	12,293,013
Reserves - Municipal Finance Authority (Note 4)	96,339	111,402
	20,166,514	22,140,559
<b>Municipal Position</b>		
Surplus (Deficit)		
Balance at beginning of Year (Statement R)	(6,407,497)	(7,671,097)
Transfer from Other Operating Funds (Statement R)	5,707,073	-
Surplus for the Year (Statement E)	1,277,144	1,263,600
Balance at end of Year (Statement R)	576,720	(6,407,497)
Total	\$ 20,743,234	\$ 15,733,062

## City of Prince Rupert

### General Operating Fund Statement of Revenue and Expenditures For the Year Ended December 31

	Actual 2008	Unaudited Budget 2008	Actual 2007
<b>Revenues</b>			
Taxes (Schedule 1)	\$ 22,736,797	\$ 22,206,199	\$ 23,437,337
Less: Collections for Other Governments	(6,490,430)	(6,493,701)	(6,895,829)
Less: Tax Sharing - District of Port Edward	(550,937)	(547,000)	(537,682)
	15,695,430	15,165,498	16,003,826
Services Provided to Other Governments	127,950	102,000	92,006
Sale of Services (Schedule 2)	2,128,733	1,962,000	2,034,645
Revenue from Own Sources (Schedule 3)	2,509,922	2,308,600	1,970,705
Transfers from Provincial Government (Schedule 4)	4,287,727	4,249,000	738,983
Administration charges/dividend	1,060,000	1,060,000	1,060,000
	25,809,762	24,847,098	21,900,165
<b>Expenditures</b>			
General Government	2,529,834	2,671,148	2,339,316
Protective Services	6,820,422	6,888,900	5,874,690
Transportation & Transit Services	3,415,094	3,249,010	3,808,705
Airport Ferry Services	1,678,993	1,910,000	1,853,508
Health & Cemetery Services	235,860	271,790	205,582
Community & Economic Development	1,025,072	1,145,600	1,013,555
Parks & Recreation	3,950,855	3,579,903	3,933,924
Cultural Services	1,108,436	963,500	993,442
Property tax write-off and appeals	(23,552)	201,252	7,937
	20,741,014	20,881,103	20,030,659
<b>Excess of Revenues over Expenditures</b>	5,068,748	3,965,995	1,869,506
<b>Fiscal Services</b>			
Funding from Borrowing	-	-	108,865
Principal Repayments	(416,364)	(394,100)	(374,109)
Capital Expenditure	(2,097,139)	(2,226,000)	(332,662)
	(2,513,503)	(2,620,100)	(597,906)
<b>Interfund Transfers</b>			
Transfers to Reserve Accounts (Statement S)	(1,278,101)	(1,244,395)	(8,000)
<b>Surplus (Deficit) for the Year</b>	\$ 1,277,144	\$ 101,500	\$ 1,263,600



## City of Prince Rupert

### General Capital Fund Statement of Financial Position As at December 31

	2008	2007
<b>ASSETS</b>		
Museum Loan Receivable (Note 3)	\$ 2,046,612	\$ 2,162,888
Capital Assets (Schedule 5)		
General Fund	104,048,486	101,984,997
Transit Shelters and Land	88,033	54,381
Golf Course	2,207,418	2,207,418
	106,343,937	104,246,796
	\$ 108,390,549	\$ 106,409,684
<b>LIABILITIES AND EQUITY</b>		
Capital Leases (Schedule 6)	\$ 273,630	\$ 400,843
Debenture Debt (Schedule 7)	6,927,333	7,243,697
	7,200,963	7,644,540
Equity in Capital Assets		
Equity, Beginning of Year	98,765,144	98,638,495
Add:		
Debenture Debt Principal Payments	289,151	271,092
Debenture Debt Actuarial Additions (Schedule 7)	27,213	159,325
Capital Lease Principal Payments (Schedule 6)	127,214	103,017
Proceeds from borrowing	-	(108,865)
Proceeds from disposal of assets (land)	-	(630,582)
Museum loan reduction by grant	(116,275)	-
Contribution from Operating Funds	2,097,139	332,662
Equity, End of Year	101,189,586	98,765,144
	\$ 108,390,549	\$ 106,409,684

