



2004 ANNUAL REPORT

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1. Statement of Municipal Objectives 2005
2. Consolidated Financial Statements to December 31, 2003
3. Assessment and Tax Rate Statistics - 2002-2003
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## **STATEMENT OF MUNICIPAL OBJECTIVES – 2005**

On December 13, 2003, Council held a Strategic Planning Session. From this session, the following list of objectives was developed for the City. These objectives will provide direction for future years as we prepare our budgets and work plans.

1. Attract an industrial tax base – to develop a sustainable and diversified industrial tax base;
2. Forestry – To develop a sustainable and diversified forests industry;
3. Tourism - To attract and maintain a growing diversified and sustainable tourism industry;
4. Promoting Terrace as a Regional Centre – To firmly establish Terrace as the largest diversified regional centre west of Prince George;
5. Infrastructure – To develop a publicly acceptable and affordable level of service and prepare a sustainability plan for City buildings and infrastructure;
6. Taxation – To develop a fair and equitable taxation system that increases revenues;
7. Recovery Strategy –To establish a growing and vibrant community;
8. Alternative Energy – To research alternative energy sources for industry, to increase employment and reduce costs;
9. Inter-Regional Relationships – To develop a culturally regionalized, harmonized and co-operatively developed strategy that benefits Terrace and region;
10. Sportsplex – To provide an improved quality of life by constructing the Sportsplex.

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THE CITY OF TERRACE  
CONSOLIDATED FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2003

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**McAlpine & Co.**

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CHARTERED ACCOUNTANTS

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**THE CITY OF TERRACE**  
COUNCIL - 2003

**MAYOR**  
JACK TALSTRA

**COUNCILLORS**

Lynne Christiansen  
Marylin Davies  
Carol Leclerc

Stew Christensen  
David D. Hull  
Richard McDaniel

**APPOINTED OFFICIALS - 2003**

Chief Administrative Officer  
Director of Finance  
Director of Administration  
Fire Chief  
Director of Public Works  
Director of Development Services

R. Poole  
J. Degerness  
D. Fisher  
R. Smith  
H. Dusdal  
D. Trawin

THE CITY OF TERRACE  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2003

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## **MANAGEMENT'S REPORT**

The management of The City of Terrace is responsible for the integrity of the accompanying consolidated financial statements. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for British Columbia municipal governments. The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgements 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 consolidated financial statements have been audited by the independent firm of McAlpine & Co. Chartered Accountants. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Ron Poole  
Chief Administrative Officer

Judy Degerness  
Director of Finance

March 26, 2004

# McALPINE & CO.

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CHARTERED ACCOUNTANTS

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TERRACE, B.C.  
V8G 1S6

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HOWARD PRUNER, C.A.  
JIM RIDING, C.A.  
CURTIS BILLEY, B.Comm, C.A.  
RORY REINBOLT, C.A.  
MICHAEL JOHNSON, C.A.  
*(A partnership of incorporated professionals)*

## AUDITORS' REPORT

To His Worship the Mayor and Members of Council  
The City of Terrace

We have audited the consolidated statement of financial position of The City of Terrace as at December 31, 2003 and consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those 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 consolidated financial statements present fairly, in all material respects, the financial position of The City of Terrace as at December 31, 2003 and the results of its financial activities and changes in its financial position for the year then ended, in accordance with generally accepted accounting principles for British Columbia municipalities. As required by the Local Government Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Terrace, B.C.  
March 26, 2004

