

The background of the cover is a photograph of a bridge at night. The bridge's steel truss structure is illuminated with bright green lights, creating a strong contrast against the dark, cloudy night sky. In the foreground, a large, cylindrical concrete pier supporting the bridge is lit with a warm, yellowish light. The bridge extends into the distance, where other lights and the reflection of the bridge on the water below are visible.

CITY OF Quesnel

Annual Report | 2012

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Mayor and Council

Mayor Mary Sjostrom

Chair: Executive Committee

Director: Cariboo Regional District Board

Representative: The Mayor has ex-officio status on all committees

Portfolios: First Nations Relations, Economic Development, Transportation, Sustainability Task Force



Councillor John Brisco

Chair: Quesnel Volunteer Citizen of the Year Committee

Representative: Museum and Heritage Commission, West Fraser Timber Park Advisory Committee, North Cariboo Recreation and Parks

Portfolios: Heritage



Councillor Mike Cave

Chair: West Quesnel Land Stability Advisory Committee, Environmental Advisory Committee

Representative: Audit Committee, Quesnel Airshed Roundtable

Portfolios: First Nations Relations, Affordable Housing



Councillor Ed Coleman

Chair: Finance Committee, ourQuesnel Sustainability Task Force, Audit Committee

Representative: Post-Secondary Education, Executive Committee, Labour Relations

Portfolio: Finance



Councillor Scott Elliott

Chair: Tourism and Civic Pride Committee

Representative: Neighbourhood Association/ Business Improvement Areas/Chamber of Commerce liaison, Labour Relations

Portfolios: Policy and Bylaw Review



Councillor Laurey-Anne Roodenburg

Co-Chair: North Cariboo Recreation and Parks Commission

Representative: Executive Committee, Audit Committee, Labour Relations, CRD Board Alternate Director, Shiraoi Twinning Society

Portfolio: Safety and Protection, Policy and Bylaw Review



2013 Acting Mayor Schedule

December/January:	Councillor Elliott
February/March:	Councillor Coleman
April/May:	Councillor Roodenburg
June/July:	Councillor Brisco
August/September:	Councillor Cave
October/November:	Councillor Coleman

Council portraits courtesy J Closs Photography

Councillor Sushil Thapar



Message from the Mayor

On behalf of Quesnel City Council, I am pleased to present the City of Quesnel's 2012 Annual Report. This document provides the City's 2012 Financial Statements and a progress report regarding our achievements in 2012, while mapping out Council's strategic direction to 2014, highlighted in this report on pages 9 - 14.

It has been my pleasure to work with Council this past year. Together I believe we have built an accomplished and devoted team moving our community forward.

The West Quesnel Land Stability Program remains a priority for the City. In 2012, we were able to complete the installation of the infrastructure required to proceed with our full-scale dewatering program to remove groundwater from the area and reduce land movement. This was indeed an important year for the program. Highlights of the infrastructure particulars are noted on page 6 of this report. Our 2013 program will be just as vigorous as 2012. An extensive monitoring plan will be in place to measure the effects of the dewatering on the land and the environmental surroundings. It will include compensation to wetlands and the testing of water quality from both the wells and horizontal drains. I would like to thank the residents in the study area who have been so patient throughout this process and to the West Quesnel Land Stability Advisory Committee for their genuine commitment to helping us work through this project.

2012 was another great year for the North Cariboo Multi-Centre project. The Fundraising Committee was out in full force with their fundraising campaign. Elected officials for both the City and the Cariboo Regional District vigorously lobbied senior levels of government for funding and continue to do so today.

Our Quesnel Sustainability Task Force forged ahead in 2012 and substantially completed their long-term Integrated Community Sustainability Plan. Council is excited to be able to endorse the plan and put it into action.

I applaud the City's Volunteer Fire Department for their hard work this past year. The dedicated group of 33 volunteers, 5 career members and 1 administrative support clerk protect a population of approximately 24,000. In 2012, they responded to a total of 311 emergencies. The men and women of this department are proud to call themselves volunteer and to provide the high level of service that the public has come to expect.

The City of Quesnel's Public Works Department completed several major projects this year with paving at the forefront. These works include Anderson Drive, Johnston Avenue, Moffat Bridge Approach, and the Kinchant Street overlay paving. We rebuilt Elliott Street including storm water improvements, curbing and sidewalks and replaced the water main at Boyd and Beath Streets on the west side. One of the highlights of 2012 was the completion of production

water well No. 10. The Quesnel Works: Capital Reinvestment Program continues to be very successful. This program identifies our infrastructure needs and sets out a schedule for replacement that allows us to plan for timely and efficient reinvestment projects.

The Quesnel Regional Airport saw a substantial increase in passengers using Central Mountain Air in 2012; the local economy is picking up. Although National Car Rentals closed in Quesnel in late 2012, a new car rental company is actively being pursued. That is a definite void that needs to be filled in our community. The airport also purchased a new chemical spreader which allows both wet and dry de-icing and anti-icing on runway, taxiway and apron surfaces, making our airport winter operations more efficient. The main terminal received a new roof and passengers arriving at the airport will be greeted by a beautiful cedar log sign, carved by local carver Ken Sheen. A successful SkyFest 2012 event took place in August and is scheduled to take place again for 2013. An incredible event!

Quesnel Transit experienced an increase in ridership of approximately 11% in 2012! Council approved five new low-floor accessible replacement buses to go into service in 2013. The City's transit system is operated in partnership with BC Transit and the Cariboo Regional District also contributes funding to the system. In September, we began an extensive transit service review of several aspects of Quesnel Transit and is expected to be completed in 2013.

Our museum manager was successful in several grants for exhibit enhancements with links to images, video and audio clips that can be accessed by scanning QR codes. These works will continue into 2013. We were also successful in our application to the Community Infrastructure Improvement fund which will assist in the upgrade to lighting throughout the galleries, making the facility more energy efficient and up to museum conservation standards. I would also like to compliment the Friends of the Museum and the Commission in establishing the Friends Agency Fund with the Quesnel Community Foundation. They were also busy planning for their 50th anniversary in 2013 to be celebrated August 16 and 17. Drop in and explore the treasures of our community for free during this event.

Council will continue to focus on the financial stability and accountability of the City of Quesnel. Long-term planning with a prioritized set of goals is essential to being a fiscally responsible community.

Quesnel is a remarkable community, home to an unprecedented entrepreneurial spirit, a committed and passionate volunteer base and residents with a strong sense of civic pride. On behalf of City Council, thank you for all the contributions you make to our community and for putting your trust in our leadership.