## City of Prince Rupert

### Water Operating Fund Statement of Financial Position As at December 31

	2008	2007
<b>ASSETS</b>		
Inventory (Note 1)	\$ 136,880	\$ 125,742
Deposits - Municipal Finance Authority (Note 4)	52,287	56,310
Due from General Fund	363,120	2,668,143
	\$ 552,287	\$ 2,850,195
<b>LIABILITIES AND MUNICIPAL POSITION</b>		
Reserves - Municipal Finance Authority (Note 4)	\$ 52,287	\$ 56,310
<b>Municipal Position</b>		
Surplus		
Balance at beginning of Year (Statement R)	2,793,885	2,706,456
Transfer to General Fund (Statement R)	(2,299,535)	-
Surplus for the Year (Statement H)	5,650	87,429
Balance at end of Year (Statement R)	500,000	2,793,885
	\$ 552,287	\$ 2,850,195

## City of Prince Rupert

### Water Operating Fund Statement of Revenue and Expenditure For the Year Ended December 31

	Actual 2008	Unaudited Budget 2008	Actual 2007
<b>Revenues</b>			
User Fees (Schedule 2)	\$ 2,098,105	\$ 2,151,000	\$ 2,006,149
Water Meter Rentals (Schedule 3)	53,855	50,000	50,985
Debt Reserve Fund Income (Schedule 3)	22	-	95,146
Other Government (Schedule 4)	10,000	-	320
	<u>2,161,982</u>	<u>2,201,000</u>	<u>2,152,600</u>
<b>Expenditures</b>			
Administration	314,627	521,800	565,720
Purification and Treatment	140,017	148,050	99,614
Operation and Maintenance	958,880	1,018,150	788,614
Capital Repairs	487,262	200,000	-
Interest on Debt	166,940	224,400	181,634
	<u>2,067,726</u>	<u>2,112,400</u>	<u>1,635,582</u>
<b>Excess of Revenues over Expenditures</b>	94,256	88,600	517,018
Capital Expenditure	-	-	(341,746)
<b>Fiscal Services</b>			
Principal Repayments	<u>(88,606)</u>	<u>(88,600)</u>	<u>(87,843)</u>
<b>Surplus for the Year</b>	<u>\$ 5,650</u>	<u>\$ -</u>	<u>\$ 87,429</u>

## City of Prince Rupert

### Water Capital Fund Statement of Financial Position As at December 31

	2008	2007
<b>ASSETS</b>		
Capital Assets		
Buildings	\$ 95,289	\$ 95,289
Machinery and Equipment	1,075,973	1,075,974
Engineering Structures	24,361,176	24,361,176
	\$ 25,532,438	\$ 25,532,439
<b>LIABILITIES AND EQUITY</b>		
Debenture Debt (Schedule 7)	\$ 1,034,700	\$ 1,178,556
Capital Leases (Schedule 6)	18,459	28,431
	1,053,159	1,206,987
Equity in Capital Assets		
Equity, Beginning of Year	24,325,452	23,684,648
Add:		
Debenture Debt Principal payments (Schedule 7)	78,634	78,634
Debenture Debt Actuarial Additions (Schedule 7)	65,222	211,216
Capital Lease repayment (Schedule 6)	9,971	9,208
Contribution From Operating Fund	-	341,746
Equity, End of Year	24,479,279	24,325,452
	\$ 25,532,438	\$ 25,532,439

## City of Prince Rupert

### Sewer Operating Fund Statement of Financial Position As at December 31

	2008	2007
<b>ASSETS</b>		
Inventory (Note 1)	\$ 99,439	\$ 112,602
Due from General Fund	810,561	3,115,473
	\$ 910,000	\$ 3,228,075
<b>LIABILITIES AND MUNICIPAL POSITION</b>		
<b>Municipal Position</b>		
<b>Surplus</b>		
Balance at beginning of Year (Statement R)	3,228,075	3,079,404
Transfer to General Fund (Statement R)	(2,917,337)	-
Surplus for the Year (Statement K)	599,262	148,671
Balance at end of Year (Statement R)	910,000	3,228,075
	\$ 910,000	\$ 3,228,075