CHARTERED ACCOUNTANTS

THE CITY OF TERRACE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2003

	2003	2002
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments - Note 2	\$ 8,335,238	\$ 7,148,789
Taxes receivable - Note 3	2,621,747	1,701,938
Accounts receivable - Note 4	340,960	217,613
Land held for resale	276,100	276,100
Municipal Finance Authority of B.C. - Deposit notes - Note 5	<u>676,011</u>	<u>667,056</u>
	<u>12,250,056</u>	<u>10,011,496</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,726,916	\$ 1,252,362
Deposits and prepayments	1,229,293	1,266,723
Accrued vacation	414,221	421,059
Deferred revenue - Note 7	271,551	346,608
Landfill closure liability	195,177	243,681
Municipal Finance Authority of B.C. - Debt reserve - Note 5	676,011	667,056
Long term debt - Note 8	<u>1,867,940</u>	<u>2,913,530</u>
	<u>6,381,109</u>	<u>7,111,019</u>
<b>NET FINANCIAL ASSETS</b>	<u>5,868,947</u>	<u>2,900,477</u>
<b>PHYSICAL ASSETS</b>		
Inventory and other	348,833	382,325
Property, plant and equipment - Note 6	<u>68,500,356</u>	<u>66,548,031</u>
	<u>68,849,189</u>	<u>66,930,356</u>
<b>NET POSITION</b>	<u>\$ 74,718,136</u>	<u>\$ 69,830,833</u>
<b>MUNICIPAL POSITION</b>		
Operating fund (Schedule 1 and 5)	\$ 4,776,243	\$ 3,362,041
Reserves fund (Schedule 3)	<u>3,356,796</u>	<u>2,864,380</u>
Fund balances	8,133,039	6,226,421
Equity in property, plant and equipment - Note 9	<u>66,585,097</u>	<u>63,604,412</u>
<b>MUNICIPAL POSITION</b>	<u>\$ 74,718,136</u>	<u>\$ 69,830,833</u>

Commitments and contingent liabilities - Note 13

Approved by:

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Ron Poole  
Chief Administrative Officer

\_\_\_\_\_  
Judy Degerness  
Director of Finance

See accompanying notes to consolidated financial statements

THE CITY OF TERRACE  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	2003	Budget	2002
<b>REVENUES</b>			
Net taxes available for municipal purposes - Note 10	\$ 10,189,556	\$ 10,250,028	\$ 10,331,021
User fees and sale of goods and services	2,837,544	2,798,786	2,895,105
Government grants and transfers - Note 11	855,816	821,905	832,803
Investment earnings	207,658	170,000	172,210
Penalties and interest on taxes	264,657	135,000	202,598
Licenses and permits	299,210	272,755	283,607
Rental	252,387	224,915	228,250
Proceeds from sale of physical assets	367,306		24,622
Contributions from developers	116,409		
Municipal Finance Authority excess sinking fund refund	190,764		
Actuarial adjustment - sinking fund earnings	95,112		189,790
Other	11,016		138,871
	<u>15,687,435</u>	<u>14,673,389</u>	<u>15,298,877</u>
<b>EXPENDITURES - Note 12</b>			
Protective services - Schedule 4	3,347,046	3,624,302	3,301,260
Transportation services - Schedule 4	1,661,824	1,615,567	1,594,747
Parks and recreation services - Schedule 4	1,762,224	1,727,132	1,647,977
General municipal services - Schedule 4	1,120,476	1,038,198	1,105,266
Development services - Schedule 4	726,669	777,326	800,452
Cultural services - Schedule 4	726,728	744,111	710,479
Interest - Schedule 4	442,171	569,827	528,706
Water operations	546,498	609,733	541,547
Sewer operations	368,924	373,399	314,914
Waste management	308,253	289,504	278,374
Transit services	277,328	307,040	279,385
Economic development and tourism	165,025	165,000	165,718
Cemetery services	65,958	68,800	65,039
Capital expenditures	1,935,099	3,057,076	2,242,758
	<u>13,454,223</u>	<u>14,967,015</u>	<u>13,576,622</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES</b>	2,233,212	(293,626)	1,722,255
Debenture borrowings		48,275	
Debt principal repayment (includes actuarial)	(1,045,586)	(231,483)	(443,301)
Reduction of debt on suspended issues	718,992		
<b>CHANGE IN FUND BALANCES FOR THE YEAR</b>	1,906,618	(476,834)	1,278,954
<b>CONSOLIDATED FUND BALANCE - BEGINNING OF YEAR</b>	<u>6,226,421</u>	<u>6,226,421</u>	<u>4,947,467</u>
<b>CONSOLIDATED FUND BALANCE - END OF YEAR</b>	<u>\$ 8,133,039</u>	<u>\$ 5,749,587</u>	<u>\$ 6,226,421</u>