The City at a glance . . .

Quesnel is a charming city with an area population of about 24,000 people (10,000 within City boundaries), located at the confluence of the Fraser and Quesnel rivers in the heartland of beautiful British Columbia, Canada.

Entrepreneurial spirit, drive and a commitment to excellence are all critical characteristics of success; The City of Quesnel, both as a corporation and a community, embodies and fosters these characteristics.

We take pride in our City, an active, green and connected community that is working to diversify its economy, culture and people.

As an enthusiastic adopter of sustainability principles and practices, Quesnel is keen to be an active proponent of responsible projects that consider long-term ramifications during the business planning process. We believe in effective synergies between business, industry, local government and the community.

Our lifestyle is enviable. We enjoy an incredible four seasons with plenty of sun. Within minutes you can travel from our downtown core to the best of the best. In summer, it is fishing, hiking and the most incredible wilderness adventures in the world. Our renowned Riverfront Trail system affords its users a superb walking and cycling experience while being able to take in the breathtaking scenic vistas of the Fraser and Quesnel Rivers. During the winter months, you can take in our local ski hill, enjoy snow shoeing on our variety of trails, or take to the mountains in your snowmobile. We have an infinite appreciation for arts and culture, while maintaining strong roots to our heritage.

Quesnel is an affordable community, with very reasonable real estate costs and a municipal property tax rate that is the lowest of communities with populations ranging from 6,000 to 50,000 people.

We have an extraordinary community of volunteers who go to remarkable lengths to make this community an even better place. We're a friendly place, where it's hard to walk down the street without having someone greet you warmly.

People who choose to live, work and play in Quesnel don't regret that choice, as the affordability of calling the North Cariboo home is outstanding.

Quesnel is, quite simply, a wonderful community in which to live, invest or vacation. We invite you to visit us in person, or online at www.quesnel.ca. You won't regret it!



2012 Highlights

Land Stability Program completes infrastructure installation

The West Quesnel Land Stability Program entered a new phase in 2012. With all the dewatering infrastructure in place, the program entered a “dewater and monitor” phase.

The 2012 dewatering program was a \$4.7 million project designed to help reduce land movement in the West Quesnel Land Stability study area. It saw the installation of 13 pumping wells, 10 horizontal drain sites consisting of more than 64 drains, major storm drainage work on Stork Avenue and Hawk Street, and the installation of connection piping on all pumping wells and monitoring drains to carry the water from these wells off site.

With that work done, the system is “turned on” and dewatering is underway. The City will monitor the dewatering results until June 2014. At that time, the City will be able to properly evaluate the program and determine next steps. As land movement is highly dependent upon precipitation, this phase is meant to include at least two spring run-off cycles in the data.

Dewatering techniques such as those proposed for West Quesnel have worked in other locations, such as Aberdeen in



Above, horizontal drilling crews install a series of drains into a hillside off Lewis Drive in West Quesnel. The drains stretch 125 metres or more into the hill, allowing groundwater to flow out of the land stability study area. Right, a series of monitoring wells were installed in 2012 designed to measure the effects of the full-scale dewatering program in the West Quesnel Land Stability study area.

Kamloops. The area affected by the ground movement includes about 940 parcels of land, 750 homes, several businesses, one elementary school and is home to more than 20 per cent of the City's population.

More than \$3.1 million was provided for the WQLS Program by the Government of Canada and the Province of British Columbia, through the Building

Canada Fund-Communities Component program, part of Canada's Economic Action



Plan. The City of Quesnel contributed more than \$1.5 million to pay for the full-scale dewatering program. In addition to this, the City has invested more than \$2.1 million on the West Quesnel Land Stability Program since 2000.

For information about the WQLS Program, visit <http://www.quesnel.ca/WQLS.html>.



**West Quesnel
LAND STABILITY PROGRAM**

2012 Highlights

Investing in our roads and our community

The City completed an ambitious capital program in 2012.

The biggest project, other than the WQLS work, was the Elliott Street rehabilitation. This project involved storm water system upgrades, new curb, gutter and sidewalks, and a long stretch of new asphalt. This \$803,000 project was funded by the **Quesnel Works: Capital Reinvestment Program**.



Some of the other paving projects completed in 2012 include Anderson Drive,

Kinchant Street, Barlow Avenue, Johnston Avenue and a number of smaller patching jobs.

Multi-Centre fundraising efforts continue

It was a productive and busy year for the multi-Centre fundraising initiative.

Thanks to the Province of British Columbia, the North Cariboo Multi-Centre came \$4 million closer to reality. The announcement came in April, citing job creation, a healthier community and safe environments for activity as reasons for the investment.

In September, Williams Creek Gold Ltd. announced a \$15,000 contribution.

This was followed in November when West Fraser Mills Ltd. announced a \$1 million commitment to the project.

Several other corporate contributions are in the works, with many more expected to be announced in 2013.

The Cariboo Regional District and City of Quesnel continued to lobby the federal government for funding, which was supported by a postcard-writing campaign that saw thousands of the cards delivered to key members of the federal government cabinet.

The Multi-Centre Fundraising Committee also put together a comprehensive fundraising strategy to secure corporate and grass-roots funding contributions.

As of Dec. 31 2012, the referendum allows borrowing up to \$15 million, with an additional \$2 million coming from the Northern Development Initiative Trust. Adding all the other donations, the fundraising total sits at more than \$22 million of the \$30 million needed.

The North Cariboo Multi-Centre will be a modern facility designed to replace aging infrastructure. It features a 1,600-seat NHL-sized arena, a 450-seat performing arts theatre and accompanying event and assembly space.

More information is available at www.ourmulticentre.com.

Accessibility champions raise awareness

A special campaign urged Quesnel motorists to make sure that accessible parking spaces are there for those who really need it.

Quite often, according to local accessibility champions Lynn Turner and Alison Duddy, spots reserved for those living with a physical disability are taken up by people who don't have a placard and don't need the extra space and convenience those spots provide.

The pair came to City Council with their concerns in September. As a result, October was proclaimed as Accessible Parking Awareness Month.

The City helped the advocates provide public education about the importance of accessible parking, as well as additional bylaw enforcement.

The City made improvements to its accessible parking stalls. Many new signs have been added, and the stalls were painted differently this year to provide more room for those who need it.

Council committed to working with Turner and Duddy to investigate future parking enhancements as well.

2012 Highlights

ourQuesnel takes sustainability to the next level

The ourQuesnel: Sustainability in Action process got underway after the City received a \$100,000 grant from the Innovations Fund of the Gas Tax Agreement.