## City of Prince Rupert

### Sewer Operating Fund Statement of Revenue and Expenditure For the Year Ended December 31

	Actual 2008	Unaudited Budget 2008	Actual 2007
<b>Revenues</b>			
User Fees (Schedule 2)	\$ 1,761,184	\$ 1,783,000	\$ 1,697,861
Other Government Grant (Schedule 4)	10,000	-	-
Fiscal Services	-	-	5
	1,771,184	1,783,000	1,697,866
 <b>Expenditures</b>			
Administration	226,266	403,200	476,507
Interest on Debt	22,510	75,876	15,599
Capital Repairs	20,224	150,000	
Operation and Maintenance	800,022	841,924	782,345
	1,069,022	1,471,000	1,274,451
 <b>Excess of Revenues over Expenditures</b>	702,162	312,000	423,415
 Capital Expenditure	(91,248)	(300,000)	(263,092)
 <b>Fiscal Services</b>			
Principal Repayments	(11,652)	(12,000)	(11,652)
 <b>Surplus for the Year</b>	\$ 599,262	\$ -	\$ 148,671

## City of Prince Rupert

### Sewer Capital Fund Statement of Financial Position As at December 31

	2008	2007
<b>ASSETS</b>		
Capital Assets		
Buildings	\$ 11,707	\$ 11,707
Machinery and Equipment	325,231	248,804
Engineering Structures	16,694,197	16,679,376
	\$ 17,031,135	\$ 16,939,887
<b>LIABILITIES AND EQUITY</b>		
Debenture debt (Schedule 7)	\$ 310,597	\$ 323,200
Equity in Capital Assets		
Equity, Beginning of Year	16,616,687	16,341,477
Add:		
Debenture Debt Principal Repayment (Schedule 7)	11,652	11,652
Debenture Debt Actuarial Additions (Schedule 7)	951	466
Contribution From Operating Fund	91,248	263,092
Equity, End of Year	16,720,538	16,616,687
	\$ 17,031,135	\$ 16,939,887

## City of Prince Rupert

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

	2008	2007
<b>FINANCIAL ASSETS</b>		
Due from General Fund	\$ 667,839	\$ 602,486
<b>LIABILITIES AND MUNICIPAL POSITION</b>		
Landfill Closure costs (Note 7b)	\$ 556,518	\$ 406,518
<b>Municipal Position</b>		
Surplus		
Balance at beginning of Year (Statement R)	195,968	357,910
Surplus (Deficit) for the Year (Statement N)	(84,647)	(161,942)
Balance at end of Year (Statement R)	111,321	195,968
	\$ 667,839	\$ 602,486



## City of Prince Rupert

### Solid Waste Operating Fund Statement of Revenue and Expenditure For the Year Ended December 31

	<b>Actual</b>	<b>Unaudited</b>	<b>Actual</b>
	<b>2008</b>	<b>Budget</b>	<b>2007</b>
	<u>2008</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>			
Collection Fees	\$ 966,473	\$ 960,000	\$ 969,368
Landfill Tipping Fees	1,008,613	938,000	1,083,812
	<u>1,975,086</u>	<u>1,898,000</u>	<u>2,053,180</u>
<b>Expenditures</b>			
Administration	332,290	455,200	522,119
Collection and Cleanup	526,093	452,900	464,689
Landfill Operation	700,456	598,900	667,050
Landfill closure costs	150,000	150,000	250,000
Interest on Debt	9,644	18,700	45,999
	<u>1,718,483</u>	<u>1,675,700</u>	<u>1,949,857</u>
<b>Excess of Revenues over Expenditures</b>	256,603	222,300	103,323
<b>Capital Expenditures</b>	(247,963)	(300,000)	(387,529)
<b>Fiscal Services</b>			
Principal Repayments	(93,287)	(119,300)	(106,623)
Proceeds from borrowing	-	-	228,887
	<u>(93,287)</u>	<u>(119,300)</u>	<u>122,264</u>
<b>Surplus (Deficit) for the Year</b>	<u>\$ (84,647)</u>	<u>\$ (197,000)</u>	<u>\$ (161,942)</u>