See accompanying notes to consolidated financial statements

THE CITY OF TERRACE  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2003

	2003	2002
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 2,233,212	\$ 1,722,255
Increase in taxes receivable	(919,809)	(746,749)
(Increase) decrease in accounts receivable	(123,347)	304,769
Decrease in inventory and other	33,492	17,466
Increase (decrease) in accounts payable	426,048	(61,463)
Increase (decrease) deposits and prepayments	(37,430)	52,355
Decrease in accrued vacation	(6,838)	(4,075)
Increase (decrease) in deferred revenue	<u>(75,057)</u>	<u>213,280</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,530,271</u>	<u>1,497,838</u>
FINANCING AND INVESTING ACTIVITIES		
Repayment of long term debt	(1,045,586)	(443,301)
Reduction of debt on suspended issues	718,992	
(Increase) decrease in construction in progress	<u>(17,228)</u>	<u>2,011</u>
CASH USED IN FINANCING AND INVESTING ACTIVITIES	<u>(343,822)</u>	<u>(441,290)</u>
INCREASE IN CASH POSITION	1,186,449	1,056,548
CASH - BEGINNING OF YEAR	<u>7,148,789</u>	<u>6,092,241</u>
CASH - END OF YEAR	<u>\$ 8,335,238</u>	<u>\$ 7,148,789</u>

Cash is represented by cash and short-term investments.

See accompanying notes to consolidated financial statements.

THE CITY OF TERRACE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Terrace (the City) are prepared by management in accordance with Canadian generally accepted accounting principles for municipal governments as applicable for British Columbia municipal governments. Significant aspects of the accounting policies adopted by the City are as follows:

a) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

b) Fund Accounting

Funds within the consolidated financial statements consists of the operating, capital and reserves funds. Transactions between funds are recorded as inter fund transfers.

Operating Fund - This fund, consisting of the general, water and sewer operating funds, comprises the operating costs of the services provided by the City.

Capital Fund - This fund, consisting of the general, water and sewer capital funds, comprises property, plant and equipment expenditures and related financing.

Reserves Fund - The reserves fund has been established to hold assets for specific future purposes as approved by City Council. Allowable transfers to and from these funds are defined in reserve fund establishment bylaws.

c) Property, plant and equipment

Property, plant and equipment and construction in progress are recorded at cost, except for land which is recorded at the appraised value assigned by B.C. Assessment Authority in 1996. No provision is made for depreciation of property, plant and equipment.

d) Equity in property, plant and equipment

Equity in property, plant and equipment represents the investment in property, plant and equipment excluding construction in progress and after deducting the portion financed by long term debt.

e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of reserves and expenditures during the period. Actual results could differ from those estimates.

THE CITY OF TERRACE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial Instruments

The City's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

2. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments are comprised of cash on deposit and investments in qualifying institutions as defined in the Local Government Act.

	2003	2002
Municipal Finance Authority of B.C. investments:		
- Money market fund	\$ 5,730,700	\$ 6,696,278
- Short-term bond fund	<u>198,083</u>	<u>198,083</u>
	5,928,783	6,894,361
Cash	<u>2,406,455</u>	<u>254,428</u>
	<u>\$ 8,335,238</u>	<u>\$ 7,148,789</u>

3. TAXES RECEIVABLE

Taxes receivable includes 2001, 2002 and 2003 property taxes and related interest and penalty charges owing from New Skeena Forest Products Inc. ("New Skeena") in the amount of \$2,443,000. Pursuant to the April 2, 2002 proposal under the Companies' Creditors Arrangement Act between New Skeena and its creditors, the City will receive payment of the 2001 year property taxes owing as at December 31, 2001 of \$575,653 over a ten year period. The amount receivable is non-interest bearing and as such has been discounted to its net present value. The interest rate charged on property taxes in arrears as at the date of the proposal was used as the discount rate. The discount amount of \$230,236 is being amortized on an annual basis using the effective interest rate method recording an annual increase to taxes receivable and interest revenue. Net present value of the New Skeena receivable as at December 31, 2003 is \$394,785 (2002 - \$369,596).

In November, 2003 New Skeena filed for creditor protection under the Companies' Creditors Arrangement Act. This matter has not been concluded with the Supreme Court of B.C. as at the time of issuance of these financial statements.

In City management's opinion, should monies not be forthcoming from New Skeena for taxes and related charges owing pursuant to the proposal and for 2002 and 2003 taxes in arrears, the receivable amounts would be realized by the City through tax sale proceedings on the New Skeena properties. As such an allowance for doubtful taxes receivable has not been recorded.