The community took part in several workshops throughout the year to envision Quesnel's future 40 years from now.

Quesnel is developing a comprehensive, community-wide, long-term sustainability vision, plan, and process through the initiative. It is meant to include as many community members and organizations as are willing to participate.

From community outreach, surveys and workshops to open houses and public information campaigns, the City's Sustainability Task Force collected input and action ideas designed to envision Quesnel's future a generation from now.

Out of this outreach program, a series of Desired Outcome Statements (DOS) were created to paint a picture of where Quesnel residents would like to see the community in 40 years.

The DOS fall within 10 strategy areas:

- Economy, work, education and skills training.
- Transportation and mobility.
- Energy, water, resources and waste.
- Food.
- Social and community well-being.
- Ecosystems, natural areas and parks.
- Communications and connectivity infrastructure.
- Buildings and sites.

- Arts, culture, recreation and leisure.
- Housing and land use.

Between four and 10 DOS were created for each of these strategy areas. Some examples included:

- Quesnel's diverse and resilient economy is based on the strength of the area's natural resources and is supportive of emerging economic sectors.
- The transportation system is convenient, cost-effective and affordable, and allows for efficient and safe

movement of people, vehicles and goods.

- Education, responsibility and compact development patterns allow for the protection, maintenance and preservation of ecosystems, natural areas, parks, and natural resources.
- There is a diversity of housing options, including a range of types, tenures and prices. Housing options create equitable and inclusive neighbourhoods for all ages and abilities.

The process then leads to the creation of a series of actions to be taken in 2013 that lead towards achieving these types of success statements.

A formal Integrated Community Sustainability Plan will be created that should guide the City and its partners throughout their planning processes now and into the future.

For more about ourQuesnel, visit www.ourquesnel.com or facebook.com/ourquesnel.

Landfill enters new era of improved sustainability

A new entrance and weigh scales opened at the Quesnel landfill on November 28.

The controlled access was put in place for a number of reasons, including:

- It is environmentally responsible.
- It extends the landfill's life, saving taxpayers money.

- The ourQuesnel process showed a desire in the community for projects that consider a wide range of sustainability pillars, such as finances and the environment.
- It provides greater control over what is disposed of in the landfill.

The new system rewards those who recycle and separate their waste. Residents who have less than 350 kilograms of household garbage, and who separate their recycling, pay no fees. But an individual who throws a mix of garbage, recycling, yard waste and other waste types in one bin pays by weight.

2013 Strategic Plan

Introduction

Quesnel City Council has adopted a more long-term, visionary approach to strategic planning. While annual strategic plans are completed, they now tend to fall into longer, three-year plans that coincide with the Council's term of office. The goal of the strategic planning process is to guide the City's short- and long-term corporate management, decision-making and implementation.

The 2012-2014 City of Quesnel Corporate Strategic Plan updates previous corporate strategic planning work and integrates the priorities of the new Council for its 3-year term. The 2012-2014 Plan was developed at a workshop held February 2 and 3, 2012. The 2013 update to the 3-year plan was completed in December, 2012 with both Council and staff participation.

For the purpose of the 2012 Annual Report, only sections pertinent to 2012 action items have been included. The entire strategic plan is available on the City's website at www.quesnel.ca/Reports2012.

2013 Goal areas

Over time the City of Quesnel has identified key strategic objectives of the corporation. These were carried forward from the 2012-2014 Strategic Plan and remain the guiding directions for the Corporation.











The strategic objectives of the City of Quesnel are:

- Sustainability in all Planning
- Community Health and Safety
- Financial Stability of the Corporation
- Economic Diversification
- Infrastructure Re-investment
- Environmental Stewardship
- Governance

Ongoing operational activities of the municipality consume the vast majority of the municipality's staff and financial resources. Although the strategic objectives are intended to guide all of the work of the municipality, the ongoing operational work of the municipality is not detailed here. Only a relatively small proportion of the municipality's work, specifically new, special, one-time or similar initiatives, are noted.

Incorporating ourQuesnel

The ourQuesnel: Sustainability in Action process lead to the development of 10 strategy areas. Ten individual icons representing those areas were developed.

-  Economy, work, education and skills training.
-  Transportation and mobility.
-  Energy, water, resources and waste.
-  Food.
-  Social and community well-being.
-  Ecosystems, natural areas and parks.
-  Communications and connectivity infrastructure.
-  Buildings and sites.
-  Arts, culture, recreation and leisure.
-  Housing and land use.



When actions fall into one or more of these areas, the icons are used to illustrate that fact.

2013 Strategic Plan

Sustainability in all planning

Goal

To ensure Quesnel is an economically, environmentally, and socially sustainable community.

Objective

Carry out the ourQuesnel (Integrated Community Sustainability Planning) process.

Actions:      

- Complete the ourQuesnel Integrated Community Sustainability Plan.
- Promote ourQuesnel through public engagement and encourage community participation.
- Develop a partnership with property owners to investigate Brownfield Strategy funding.
- Meet with re-use groups to understand the re-use cycle and identify service gaps.

Objective

Affordable housing.

Actions: 

- Complete secondary suites consultation.
- Prepare consultation summary report and recommendations for policy amendment.

Objective

Develop Master Parks Plan.

Actions:    

- Complete a parks plan scoping exercise with staff.
- Complete a sensitive areas inventory for Quesnel.

Community health and safety

Goal

To ensure a healthy and safe community for residents, business and industry.

Objective

Continue work on the West Quesnel Land Stability Program.

Actions:        

- Complete the paving and landscaping from the 2012 work season.
- Monitor the results of the de-watering program.
- Conduct a public information campaign in the spring providing an update on 2012 work, results and next steps.
- Develop a plan for lobbying for the next phase of the work program.



2013 Strategic Plan

Objective

Volunteerism.

Actions: 💰➡️ 👥

- Develop a strategy to increase volunteers at the Quesnel Volunteer Fire Department.
- Develop a strategy to address the volunteer needs of other community groups providing services on behalf of the City.
- Investigate the development of a Community Volunteer Database, designed to identify volunteer gaps, research deficits and surpluses, and attract volunteers.

Objective

North Cariboo Multi-Centre.

Actions: 🎨💰➡️ 💡👥 🌳 🏠 🏢

- Secure final funding required through fundraising and grant programs for the project to proceed.
- Update the Request For Qualifications and Request For Proposals documents as necessary.
- Issue the RFQ, short list the proponents to participate in the RFP, and issue the RFP.