## City of Prince Rupert

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

	2008	2007
<b>ASSETS</b>		
Capital Assets		
Machinery and Equipment	\$ 897,601	\$ 897,601
Landfill Development	3,292,732	3,044,769
	\$ 4,190,333	\$ 3,942,370
<b>LIABILITIES AND EQUITY</b>		
Capital Leases (Schedule 6)	\$ 181,772	\$ 243,546
Debenture Debt (Schedule 7)	-	62,393
	181,772	305,939
Equity in Capital Assets		
Equity, Beginning of Year	3,636,431	3,343,259
Add:		
Debenture Debt Principal payments (Schedule 7)	31,513	31,513
Debenture Debt Actuarial Additions (Schedule 7)	30,880	27,909
Capital Lease Principal Payments (Schedule 6)	61,774	75,110
Contribution from Operating Fund	247,963	387,529
Proceeds from Borrowing	-	(228,889)
Equity, End of Year	4,008,561	3,636,431
	\$ 4,190,333	\$ 3,942,370

## City of Prince Rupert

### Telephone Operating Fund Statement of Financial Position As at December 31

	2008	2007
<b>ASSETS</b>		
Due from General Fund	\$ -	\$ 490,201
Deposits - Municipal Finance Authority	-	23,682
	\$ -	\$ 513,883
<b>LIABILITIES AND MUNICIPAL POSITION</b>		
<b>Liabilities</b>		
Reserves - Municipal Finance Authority	\$ -	\$ 23,682
<b>Municipal Position</b>		
Surplus		
Balance at beginning of Year (Statement R)	490,201	490,201
Transfer to General Fund (Statement R)	(490,201)	-
Balance at end of Year (Statement R)	-	490,201
	\$ -	\$ 513,883

## City of Prince Rupert

### Telephone Capital Fund Statement of Financial Position As at December 31

	2008	2007
<b>ASSETS</b>		
City West Cable & Telephone Corp.		
Investment	\$ 1	\$ 1
Loan	23,156,563	43,840,651
Equity	8,245,835	3,060,451
	\$ 31,402,399	\$ 46,901,103
<b>LIABILITIES AND EQUITY</b>		
Capital Leases (Schedule 6)	\$ 419,173	\$ 797,036
Debenture Debt	-	77,991
	419,173	875,027
Equity in Capital Assets		
Equity, Beginning of Year	46,026,076	45,004,034
Loan forgiveness	(20,000,000)	-
Equity growth in City West Cable & Telephone Corp.	4,957,150	1,022,042
Equity, End of Year	30,983,226	46,026,076
	\$ 31,402,399	\$ 46,901,103

## City of Prince Rupert

### Statement of Surplus (Deficit) in Operating Funds For the Year Ended December 31, 2008

	<u>Balance Beginning of Year</u>	<u>Transfer (to) from Other Funds</u>	<u>Current Surplus (Deficit)</u>	<u>Balance End of Year</u>
<b>General Fund</b>	\$ (6,407,497)	\$ 5,707,073	\$ 1,277,144	\$ 576,720
<b>Water Fund</b>	2,793,885	(2,299,535)	5,650	500,000
<b>Sewer Fund</b>	3,228,075	(2,917,337)	599,262	910,000
<b>Solid Waste Fund</b>	195,968	-	(84,647)	111,321
<b>Telephone Fund</b>	<u>490,201</u>	<u>(490,201)</u>	<u>-</u>	<u>-</u>
	<u>\$ 300,632</u>	<u>\$ -</u>	<u>\$ 1,797,409</u>	<u>\$ 2,098,041</u>

The following amounts have been internally restricted for use in the 2009 budget

<b>General Fund</b>	\$ 452,000
<b>Sewer Fund</b>	<u>410,000</u>
	<u>\$ 862,000</u>

## City of Prince Rupert

### Statement of Bylaw and Statutory Reserve Fund Balances For the Year Ended December 31, 2008

	Balance Beginning of Year	Income	Transfer (to)/from Other Funds	Balance End of Year
<b>BYLAW RESERVES</b>				
General Reserve	\$ 2,139,743	\$ 63,896	\$1,928,759	\$ 4,132,398
Fire Services Equipment	172,716	6,257	-	178,973
Public Works/General Equipment	1,291,627	24,287	(621,241)	694,673
Ferry Maintenance	-	-	50,000	50,000
Other Equipment	63,122	-	(63,122)	-
Reserve for Future Election expense	16,295	-	(16,295)	-
	<u>3,683,503</u>	<u>94,440</u>	<u>1,278,101</u>	<u>5,056,044</u>
<b>STATUTORY RESERVES</b>				
Capital Assets and Land Acquisition	1,702,293	61,671	-	1,763,964
Parkland Reserves	5,650	205	-	5,855
Parking Space Requirement	-	115,472	-	115,472
Cemetery Care Trust	141,948	18,094	-	160,042
	<u>1,849,891</u>	<u>195,442</u>	<u>-</u>	<u>2,045,333</u>
	<u>\$ 5,533,394</u>	<u>\$ 289,882</u>	<u>\$1,278,101</u>	<u>\$ 7,101,377</u>