THE CITY OF TERRACE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

4. ACCOUNTS RECEIVABLE	2003	2002
Regional District of Kitimat-Stikine - cost sharing	\$ 58,050	\$ 30,450
Government grants receivable - capital projects:		
- Provincial		19,153
Tax sale properties' receivable	12,909	
Utilities - sewer and water	87,903	20,736
Insurance proceeds receivable	50,652	
GST rebate	25,885	31,822
Other	<u>105,561</u>	<u>115,452</u>
	<u>\$ 340,960</u>	<u>\$ 217,613</u>

5. MUNICIPAL FINANCE AUTHORITY OF B.C. - DEPOSIT NOTES / DEBT RESERVE

The City issues its debt instruments through the Municipal Finance Authority of British Columbia (MFA). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are held by the MFA to act as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the City.

	2003	2002
Cash reserves	\$ 274,267	\$ 263,603
Demand notes	<u>401,744</u>	<u>403,453</u>
	<u>\$ 676,011</u>	<u>\$ 667,056</u>

6. PROPERTY, PLANT AND EQUIPMENT

	General	Water	Sewer	2003 Total	2002 Total
Engineering structures	\$ 23,098,437	\$ 8,171,607	\$ 8,904,411	\$ 40,174,455	\$ 39,177,144
Buildings	10,940,011			10,940,011	10,549,850
Machinery and shop equipment	8,972,919	934,999	417,207	10,325,125	9,795,397
Land	<u>6,722,614</u>	<u>12,200</u>	<u>278,634</u>	<u>7,013,448</u>	<u>6,995,551</u>
	49,733,981	9,118,806	9,600,252	68,453,039	66,517,942
Construction in progress	<u>47,317</u>			<u>47,317</u>	<u>30,089</u>
	<u>\$ 49,781,298</u>	<u>\$ 9,118,806</u>	<u>\$ 9,600,252</u>	<u>\$ 68,500,356</u>	<u>\$ 66,548,031</u>

THE CITY OF TERRACE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

7. DEFERRED REVENUE

Included in deferred revenue is the following:

	2003	2002
Provincial government contribution:		
- Aboriginal Youth F.I.R.S.T. program	\$ 135,091	\$ 208,970
Perpetual care (cemetery) fund	131,865	133,328
Other	<u>4,595</u>	<u>4,310</u>
	<u>\$ 271,551</u>	<u>\$ 346,608</u>

The use of perpetual care (cemetery) fund monies, together with any earnings thereon, is restricted by legislation. Revenue of this fund is recognized in the period monies are used for the purpose specified.

8. LONG TERM DEBT

Long term debt consists of debenture debt issued by the Municipal Finance Authority of British Columbia. Debenture debt is reported net of estimated sinking fund asset balances.

Principal payment required on long term debt for the next five years are as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Principal payment	\$ 156,900	\$ 156,900	\$ 156,900	\$ 135,448	\$ 135,448
Actuarial addition	<u>106,553</u>	<u>119,725</u>	<u>133,556</u>	<u>129,587</u>	<u>111,144</u>
	<u>\$ 263,453</u>	<u>\$ 276,625</u>	<u>\$ 290,456</u>	<u>\$ 265,035</u>	<u>\$ 246,592</u>

Existing long term debt matures in 2006 to 2014 and long term debt annual interest rates range from 5.55% to 10.25%.