Objective

Support the Quesnel Volunteer Fire Department.

Actions: 💰➡️ 👥 🏠 🏢

- Identify the short-term capital needs regarding the Fire Hall (one to five years) and report to Council.

Objective

Safer neighbourhoods.

Actions: 👥 🏠

- Ask RCMP to consider the issue of drug-related dwellings and report to Council with options and if there are specific actions the City can take to further support the RCMP.

2013 Strategic Plan



Financial stability of the Corporation

Goal

To ensure the long-term financial sustainability of the City of Quesnel.

Objective

Undertake short- and long-term financial planning for the Corporation which will balance revenues, expenditures and service levels.

Actions: 

- Create a plan that discusses service prioritization and options for when assessment losses occur.
- Review the taxes and fees of other municipalities as part of the budget process.
- Continue to review the actual costs of services provided by the City to ensure fees collected are sufficient to cover costs and create a reserve for future capital reinvestment.

Objective

External Community Funding Partnerships.

Actions:          

- Continue to revise Council's "Top 20" list of projects that require funding from external sources.

Economic stability and diversification

Goal

To be a viable, prosperous and resilient community, that uses competitive and progressive business/industry attraction and retention practices.

Objective

Partner with First Nations, other levels of government, industry and other appropriate stakeholders to examine transition planning for the North Cariboo.

Actions:  

- Ensure mutual alignment of City of Quesnel and Quesnel Community and Economic Development Corporation Strategic Planning processes.
- Work with the QCEDC to ensure that an appropriate amount of time be spent searching for grants and writing applications that benefit the City's corporate directive.
- Investigate the provincial government's economic transition investment plan.
- Host community-to-community forum with First Nations, with a focus on economic relationships.

2013 Strategic Plan

Infrastructure re-investment

Goal

To ensure municipal infrastructure is maintained and renewed.

Objective

Ensure the Corporation has the resources to undertake needed infrastructure re-investment.

Actions:        

- Conduct a capital works program that includes a paving program and upgrades to water, sewer and storm water systems.
- Update the Quesnel Works: Capital Reinvestment Program model work to a 20-year asset plan.
- Begin to identify priority infrastructure and determine the levels at which certain infrastructure will be maintained.
- Develop and launch a comprehensive public information campaign dealing with the Quesnel Works: Capital Reinvestment Program.
- Acquire land and develop plans for a new Public Works facility.
- Develop options regarding the Moffat Bridge re-decking.
- Develop a lobbying plan to secure grant funding for North Quesnel storm water system upgrades.
- Develop a phased, risk-based approach for North Quesnel storm water system upgrades.



Environmental stewardship

Goal

To ensure the City of Quesnel is a steward of the environment for future generations.

Objective

Improve energy efficiency in City facilities and operations.

Actions:     

- Direct Digital Control System Expansion at City Hall to improve energy efficiency.
- Replace hot water tank at City Hall with more energy efficient model.
- Upgrade lighting at the Museum to be more energy efficient.
- Develop a plan to green the fleet.
- Continue feasibility work on the Quesnel Community Energy System, including the impact on and interaction with City facilities.

2013 Strategic Plan

Governance

Goal

To provide stable, progressive, respectful and continually improving leadership that is effective, proactive and responsible in its actions.

Objective

First Nations Relations.

Actions:    

- Continue partnership with First Nations regarding the Friendship Centre project.
- Continued support for the St. Joseph's commemoration project.
- Continue to develop staff-to-staff working relationships.

Objective

Conduct Policy Review.

Actions:

- Create an administration policy group to update policies.
- Start meetings with Council policy committee to update policies.

Objective

Council agenda improvements.

- Streamline Council Information Package for public agendas.
- Develop more inclusive quarterly reporting methods.
- Make summary section of staff reports concise, yet encompassing, with more detailed information provided in the background section.

Objective

Conduct Bylaw Review.

Actions:

- Develop list of outdated bylaws, re-prioritize and report to Council as appropriate.

Objective

Undertake Human Resources planning.

Actions:



- Develop workforce succession plan.
- Develop staff training policy.
- Review department capacity and structure of departments, including Public Works.

Objective

Committee Review.

Actions:  

- Review committee Terms of Reference.
- Review staff involvement on committees.
- Review committee effectiveness.

Summary

The City of Quesnel has committed considerable resources to strategic planning, resulting in a focused plan that can guide the work of the City over the immediate council term and beyond.

Staff will provide regular quarterly progress updates to Council on the status of the projects outlined in the plan. These reports will be prepared in a simple and straightforward report and table format with sufficient detail to communicate essential information.



2012 Financial Statements

**A complete copy of the
audited Consolidated Financial Statements for the year ended December 31, 2012
is available on the City's website at
www.quesnel.ca/Finance.html#AnnualReports**

2012 Financial Statements

Consolidated Statement of Financial Position as at December 31, 2012

	<u>2012</u>	<u>2011</u>
Financial Assets		
Cash and investments - note 2	\$20,869,744	\$18,076,078
Taxes and accounts receivable - note 3	4,171,824	2,609,711
Property acquired for taxes	34,507	5,894
MFA debt reserve - note 4	165,706	169,348
	<u>25,241,781</u>	<u>20,861,031</u>
Liabilities		
Accounts payable and accrued liabilities - note 5	6,665,144	2,841,108
Landfill closure - note 6	715,871	829,919
Deferred revenue - note 7	2,159,202	2,132,730
MFA debt reserve	165,706	169,348
Municipal debt - note 10	8,223,231	8,839,257
	<u>17,929,154</u>	<u>14,812,362</u>
Net Financial Assets	<u>7,312,627</u>	<u>6,048,669</u>
Non-Financial Assets		
Prepaid expenses	222,331	193,823
Inventory of supplies	352,796	399,490
Tangible capital assets - note 11	80,731,500	76,824,422
	<u>81,306,627</u>	<u>77,417,735</u>
Accumulated Surplus	<u>\$88,619,254</u>	<u>\$83,466,404</u>
Represented By:		
Operating Fund	\$7,588,408	\$6,552,310
Allocated Surplus	1,326,820	1,045,998
Statutory Reserves - Schedule 2	7,195,759	7,882,933
Equity in tangible capital assets - note 12	72,508,267	67,985,163
	<u>\$88,619,254</u>	<u>\$83,466,404</u>

See accompanying notes.