# City of Prince Rupert

## Notes to the Consolidated Financial Statements December 31, 2008

### 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. It is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying value.

### 2) Receivables

	2008	2007
Property taxes	7,428,805	4,803,883
Allowance for Doubtful Tax Accounts	(179,747)	(144,825)
Net Property Taxes Receivable	\$ 7,249,058	\$ 4,659,058
General Receivables		
General Receivables	1,334,489	1,443,723
Due from City West Cable & Telephone Corp.	1,508,482	1,487,334
Other Governments	397,337	2,217
	3,240,308	2,933,274
Allowance for Doubtful Accounts	(80,267)	(96,440)
Net General Receivables	\$ 3,160,041	\$ 2,836,834

### 3) Museum Loan Receivable

Funds were loaned to the Northern British Columbia Museum Association for the purchase of the Museum building. The City in turn borrowed the funds from the Municipal Finance Authority. The interest rate is a variable rate set by the Municipal Finance Authority. The loan term is five years with the outstanding balance and interest due June 30, 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, 2008

### 4) Municipal Finance Authority Reserve Deposits

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

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

	<b>2008</b>	<b>2007</b>
General	\$ 96,339	\$ 111,402
Water	52,287	56,310
Telephone	-	23,682
	\$ 148,626	\$ 191,394

### 5) Payables, Accruals, and Deferred Revenue

	<b>2008</b>	<b>2007</b>
a) Accounts Payable		
General	\$ 2,770,633	\$ 1,912,758
Due to Other Governments	432,832	545,656
Taxes Due to Other Governments	1,339,162	1,121,128
Salaries, Wages, other Payroll	4,122,159	4,372,915
Holdbacks and Deposits	66,849	56,740
	8,731,635	8,009,197
b) Deferred Revenue		
Prepaid Taxes	895,342	872,994
Other Deferred Revenue	1,655,553	853,953
	2,550,895	1,726,947
	\$ 11,282,530	\$ 9,736,144

### 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 received income of \$60,000 from management fees and a dividend of \$1,000,000.

Financial information for the company as at December 31, 2008 is as follows

	<b>2008</b>	<b>Restated 2007</b>
Assets	\$ 62,721,996	\$ 62,721,996
Liabilities to arms-length parties	\$ 30,233,724	\$ 31,641,559
Net Income	\$ (18,475,233)	\$ 4,484,948

The City has forgiven debt of \$20,000,000 in the year to reflect current economic conditions.



# City of Prince Rupert

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## Notes to the Consolidated Financial Statements December 31, 2008

### 7) Commitments and Contingencies:

#### a) *Pension Information*

The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly-trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers.

#### b) *Landfill Closure costs*

The City is responsible for closing the landfill in accordance with the Ministry of Environment regulations. The closure costs are estimated to be \$3.6 million at closure (predicted in year 2040). To date, the City has accrued \$556,518. Based on the estimates, there is a shortfall in the accrual of \$377,893.

#### c) *Third party claims*

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

#### d) *Guarantees*

The City has provided loan guarantees for the Prince Rupert Golf Course Society and Prince Rupert City and Regional Archives.

### 8) Federal Gas Tax Agreement Funds

Opening balance	\$	672,547
Amount received in the year		289,936
Interest earned		<u>51,685</u>
Closing balance	\$	<u>1,014,168</u>

The funds can only be spent on specific projects. The funds are included in accounts payable and accruals.