THE CITY OF TERRACE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

9. EQUITY IN PROPERTY, PLANT AND EQUIPMENT	2003	2002
Increases:		
Property, plant and equipment expenditures (net of proceeds)	\$ 1,935,099	\$ 2,218,334
Retirement of debt - principal repayment	231,482	253,511
- actuarial addition	95,112	189,790
- reduction of debt on suspended issues	<u>718,992</u>	<u>                    </u>
Change in Equity in Property, Plant and Equipment	2,980,685	2,661,635
Equity in Property, Plant and Equipment - Beginning of Year	<u>63,604,412</u>	<u>60,942,777</u>
Equity in Property, Plant and Equipment - End of Year	<u>\$ 66,585,097</u>	<u>\$ 63,604,412</u>
10. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	2003	2002
Taxes:		
Property	\$ 13,835,469	\$ 13,757,991
Frontage	609,334	604,337
Utility	395,533	383,065
Local improvement levies	184,522	190,251
Revenue in lieu of taxes	<u>354,982</u>	<u>445,498</u>
	<u>15,379,840</u>	<u>15,381,142</u>
Less taxes on behalf of:		
School	4,458,058	4,549,684
North West Regional Hospital District	484,464	253,506
Regional District of Kitimat-Stikine	137,972	124,529
B.C. Assessment Authority	109,629	122,224
Other	<u>161</u>	<u>178</u>
	<u>5,190,284</u>	<u>5,050,121</u>
Net taxes available for municipal purposes	<u>\$ 10,189,556</u>	<u>\$ 10,331,021</u>

THE CITY OF TERRACE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

11. GOVERNMENT GRANTS AND TRANSFERS

The following government grants and transfers have been included in revenues:

	2003	2002
Capital project grants		
- Provincial	\$ _____	\$ <u>29,153</u>
Operating grants and transfers		
- Provincial	249,303	238,964
- Shared cost agreements - Regional District of Kitimat-Stikine	<u>606,513</u>	<u>564,686</u>
	<u>855,816</u>	<u>803,650</u>
	<u>\$ 855,816</u>	<u>\$ 832,803</u>

12. EXPENDITURES BY OBJECT

	2003	2002
Salaries, wages and employee benefits	\$ 7,179,027	\$ 7,153,764
Purchased goods and services	1,623,997	1,498,727
Property, plant and equipment expenditures	1,935,099	2,242,758
RCMP contract	1,547,201	1,442,188
Interest	442,171	528,706
Terrace Public Library funding	497,838	501,683
Grants to community organizations	<u>228,890</u>	<u>208,796</u>
	<u>\$ 13,454,223</u>	<u>\$ 13,576,622</u>

13. COMMITMENTS AND CONTINGENCIES

a) Capital Requirements

City Council has approved a 2003 - 2007 capital expenditure financial plan of \$11,649,000. The 2004 requirement of \$2,083,000 is to be funded as follows:

Operating funds	\$ 1,070,000
Reserve funds	1,013,000
Debenture debt	<u>NIL</u>
	<u>\$ 2,083,000</u>

THE CITY OF TERRACE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

13. COMMITMENTS AND CONTINGENCIES (continued)

b) Pension Plan

The City of Terrace 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 approximately 123,000 active contributors, including approximately 28,000 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, 2000 indicated a surplus of \$436 million for basic pension benefits. The next valuation will be as at December 31, 2003 with results available in 2004. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. Each employer expenses contributions to the plan in the year in which payments are made. The City of Terrace paid \$295,194 for employer contributions to the plan in fiscal 2003.

c) Third Party Claims

The City is involved in certain legal actions, the outcome of which is uncertain at this time. Accordingly, no provision has been made in the accounts for these actions.

d) B.C. Assessment Authority Appeals

Due to the uncertainty of the outcome of appeals to the B.C. Assessment Authority, it is not possible to accurately estimate any liability to repay taxes or any asset for taxes receivable. It is the policy of the City to record the effect of any tax adjustments relating to outstanding appeals in the year the taxes are repaid or received.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to financial statement presentation adopted for the current year.