2012 Financial Statements

Consolidated Statement of Operations for the Year Ended December 31, 2012

	<u>2012</u> <u>BUDGET</u> (unaudited)	<u>2012</u> <u>ACTUAL</u>	<u>2011</u> <u>ACTUAL</u>
Revenues			
Property taxes and grants in lieu - note 14	\$14,809,769	\$14,930,495	\$13,700,696
Sale of services - note 15	1,663,765	2,033,601	2,173,645
Government grants - note 16	4,695,378	4,219,546	1,931,631
Donations	-	176,000	2,327
Services provided to other governments	935,065	1,014,971	956,205
Investment Income	225,000	262,167	297,558
Utility user fees - note 15	1,929,256	1,852,687	1,749,302
Debt forgiven/reserve fund revenue	-	-	139,904
MFA actuarial adjustment	-	152,841	425,344
Other	484,196	384,477	398,763
	<u>24,742,429</u>	<u>25,026,785</u>	<u>21,775,375</u>
Expenses			
General government services	2,338,613	2,241,534	2,087,874
Protective services	4,901,359	4,842,645	4,603,935
Transportation services	3,010,297	2,776,855	3,062,167
Solid waste management and recycling	1,203,396	1,143,692	1,320,991
Development services and planning	822,600	827,110	734,381
Recreation and cultural services	1,206,326	1,179,060	1,176,686
Operations	3,394,803	3,043,638	2,798,816
Interest expense	489,063	483,242	639,848
Amortization	3,200,000	3,208,806	3,165,858
	<u>20,566,457</u>	<u>19,746,582</u>	<u>19,590,556</u>
 Subtotal	 4,175,972	 5,280,203	 2,184,819
 (Loss) on sale of tangible capital assets	 -	 (127,353)	 (77,946)
 Annual Surplus	 4,175,972	 5,152,850	 2,106,873
 Accumulated surplus at beginning of year	 83,466,404	 83,466,404	 81,359,531
 Accumulated surplus at end of year	 <u>\$87,642,376</u>	 <u>\$88,619,254</u>	 <u>\$83,466,404</u>

See accompanying notes.

2012 Financial Statements

Consolidated Statement of Changes in Net Financial Assets for the Year Ended December 31, 2012

	2012 <u>BUDGET</u> (unaudited)	<u>2012</u>	<u>2011</u>
Annual Surplus	\$4,175,972	\$5,152,850	\$2,106,873
Tangible capital assets purchased	(9,436,298)	(7,246,237)	(3,599,696)
Amortization of tangible capital assets	3,200,000	3,208,806	3,165,858
Loss on sale of tangible capital assets	-	127,353	77,946
Proceeds on sale of tangible capital assets	5,000	3,000	5,170
	<u>(2,055,326)</u>	<u>1,245,772</u>	<u>1,756,151</u>
Acquisition of supply inventory	-	46,694	(41,641)
Use of prepaid expense	-	(28,508)	
	<u>-</u>	<u>18,186</u>	<u>(36,079)</u>
Increase (decrease) in net financial assets	(2,055,326)	1,263,958	1,720,072
Net financial assets at beginning of year	<u>6,048,669</u>	<u>6,048,669</u>	<u>4,328,597</u>
Net financial assets at end of year	<u><u>\$3,993,343</u></u>	<u><u>\$7,312,627</u></u>	<u><u>\$6,048,669</u></u>

See accompanying notes.

2012 Financial Statements

Consolidated Statement of Cash Flow for the Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
Operating transactions		
Annual surplus	\$5,152,850	\$2,106,873
Non-cash items:		
Amortization	3,208,806	3,165,858
(Increase) decrease in prepaid expenses	(28,508)	5,562
(Increase) decrease in supply inventory	46,694	(41,641)
Changes to financial assets/liabilities:		
(Increase) decrease in taxes and accounts receivable	(1,562,113)	1,848,211
Decrease in MFA cash deposits	3,642	74,755
Increase in property acquired for taxes	(28,613)	(4,526)
Increase (decrease) in accounts payable and accrued liabilities	3,824,036	(118,219)
Increase (decrease) in landfill closure	(114,048)	89,177
Increase in deferred revenue	26,472	516,252
Decrease in MFA debt reserve	(3,642)	(74,755)
Cash provided by operating transactions	<u>10,525,576</u>	<u>7,567,547</u>
Capital transactions		
Acquisition of tangible capital assets	(7,246,237)	(3,599,696)
Proceeds from the sale of tangible capital assets	3,000	5,170
Loss on the sale of tangible capital assets	127,353	77,946
Cash applied to capital transactions	<u>(7,115,884)</u>	<u>(3,516,580)</u>
Financing transactions:		
Debt repayment	(463,185)	(538,794)
Actuarial adjustments	(152,841)	(425,344)
Cash applied to financing transactions	<u>(616,026)</u>	<u>(964,138)</u>
Increase in cash and investments	2,793,666	3,086,829
Cash and investments at beginning of year	<u>18,076,078</u>	<u>14,989,249</u>
Cash and investments end of year	<u><u>\$20,869,744</u></u>	<u><u>\$18,076,078</u></u>

See accompanying notes.

2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

1. TRUST FUNDS

The City operates the Quesnel municipal cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act. The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2012, the balance of the funds was \$198,700 (2011-\$196,045).

2. CASH AND INVESTMENTS

	<u>2012</u>	<u>2011</u>
Restricted cash and investments		
Statutory reserves	\$7,195,759	\$7,882,933
Deferred revenues	2,159,202	2,132,730
	9,354,961	10,015,663
Unrestricted cash and investments	11,514,783	8,060,415
Total cash and investments	\$20,869,744	\$18,076,078

3. TAXES AND ACCOUNTS RECEIVABLE

	<u>2012</u>	<u>2011</u>
Property taxes	\$670,102	\$753,957
Federal government	1,401,667	388,672
Provincial government	1,070,705	251,850
Regional government	467,173	336,580
General	562,177	878,652
Total taxes and accounts receivable	\$4,171,824	\$2,609,711

4. DEPOSIT AND RESERVE - MUNICIPAL FINANCE AUTHORITY

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

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

Upon the maturity of the debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the City. The proceeds from these discharges will be credited to income in the year they are received. As of December 31, the total of the Debt reserve fund was comprised of:

	<u>2012</u>	<u>2011</u>
Cash deposits *	\$165,706	\$169,348
Demand notes	406,557	406,557
	\$572,263	\$575,905

*Only the cash portion of MFA deposits is included as a financial asset.