## City of Prince Rupert

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

	2008 Actual	Unaudited 2008 Budget	2007 Actual
<b>Real Property Taxes</b>			
Municipal Property Tax			
Residential	\$ 5,587,256	\$ 5,582,948	\$ 5,317,111
Utilities	121,364	121,364	116,261
Major Industry	3,647,522	3,260,547	4,328,355
Light Industry	211,351	211,351	246,658
Business	3,978,791	4,002,446	3,667,771
Recreational	16,422	15,442	14,847
	<u>13,562,706</u>	<u>13,194,098</u>	<u>13,691,003</u>
Collections for Other Governments			
SQC Regional District	257,307	257,564	497,763
Ministry of Education	5,247,863	5,250,222	5,421,453
SQC Regional Hospital District	144,710	144,806	179,258
NW Regional Hospital District	695,781	696,246	660,918
BC Assessment Authority	144,536	144,629	136,174
Municipal Finance Authority	234	234	263
	<u>6,490,431</u>	<u>6,493,701</u>	<u>6,895,829</u>
	20,053,137	19,687,799	20,586,832
<b>Special Assessments, Grants in Lieu of Taxes</b>			
Port Competitiveness Tax Grant	1,383,536	1,384,000	1,383,536
Revenue Tax	442,516	463,000	441,310
Specified Area Tax	62,367	61,000	62,368
Grants in Lieu of Taxes			
Federal Governments and Agencies			
Federal Government Properties	187,863	212,400	180,521
Prince Rupert Port Authority	221,041	205,000	273,026
	<u>408,904</u>	<u>417,400</u>	<u>453,547</u>
Provincial Governments and Agencies			
Provincial Government Properties	205,988	-	316,218
BC Housing Commission	129,682	130,000	125,598
BC Hydro and Power Authority	36,205	48,000	53,436
Insurance Corporation of BC	14,462	15,000	14,492
	<u>386,337</u>	<u>193,000</u>	<u>509,744</u>
	<u>2,683,660</u>	<u>2,518,400</u>	<u>2,850,505</u>
	<u>\$ 22,736,797</u>	<u>\$ 22,206,199</u>	<u>\$ 23,437,337</u>

## City of Prince Rupert

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

	2008 Actual	Unaudited 2008 Budget	2007 Actual
<b>GENERAL FUND</b>			
Protective Services (RCMP)	\$ 32,833	\$ 27,000	\$ 45,821
<b>Transportation Services</b>			
Public Transit	310,285	316,000	300,008
Airport Ferry	932,961	840,000	901,505
	<u>1,243,246</u>	<u>1,156,000</u>	<u>1,201,513</u>
<b>Environmental Development Services</b>			
Rezoning / Subdivision Services	52,996	57,000	20,245
Parking	18,725	15,000	82,111
Tourism Services	-	-	60
	<u>71,721</u>	<u>72,000</u>	<u>102,416</u>
Public Health (Cemetery)	56,345	39,000	43,513
<b>Recreation and Cultural Services</b>			
Recreation Centre, Programs, Gym, Hall	182,339	176,000	208,857
Swimming Pool	353,694	330,000	280,776
Arena	184,666	158,000	151,674
Field Rentals	3,889	4,000	75
	<u>724,588</u>	<u>668,000</u>	<u>641,382</u>
<b>TOTAL GENERAL OPERATING FUND</b>	2,128,733	1,962,000	2,034,645
<b>SOLID WASTE FUND</b>	1,975,087	1,898,000	2,053,180
<b>WATER FUND</b>	2,098,105	2,151,000	2,006,149
<b>SEWER FUND</b>	<u>1,761,184</u>	<u>1,783,000</u>	<u>1,697,866</u>
	<u>\$ 7,963,109</u>	<u>\$ 7,794,000</u>	<u>\$ 7,791,840</u>