THE CITY OF TERRACE  
OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

	2003	Budget	2002
<b>REVENUES</b>			
Net taxes available for municipal purposes - Note 10	\$ 10,189,556	\$ 10,250,028	\$ 10,331,021
User fees and sale of goods and services	2,837,544	2,798,786	2,895,105
Government grants and transfers - Note 11	855,816	821,905	803,650
Investment earnings	127,741	170,000	109,847
Penalties and interest on taxes	264,657	135,000	202,598
Licences and permits	299,210	272,755	283,607
Rental	252,387	224,915	228,250
	<u>14,826,911</u>	<u>14,673,389</u>	<u>14,854,078</u>
<b>EXPENDITURES</b>			
Protective services	3,347,046	3,624,302	3,301,260
Transportation services	1,661,824	1,615,567	1,594,747
Parks and recreation services	1,762,224	1,727,132	1,647,977
General municipal services	1,120,476	1,038,198	1,105,266
Development services	726,669	777,326	800,452
Cultural services	726,728	744,111	710,479
Interest	442,171	569,827	528,706
Water operations	546,498	609,733	541,547
Sewer operations	368,924	373,399	314,914
Waste management	308,253	289,504	278,374
Transit services	277,328	307,040	279,385
Economic development and tourism	165,025	165,000	165,718
Cemetery services	65,958	68,800	65,039
	<u>11,519,124</u>	<u>11,909,939</u>	<u>11,333,864</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	3,307,787	2,763,450	3,520,214
Net interfund transfers			
- to capital fund - Schedule 2	(1,266,715)	(2,623,800)	(1,581,041)
- to reserves fund - Schedule 3	(395,388)	(574,989)	(299,919)
Debt principal repayment	(950,474)	(231,483)	(253,511)
Reduction of debt on suspended issues	718,992		
<b>CHANGE IN OPERATING FUND BALANCE FOR THE YEAR</b>	1,414,202	(666,822)	1,385,743
<b>OPERATING FUND BALANCE - BEGINNING OF YEAR</b>	<u>3,362,041</u>	<u>3,362,041</u>	<u>1,976,298</u>
<b>OPERATING FUND BALANCE - END OF YEAR - Schedule 5</b>	<u>\$ 4,776,243</u>	<u>\$ 2,695,219</u>	<u>\$ 3,362,041</u>

THE CITY OF TERRACE  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

	2003	Budget	2002
<b>REVENUES</b>			
Proceeds from sale of property, plant and equipment	\$ 367,306	\$	\$
Municipal Finance Authority excess sinking fund refund	190,764		
Contributions from developers	116,409		
Terrace Youth Soccer Association			64,523
Government grants and transfers			29,153
Other			23,583
	<u>674,479</u>		<u>117,259</u>
<b>EXPENDITURES</b>			
Property, plant and equipment expenditures	<u>1,935,099</u>	<u>3,057,076</u>	<u>2,242,758</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES</b>			
	(1,260,620)	(3,057,076)	(2,125,499)
<b>NET INTER FUND TRANSFERS</b>			
Transfer from (to) reserves fund - Schedule 3	(6,095)	385,001	544,458
Transfer from operating fund - Schedule 1	1,266,715	2,623,800	1,581,041
<b>DEBENTURE BORROWINGS</b>			
		<u>48,275</u>	
<b>CHANGE IN CAPITAL FUND FOR THE YEAR</b>			
	NIL	NIL	NIL
<b>CAPITAL FUND BALANCE - BEGINNING OF YEAR</b>			
	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>
<b>CAPITAL FUND BALANCE - END OF YEAR</b>			
	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ NIL</u>

PROPERTY, PLANT AND EQUIPMENT EXPENDITURES DURING THE YEAR ARE AS FOLLOWS:

	2003	2002
Engineering structures	\$ 997,312	\$ 1,326,772
Machinery and equipment	529,728	514,810
Buildings	390,162	4,676
Land	<u>17,897</u>	<u>396,500</u>
	<u>\$ 1,935,099</u>	<u>\$ 2,242,758</u>

THE CITY OF TERRACE  
RESERVES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

	2003	Budget	2002
REVENUES			
Proceeds from sale of property, plant and equipment	\$	\$	\$ 24,622
Investment income	79,917		62,363
Other	<u>11,016</u>	<u>                    </u>	<u>50,765</u>
EXCESS OF REVENUES OVER EXPENDITURES	90,933		137,750
Transfers from operating fund			
- vehicle replacement charge	395,388	574,989	299,919
Transfers from (to) capital fund	<u>6,095</u>	<u>(385,001)</u>	<u>(544,458)</u>
CHANGE IN RESERVE FUND FOR THE YEAR	492,416	189,988	(106,789)
RESERVE FUND BALANCE - BEGINNING OF YEAR	<u>2,864,380</u>	<u>2,864,380</u>	<u>2,971,169</u>
RESERVE FUND BALANCE - END OF YEAR	<u>\$ 3,356,796</u>	<u>\$ 3,054,368</u>	<u>\$ 2,864,380</u>