2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Federal government	\$1,263	\$199,992
Provincial government	78,368	(23,240)
Regional government	827	827
Multi-Centre Grant to Cariboo Regional District	4,065,771	-
General	2,288,303	2,418,050
Accrued interest	77,970	84,252
Deposits	152,642	161,227
Total accounts payable and accrued liabilities	<u>\$6,665,144</u>	<u>\$2,841,108</u>

6. SANITARY LANDFILL

	<u>2012</u>	<u>2011</u>
Landfill closure liability	<u>\$715,871</u>	<u>\$829,919</u>

The City of Quesnel currently operates a sanitary landfill site at Carson Pit road. The operation of this site is governed by the BC Ministry of Environment, Lands and Parks (MoELP) - Operational Certificate No. MR3132. The future closure and post-closure care of the site are also under the direction of the MoELP.

The City of Quesnel has a Memorandum of Understanding with the Cariboo Regional District for the operation of this landfill. As per the MOU the Cariboo Regional District is responsible for 34% of the post closure costs and the City is responsible for the remaining 66%.

Operating Landfill

	<u>2012</u>
Estimated Future Closure and Post Closure Costs over the next 50 years	\$3,514,978
Discount Rate	4.05%
Present Value of Estimated Closure and Post Closure Costs	1,653,191
Expected year capacity will be reached	2031

Capacity (tonnes)

Used to Date	1,460,800
Remaining	765,700
Total	2,226,500
Percent Utilized	66%
Liability Based on Percentage	<u>1,084,654</u>

City's Portion of Liability	66%	<u>\$715,871</u>
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2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

7. DEFERRED REVENUE

	<u>2012</u>	<u>2011</u>
Federal Gas Tax	\$1,444,070	\$1,409,220
Development Cost Charges	708,659	679,566
Other	6,473	43,944
	<u>\$2,159,202</u>	<u>\$2,132,730</u>

8. FEDERAL GAS TAX

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the local government and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

Gas Tax Agreement Funds

	<u>2012</u>	<u>2011</u>
Opening Balance of unspent funds	\$1,409,220	\$910,693
Add: Amount received during the year	425,948	475,009
Interest earned	21,179	23,518
Less: Amount spent on projects	(412,277)	-
Closing Balance of unspent funds	<u>\$1,444,070</u>	<u>\$1,409,220</u>

2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

9. DEVELOPMENT COST CHARGES

Development Cost charges are restricted revenue liabilities representing funds received from developers and deposited into a separate reserve fund for capital expenses. In accordance with Canadian public sector accounting standards, the City records these funds as restricted revenue which is then recognized as revenue when the related costs are incurred.

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Sanitary	\$89,372	\$29	\$1,319	-	\$90,720
Water	321,811	10,210	4,826		336,847
Storm	148,561	4,517	2,226		155,304
Roads	116,158	4,166	1,746		122,070
Parks	3,664	-	54		3,718
	\$679,566	\$18,922	\$10,171	-	\$708,659

10. MUNICIPAL DEBT

	Opening Balance	Additions	Principal Payments	Actuarial Adjustment *	Closing Balance
General Capital					
MFA					
85 Fire Truck	\$912,345	-	\$23,048	\$9,382	\$879,915
95 New City Hall	5,044,375	-	144,070	38,226	4,862,079
97 Soccer Fields	126,341	-	103,843	22,498	-
99 Johnston Bridge	767,438	-	79,863	17,302	670,273
	6,850,499	-	350,824	87,408	6,412,267
Water Capital					
73 Southills Water	1,704,151	-	99,447	58,314	1,546,390
77 Southills Water	284,607	-	12,914	7,119	264,574
	1,988,758	-	112,361	65,433	1,810,964
TOTAL	\$8,839,257	-	\$463,185	\$152,841	\$8,223,231

The following principal amounts are payable over the next five years:

	2013	2014	2015	2016	2017
General	\$246,983	\$246,983	\$246,983	\$246,983	\$246,983
Water Funds	112,361	112,361	112,361	112,361	112,361
	\$359,344	\$359,344	\$359,344	\$359,344	\$359,344

* Actuarial Adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of the outstanding debt.

2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

12. TANGIBLE CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Land	\$11,143,469	\$10,965,153
Land Improvements	12,777,784	12,817,557
Buildings	12,196,340	12,431,329
Roads	15,793,765	15,347,549
Machinery & Equipment	3,170,210	3,221,071
Water Systems	13,653,162	12,877,888
Sewer Systems	3,393,818	3,543,466
Drainage Systems	5,681,227	2,494,756
Furniture, Equipment & Technology	460,476	509,348
Motor Vehicles	1,313,870	1,007,656
Construction in Progress	1,147,379	1,608,649
	<u>\$80,731,500</u>	<u>\$76,824,422</u>

Contributed capital assets received and recognized from developers, for various infrastructure works and related land and parks, and recorded on the financial statements is \$0 (2011 \$0).

Works of Art/Historical Treasures

The City owns a number of works of art/historical treasures which have not been included in the tangible capital assets. This includes all historical items in the museum, the Gold Pan, the Caboose at West Fraser Timber Park and the various artifacts on the River Walk including the steam shovel, waterwheel and the bulldozer.

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1).

12. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets (TCA) represents the net book value (NBV) of total tangible capital assets less long term obligations to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	<u>2012</u>	<u>2011</u>
Equity in TCA, beginning of year	\$67,985,163	\$66,670,303
Add: Capital Acquisitions	7,246,237	3,599,696
Debt principal payment	463,185	538,794
Actuarial Adjustment	152,841	425,344
Less: Dispositions at NBV	(130,353)	(83,116)
Amortization	(3,208,806)	(3,165,858)
Equity in TCA, end of year	<u>\$72,508,267</u>	<u>\$67,985,163</u>

2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

13. NET TAXATION AND GRANTS IN LIEU

	<u>2012</u>	<u>2011</u>
Taxes collected		
Property Taxes	\$21,772,804	\$20,648,875
Special Assessments	199,277	199,115
1% Utility Tax	615,539	564,534
Grants in Lieu of Taxes	155,739	157,631
Penalties and Interest on taxes	146,546	160,657
	<u>22,889,905</u>	<u>21,730,812</u>
 Less transfers to other governments		
School District	4,083,254	4,168,853
Regional District	2,797,887	2,756,326
Regional Hospital District	939,983	961,912
Other	138,286	143,025
	<u>7,959,410</u>	<u>8,030,116</u>
 Net Taxes available for municipal purposes	<u>\$14,930,495</u>	<u>\$13,700,696</u>