## City of Prince Rupert

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

	2008 Actual	Unaudited 2008 Budget	2007 Actual
<b>GENERAL FUND</b>			
Licences and Permits	\$ 340,125	\$ 306,500	\$ 334,907
Fines	18,309	12,000	44,709
911 Service Fee	239,722	240,000	236,539
Rentals	335,696	308,000	336,634
Return on Investments	278,749	303,100	297,820
Penalties and Interest on Taxes	681,641	639,500	481,034
Miscellaneous	615,680	499,500	239,062
<b>TOTAL GENERAL FUND</b>	<b>2,509,922</b>	<b>2,308,600</b>	<b>1,970,705</b>
<b>WATER FUND</b>			
Rentals	53,855	50,000	50,985
Debt Reserve Fund Income	22	-	95,146
Miscellaneous	-	-	320
<b>TOTAL WATER FUND</b>	<b>53,877</b>	<b>50,000</b>	<b>146,451</b>
<b>SEWER FUND</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>RESERVE FUNDS</b>			
Land sales	8,884	-	514,029
Cemetery Care Fund	4,789	-	-
Parking Lot Requirement Fund	95,500	-	-
Interest Income	180,709	-	178,054
	289,882	-	692,083
	<b>\$ 2,853,681</b>	<b>\$ 2,358,600</b>	<b>\$ 2,809,244</b>
<b>Summary</b>			
Operating Funds	\$ 2,563,799	\$ 2,358,600	\$ 2,117,161
Reserve Funds	289,882	-	692,083
	<b>\$ 2,853,681</b>	<b>\$ 2,358,600</b>	<b>\$ 2,809,244</b>

## City of Prince Rupert

### Schedule of Transfers from Provincial Government For the Year Ended December 31

	2008 Actual	Unaudited 2008 Budget	2007 Actual
<b>Unconditional</b>			
General Operating - Small Community	278,702	264,000	226,082
- Traffic Fines	261,148	280,000	264,038
- Duncan Road	2,550,000	2,550,000	-
<b>Total Unconditional</b>	<u>3,089,850</u>	<u>3,094,000</u>	<u>490,120</u>
<b>Conditional</b>			
General Operating Fund			
Victim Services	64,454	59,000	46,440
2% Hotel Tax	168,621	167,000	169,238
Casino Revenue	400,000	400,000	-
Fire/Emergency Services Grant	-	21,000	241
UBCM-Smoke House Grant	30,205	-	-
Coast Sustainability Grant	22,834	-	-
Alaska Ferry Dock Grant	350,000	350,000	-
Public Transit Grant	161,763	158,000	32,944
	<u>1,197,877</u>	<u>1,155,000</u>	<u>248,863</u>
Water Fund			
Fern Passage Water Main R. Study Grant	10,000	-	-
Sewer Fund			
Hays Creek Rehab Study Grant	10,000	-	-
<b>Total Conditional</b>	<u>1,217,877</u>	<u>1,155,000</u>	<u>248,863</u>
<b>Total Provincial Government</b>	<u>\$ 4,307,727</u>	<u>\$ 4,249,000</u>	<u>\$ 738,983</u>
<b>Summary</b>			
Operating Fund	\$ 1,757,727	\$ 1,699,000	\$ 738,983
Transfer to Reserve	2,550,000	2,550,000	-
	<u>\$ 4,307,727</u>	<u>\$ 4,249,000</u>	<u>\$ 738,983</u>

## City of Prince Rupert

### Schedule of Capital Assets As at December 31

	Land	Buildings	Engineering Structures	Machinery and Equipment	Total 2008	2007
<b>General Fund</b>						
General Government	\$ 2,805,802	\$ 1,269,308	\$ 66,106	\$ 1,948,751	\$ 6,089,967	\$ 5,821,777
Protective Services	16,459	1,681,927	-	2,502,955	4,201,341	4,057,459
Transportation Services	19,428	3,867,039	53,895,420	7,830,049	65,611,936	64,584,721
Health and Cemetery Services	313,036	79,911	460,472	-	853,419	853,419
Community and Economic Development	-	924,203	48,318	110,236	1,082,757	1,004,566
Parks, Recreation and Cultural Services	1,377,461	15,982,861	8,728,908	2,415,285	28,504,515	27,924,857
	4,532,186	23,805,249	63,199,224	14,807,276	106,343,935	104,246,799
<b>Water Utility</b>	-	95,289	24,361,176	1,075,973	25,532,438	25,532,438
<b>Sewer Utility</b>	-	11,707	16,694,197	325,231	17,031,135	16,939,887
<b>Solid Waste Utility</b>	89,769	-	3,202,964	897,601	4,190,334	3,942,370
	<u>\$ 4,621,955</u>	<u>\$ 23,912,245</u>	<u>\$ 107,457,561</u>	<u>\$ 17,106,081</u>	<u>\$ 153,097,841</u>	<u>\$ 150,661,494</u>