## RESERVE FUND BALANCE REPRESENTED BY:

	2003	2002
Machinery and equipment	\$ 2,577,207	\$ 2,293,280
Land acquisition	78,478	75,713
Capital works	327,142	129,912
Parks acquisition	32,556	36,476
Parking space	64,313	51,899
Land held for resale	276,100	276,100
Animal protection	<u>1,000</u>	<u>1,000</u>
	<u>\$ 3,356,796</u>	<u>\$ 2,864,380</u>

THE CITY OF TERRACE  
 SCHEDULE OF EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	2003	Budget	2002
<b>PROTECTIVE SERVICES:</b>			
Police and law enforcement	\$ 2,292,680	\$ 2,540,861	\$ 2,222,680
Fire protection	<u>1,054,366</u>	<u>1,083,441</u>	<u>1,078,580</u>
	<u>\$ 3,347,046</u>	<u>\$ 3,624,302</u>	<u>\$ 3,301,260</u>
<b>TRANSPORTATION SERVICES:</b>			
Roads and streets	\$ 647,429	\$ 622,260	\$ 603,354
Building maintenance	382,499	371,889	358,237
Street and traffic lights	226,964	228,500	231,064
Administration	205,035	198,372	189,312
Shop	74,780	74,628	82,263
Inventory	<u>125,117</u>	<u>119,918</u>	<u>130,517</u>
	<u>\$ 1,661,824</u>	<u>\$ 1,615,567</u>	<u>\$ 1,594,747</u>
<b>PARKS AND RECREATION SERVICES:</b>			
Pool	\$ 773,197	\$ 775,698	\$ 740,291
Arena	305,192	348,997	361,993
Parks	245,307	238,245	224,655
Recreation programs	119,284	117,001	114,782
Administration	283,350	215,291	177,162
Recreation centre	<u>35,894</u>	<u>31,900</u>	<u>29,094</u>
	<u>\$ 1,762,224</u>	<u>\$ 1,727,132</u>	<u>\$ 1,647,977</u>

THE CITY OF TERRACE  
 SCHEDULE OF EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	2003	Budget	2002
<b>GENERAL MUNICIPAL SERVICES:</b>			
Finance	\$ 403,477	\$ 424,663	\$ 534,360
Administration	343,404	261,045	274,900
Legislative	144,934	157,560	133,319
Insurance and other	173,617	136,220	100,471
Common services	<u>55,044</u>	<u>58,710</u>	<u>62,216</u>
	<u>\$ 1,120,476</u>	<u>\$ 1,038,198</u>	<u>\$ 1,105,266</u>
<b>DEVELOPMENT SERVICES:</b>			
Building inspection and licencing	\$ 125,816	\$ 157,938	\$ 181,498
Bylaw enforcement	62,864	63,689	60,147
Animal control	118,565	119,003	123,531
Planning	120,648	136,089	155,156
Drafting	141,839	143,593	114,167
Engineering	<u>156,937</u>	<u>157,014</u>	<u>165,953</u>
	<u>\$ 726,669</u>	<u>\$ 777,326</u>	<u>\$ 800,452</u>
<b>CULTURAL SERVICES:</b>			
Terrace Public Library funding	\$ 497,838	\$ 497,850	\$ 501,683
Grants to community organizations	<u>228,890</u>	<u>246,261</u>	<u>208,796</u>
	<u>\$ 726,728</u>	<u>\$ 744,111</u>	<u>\$ 710,479</u>
<b>INTEREST</b>			
Interest on long term debt	\$ 411,371	\$ 454,869	\$ 503,703
Interest - other	<u>30,800</u>	<u>114,958</u>	<u>25,003</u>
	<u>\$ 442,171</u>	<u>\$ 569,827</u>	<u>\$ 528,706</u>

## THE CITY OF TERRACE

## SCHEDULE OF CHANGE IN OPERATING FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2003

	General Fund	Sewer Fund	Water Fund	Total Operating Fund
BALANCE - BEGINNING OF YEAR	\$ 2,023,165	\$ 719,631	\$ 619,245	\$ 3,362,041
CHANGE IN FUND BALANCE FOR THE YEAR	<u>1,384,312</u>	<u>(226,007)</u>	<u>255,897</u>	<u>1,414,202</u>
BALANCE - END OF YEAR	<u>\$ 3,407,477</u>	<u>\$ 493,624</u>	<u>\$ 875,142</u>	<u>\$ 4,776,243</u>