14. SALE OF SERVICES, USER RATES, RENTALS

	<u>2012</u>	<u>2011</u>
Transit user fees	\$124,565	\$120,406
Airport user fees	243,877	240,099
Airport fuel sales	535,867	473,796
Garbage Fees	568,111	580,927
Rentals, licenses and permits	365,492	519,291
Other	195,689	239,126
Total Sale of Services	<u>\$2,033,601</u>	<u>\$2,173,645</u>
 Water user rates	\$1,031,579	\$972,935
Sewer user rates	821,108	776,367
Total Utility User Fees	<u>\$1,852,687</u>	<u>\$1,749,302</u>

2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

15. GOVERNMENT TRANSFERS

		<u>2012</u>	<u>2011</u>
Federal:	Conditional transfers	\$1,202,584	\$337,406
Provincial:	Conditional transfers	866,291	837,001
	Unconditional transfers	1,695,749	674,489
Regional/Other:	Conditional transfers	454,922	82,735
		<u>\$4,219,546</u>	<u>\$1,931,631</u>

16. EXPENSES BY OBJECT

	<u>2012</u>	<u>2011</u>
Goods and Services	\$3,851,958	\$3,453,183
Salary, Wages & Benefits	7,404,624	7,651,852
RCMP Contract	2,258,085	2,125,629
Contractors/Subcontractors	1,501,846	1,584,251
Utilities - Electricity/Natural Gas	718,706	655,808
Amortization	3,208,806	3,165,858
Insurance	319,315	314,127
Interest and Finance Charges	483,242	639,848
	<u>\$19,746,582</u>	<u>\$19,590,556</u>

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The City's financial instruments consist of cash and investments, taxes and accounts receivable, accounts payable and accrued liabilities and municipal 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.

The City is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

18. COMMITMENTS AND CONTINGENCIES

a. The City is jointly and severally liable under the provisions of Sections 835 and 836 of the Local Government Act for any default on monies borrowed by the Cariboo Regional District.

b. Revitalization Tax Exemption Program:

The City is committed under Bylaw 1593, cited as City of Quesnel Revitalization Tax Exemption Program Bylaw and adopted under the provisions of Section 226 of the Community Charter, to provide municipal tax relief to West Fraser Mills Ltd. The Bylaw provides that the City may designate an area as a revitalization area and establish a tax revitalization program for that area.

The Bylaw provides tax relief for a period of 5 years, with a renewal period of a further 5 years. The City has agreed to give tax relief to a maximum of \$6,000,000, divided in equal amounts of \$600,000 over the 10 year term. The first fiscal year impacted by the tax relief program was 2007.

2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

c. Municipal Insurance Association:

The City is a subscribed member of the Municipal Insurance Association of British Columbia (the "Exchange") as provided by section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the City is assessed a premium and specific deductible for its claims based on population. The obligation of the City with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange is in every case several, not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscribers may suffer.

d. Municipal Pension Plan:

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee 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 Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

The latest valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available later in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The City of Quesnel paid \$655,870 for employer contributions to the Plan in fiscal 2012 (\$628,853 - 2011).

e. Co-ownership Agreement for the Quesnel Library:

The City and the Cariboo Regional District completed a co-ownership agreement for the Quesnel Library in 2009, which is now housed in City Hall.

Under the agreement, the District purchased a 1/5 undivided fee simple interest in the building which enabled the occupation by the District of the first floor for use as a regional library. The price for this 1/5 interest was \$1,100,000. The City purchased the existing library site from the District for \$122,000.

If the City opts out of the library function within 10 years, it will repurchase the District's interest for \$1,100,000, together with tenant improvements incurred by the District. If the City opts out of the library function after 10 years, the repurchase price will be determined by an independent appraiser but will not exceed the original purchase price of \$1,100,000.

If the District opts to leave within 10 years, the City will repurchase the District's interest for \$1,100,000. If the District opts to leave after 10 years, the City will repurchase the interest for a price to be determined by an independent appraiser, but not in excess of \$1,100,000.

f. Multi-Centre Project:

In 2012, the City of Quesnel received a \$4.0 million grant from the Province of British Columbia for the construction of the North Cariboo Multi-Centre. This is a Cariboo Regional District project that will be funded through the North Cariboo Recreation Service Area. Once the project proceeds, these funds and interest will be forwarded to the Cariboo Regional District.

g. During the course of the year, the City may be a defendant in a lawsuit. The City reviews any claims or potential claims made against it on a yearly basis to determine if they would be covered by insurance, and if not, whether a claim that would not be successfully defended would have a material effect on the consolidated financial statements.

The management of the City is not aware of any claims or potential claims that if not successfully defended would have a material effect on the consolidated financial statements. If a claim was paid as a result of the outcome of litigation it would be treated as an expenditure.

2012 Financial Statements

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2012

19. 2012 BUDGET

The budget amounts presented throughout these financial statements are unaudited and represent the five year financial plan approved by the Mayor and Council on May 14, 2012. The budget for QCEDC was approved by their Board on November 14, 2011 and forwarded to the City for Council's approval and incorporation into the five year financial plan approved May 14, 2012.

20. SEGMENTED INFORMATION

The City of Quesnel is a diversified local government providing a wide range of services to approximately 10,000 residents, including general government, water, sewer, transit and airport services. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment as well as amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed on Page 4. The segments include:

General Government which provides services for transportation, fire protection, policing, planning and development, solid waste management, recreation and cultural services, cemetery and general administration.

Water which provides water services.

Sewer which provides sewer services.

Transit which administers all transit operations in Quesnel.

Airport which operates the City's airport.

21. RECENT ACCOUNTING PRONOUNCEMENTS

Liability for Contaminated Sites (PS 3260)

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 Liability for Contaminated Sites to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, and provides the related financial statement presentation and disclosure requirements. PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The City has not yet determined the effect of the new section on its consolidated financial statements.