## City of Prince Rupert

### Schedule of Leases As at December 31

Lease No.	Purpose	New/ Renewal	Amount of Issue	2007 Balance	Additions	Principal Payments	2008 Balance
<b>General Fund</b>							
11002/1951	Tractor	2001/2006	113,114	\$ 8,604	-	3,327	\$ 5,277
11932/2052	Excavator	2001/2006	31,582	22,961	-	6,365	16,596
16152	Aerator	2003	31,861	17,875	-	17,875	-
1584	Flusher Truck	2006	269,695	208,972	-	53,851	155,121
1455	2 Chevy Trucks	2006	51,707	33,207	-	10,307	22,900
1453/51005	Mower	2005	41,257	25,216	-	8,218	16,998
2393	Dump Truck with Plow	2007	108,865	84,009	-	27,271	56,738
				400,844	-	127,214	273,630
<b>Solid Waste Fund</b>							
4256	Refuse/Shupak	2007	228,887	225,888	-	44,116	181,772
1149	Garbage Truck	2002	83,591	17,658	-	17,658	-
				243,546	-	61,774	181,772
<b>Water Fund</b>							
1392/40605	Generator	2005	50,294	28,431	-	9,971	18,460
				672,821	-	198,959	473,862
<b>Telephone Fund</b>							
1532/10782	Cellular Upgrade	2000/2005	3,604,996	761,173	-	362,131	399,042
1247/20205	AS400 Computer	2004	77,291	35,863	-	15,732	20,131
				797,036	-	377,863	419,173
				\$ 1,469,857	\$ -	\$ 576,822	\$ 893,035

## City of Prince Rupert

### Schedule of Debenture Debt As at December 31, 2008

Bylaw No.	Purpose	No.	Maturity Date	Amount of Issue	2007 Balance	Principal Payment	Actuarial Additions	2008 Balance
<b>General Fund</b>								
3129	George Hills Way/Specified A:	75	2021	700,000	556,005	21,170	7,200	527,635
3201	Uplands Development	94	2025	1,054,348	982,118	35,407	2,889	943,822
3201	Cruise Ship Dock	94	2025	3,133,056	2,918,421	105,213	8,585	2,804,623
3201	Museum purchase	94	2025	2,465,626	2,296,714	82,800	6,757	2,207,157
3199	Morse Creek Bridge	99	2017	535,000	490,439	44,561	1,782	444,096
					<u>7,243,697</u>	<u>289,151</u>	<u>27,213</u>	<u>6,927,333</u>
<b>Solid Waste Fund</b>								
2823	Solid Waste	54	2008	680,000	62,393	31,513	30,880	-
<b>Water Fund</b>								
2748	Improvements	50	2011	463,000	131,740	14,002	16,563	101,175
2824	Improvements	54	2008	220,000	20,186	10,195	9,991	-
2961	New Water Main	63	2016	1,800,000	1,026,630	54,437	38,668	933,525
					<u>1,178,556</u>	<u>78,634</u>	<u>65,222</u>	<u>1,034,700</u>
<b>Sewer Fund</b>								
3201	Moresby Sewer Upgrade	94	2025	346,970	323,200	11,652	951	\$ 310,597
					<u>\$ 8,807,846</u>	<u>\$ 410,950</u>	<u>\$ 124,266</u>	<u>\$ 8,272,630</u>
<b>Telephone Fund</b>								
2825	Telephone Switch	54	2008	850,000	77,991	39,391	38,600	\$ -
					<u>\$ 8,885,837</u>	<u>\$ 450,341</u>	<u>\$ 162,866</u>	<u>\$ 8,272,630</u>



May 11, 2009

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Land fill operations (*Solid Waste*) expenditures were also slightly higher than budget.

### Surplus

The City recorded a small Operating Fund surplus in 2008. This occurred because of the recording additional tax revenue from Sun Wave and also because budgeted Capital Works Projects were not completed during the year.

Surplus funds in both the Operating Fund and Sewer Fund have been internally restricted for use in the 2009 Budget for the completion of Capital Works Projects.

### **ATTACHMENTS:**

- 2008 Audited Financial Statements

Reviewed by City Manager

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Dan Rodin  
Chief Financial Officer

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Gord Howie