**CITY OF TERRACE**  
**ASSESSMENT AND TAX RATE STATISTICS**

Property Class			Tax Rates General & Debt Transit		School Tax		Levy for Other Governments	
	2002	2003	2002	2003	2002	2003	2002	2003
1. Residential	470,244,100	447,831,690	8.3042	8.7572	5.8810	6.0476	0.5477	0.8371
2. Utilities	2,748,970	2,675,275	64.8141	66.4456	15.0000	15.0000	2.1064	3.1184
4. Major Industry	13,912,400	13,307,500	66.8088	70.2021	12.5000	12.5000	2.1109	3.0463
5. Light Industry	3,926,600	4,151,500	39.5337	37.5988	9.9000	9.9000	1.7868	2.7761
6. Business/Other	133,893,100	131,398,300	26.1053	26.733	9.9000	9.9000	1.3848	2.0908
8. Seasonal/Recreation	254,100	430,400	15.4706	9.2339	4.5000	4.5000	0.5625	0.8370
9. Farm	75,500	74,400	26.3164	26.8472	6.8000	6.8000	0.5924	0.8370
	625,054,770	599,869,065						

**CITY OF TERRACE**  
**DEBENTURE DEBT ANALYSIS**  
**December 31, 2003**

<b>BYLAW NO.</b>	<b>PURPOSE</b>	<b>MATURITY DATE</b>	<b>AMOUNT OF ISSUE</b>	<b>AMOUNT MATURED 2003</b>	<b>INTEREST PAID 2003</b>	<b>FUTURE ANNUAL PRINCIPAL</b>	<b>FUTURE ACTUARIAL CAPITALIZATION</b>	<b>TOTAL LIABILITY DEC 31/03</b>
	<b>GENERAL</b>							
1093	LIP Paving	2006	284,865	4,884	15,745	14,651	20,637	35,288
1179	Swimming Pool Expansion	2009	623,115	14,680	31,551	88,078	109,619	197,697
1191	LIP Paving	2010	246,098	4,097	8,805	28,679	34,221	62,900
1239	LIP Paving	2011	537,893	1,685	5,710	13,479	15,414	28,893
1307	LIP Paving	2013	34,530	2,284	1,755	2,831	2,970	5,801
1364	Library Expansion	2014	1,235,000	37,350	117,572	410,846	412,316	823,162
1454	LIP Paving	2006	2,699	215	209	644	308	952
1515	LIP Paving	2006	51,714	4,111	3,838	12,334	5,904	18,238
1588	LIP Paving	2007	232,663	18,498	13,611	73,991	32,851	106,842
1615	LIP Paving	2008	130,837	10,402	7,261	52,009	21,348	73,357
1655	LIP Paving	2010	18,490	1,470	1,193	10,291	3,565	13,856
1706	LIP Paving	2011	20,386	1,621	1,160	12,966	4,097	17,063
1707	LIP Paving	2011	44,216	3,515	2,516	28,123	8,886	37,009
	<b>TOTAL GENERAL DEBT</b>		<b>3,462,505</b>	<b>104,811</b>	<b>210,927</b>	<b>748,922</b>	<b>672,136</b>	<b>1,421,058</b>
	<b>SEWER</b>							
1118	Sewer treatment plant	2007	1,180,847	35,712	73,803	142,848	193,146	335,994
1454	LIP sewer ext	2006	46,243	3,677	3,584	11,030	5,279	16,309
1515	LIP sewer ext	2006	107,734	8,565	7,995	25,696	12,299	37,995
1629	LIP sewer ext	2008	13,725	1,091	762	5,455	2,240	7,695
1655	Skeena St sewer	2010	61,225	4,868	3,949	34,074	11,806	45,880
	<b>TOTAL SEWER DEBT</b>		<b>1,409,774</b>	<b>53,913</b>	<b>90,093</b>	<b>219,103</b>	<b>224,770</b>	<b>443,873</b>
	<b>WATER</b>							
1239	Waterline extension	2011	5,811	176	596	1,406	1,608	3,014
	<b>TOTAL WATER DEBT</b>		<b>5,811</b>	<b>176</b>	<b>596</b>	<b>1,406</b>	<b>1,608</b>	<b>3,014</b>