2012 Financial Statements

Consolidated Tangible Capital Assets as at December 31, 2012 - Schedule 1

	Land		Buildings	Roads	Machinery & Equipment	Engineering Structures		
	Land	Improvements				Water	Sewer	Drainage
Historical Cost:								
Opening Balance	\$10,965,153	\$20,496,543	\$17,540,683	\$27,689,514	\$5,706,791	\$25,282,706	\$8,067,552	\$7,265,101
Additions	178,316	552,525	217,515	1,099,765	334,203	1,304,673	20,791	3,411,682
Disposals		(92,547)	(58,633)	(202,129)	(48,275)			(16,380)
Closing Balance End of Year	11,143,469	20,956,521	17,699,565	28,587,150	5,992,719	26,587,379	8,088,343	10,660,403
Accumulated Amortization:								
Opening Balance		7,678,986	5,109,354	12,341,965	2,485,720	12,404,818	4,524,086	4,770,345
Amortization Expense		543,109	412,389	612,886	385,064	529,399	170,439	224,825
Effects of Disposals		(43,358)	(18,518)	(161,466)	(48,275)			(15,994)
Closing Balance End of Year		8,178,737	5,503,225	12,793,385	2,822,509	12,934,217	4,694,525	4,979,176
NET BOOK VALUE								
End of Year	\$11,143,469	\$12,777,784	\$12,196,340	\$15,793,765	\$3,170,210	\$13,653,162	\$3,393,818	\$5,681,227
	Furniture Equipment & Technology	Motor Vehicles	Construction in Progress		2012 Total	2011 Total		
Historical Cost:								
Opening Balance	\$1,069,944	\$4,971,102	\$1,608,649		\$130,663,738	\$127,833,861		
Additions	71,425	516,612	(461,270)		7,246,237	3,599,696		
Disposals	(49,658)	(15,355)			(482,977)	(769,819)		
Closing Balance End of Year	1,091,711	5,472,359	1,147,379		137,426,998	130,663,738		
Accumulated Amortization:								
Opening Balance	560,596	3,963,446	-		53,839,316	51,360,161		
Amortization Expense	120,297	210,398			3,208,806	3,165,858		
Effects of Disposals	(49,658)	(15,355)			(352,624)	(686,703)		
Closing Balance End of Year	631,235	4,158,489	-		56,695,498	53,839,316		
NET BOOK VALUE								
End of Year	\$460,476	\$1,313,870	\$1,147,379		\$80,731,500	\$76,824,422		

2012 Financial Statements

Consolidated Statement of Statutory Reserve Fund Activities - Schedule 2 Year Ended December 31, 2012

	Capital Reinvestment	Other Capital reserves	General Capital	Land Sales	West Quesnel Land Stability	Tax Stabilization	Park Reserve	2012 Total	2011 Total
Opening Balance	\$1,736,358	\$750,598	\$3,114,214	\$503,512	\$1,514,220	\$164,912	\$99,119	\$7,882,933	\$8,275,281
Transfers In	1,276,153	8,580	948,742	257,000	-	357,603	-	2,848,078	2,908,926
Interest Earned	24,893	8,176	47,850	9,329	13,815	5,074	1,463	110,600	163,800
Transfers Out	(1,376,219)	(51,351)	(1,061,644)	-	(1,156,638)	-	-	(3,645,852)	(3,465,074)
Closing Balance	\$1,661,185	\$716,003	\$3,049,162	\$769,841	\$371,397	\$527,589	\$100,582	\$7,195,759	\$7,882,933

Segmented Statement - Year Ended December 31, 2012 - Schedule 3

	GENERAL	QCEDC	WATER	SEWER	TRANSIT	AIRPORT	TOTAL
Revenues							
Property taxes and grants in lieu	\$13,413,564	-	\$741,811	\$216,605	\$312,662	\$245,853	\$14,930,495
Sale of services	981,047	\$45,871	89,119	13,254	124,565	779,745	2,033,601
Government grants	4,182,919	36,627	-	-	-	-	4,219,546
Donations	176,000	-	-	-	-	-	176,000
Services provided to other governments	720,269	229,770	-	-	64,932	-	1,014,971
Investment Income	196,606	-	45,089	14,468	2,845	3,159	262,167
Utility user fees	-	-	1,031,579	821,108	-	-	1,852,687
MFA actuarial adjustment	87,411	-	65,430	-	-	-	152,841
Other	346,535	-	1,226	-	1,800	34,916	384,477
	20,104,351	312,268	1,974,254	1,065,435	506,804	1,063,673	25,026,785
Expenses							
General government services	2,241,534	-	-	-	-	-	2,241,534
Protective services	4,842,645	-	-	-	-	-	4,842,645
Transportation services	2,776,855	-	-	-	-	-	2,776,855
Solid waste management and recycling	1,143,692	-	-	-	-	-	1,143,692
Development services and planning	549,708	277,402	-	-	-	-	827,110
Recreation and cultural services	1,179,060	-	-	-	-	-	1,179,060
Operations	116,090	-	979,921	514,356	441,012	992,259	3,043,638
Interest expense	375,718	-	107,524	-	-	-	483,242
Amortization	2,101,764	990	536,376	179,961	-	389,715	3,208,806
	15,327,066	278,392	1,623,821	694,317	441,012	1,381,974	19,746,582
Subtotal	4,777,285	33,876	350,433	371,118	65,792	(318,301)	5,280,203
(Loss) on sale of tangible capital assets	(105,571)	-	-	-	-	(21,782)	(127,353)
Annual Surplus	\$4,671,714	\$33,876	\$350,433	\$371,118	\$65,792	\$(340,083)	\$5,152,850

Note: QCEDC stands for the Quesnel Community and Economic Development (2002) Corporation

2012 Financial Statements

Property Tax Exemptions 2012

Charitable, Philanthropic or other not-for-profit corporations

Roll #	Organization	Total Exemption Amount
87.000	Quesnel Masonic Temple Society	\$2,509
206.00	Salvation Army	5,636
218.000	Quesnel & District Child Development Centre	12,597
247.000	Quesnel Women's Resource Centre	2,045
248.000	Quesnel Women's Resource Centre	492
267.000	Amata Transition House Society	2,826
314.000	Fraser Village Homes Society	2,655
332.000	Royal Canadian Legion Branch 94	9,213
418.010	Quesnel & District Seniors Society	31,395
419.000	Quesnel Curling Club	15,809
1550.080	Quesnel & District SPCA	3,342
2189.000	Quesnel Tillicum Society	3,603
2193.000	Quesnel Tillicum Society	277
4013.083	Royal Canadian Legion Branch 94	5,537
4208.000	Quesnel Elks Club	1,378
4209.000	Quesnel Elks Club	1,005
4210.000	Quesnel Elks Club	1,755
5862.500	Quesnel Auto Racing Association	8,884
		110,959

Church Land and Land surrounding statutory exemptions

Church Owned Lands - 224 (2)(f)

220.000	Fraser Basin	4,048
329.000	United Church of Canada	1,243
328.000	United Church of Canada	1,464
961.000	Roman Catholic Bishop	1,949
1200.890	Northstar Fellowship Baptist Church	1,786
2025.000	Trinity Lutheran Church	460
2602.000	Cariboo Gur Sikh Temple Society	556
2703.000	Guru Darbar Society	433
3600.000	Congregation of Quesnel Jehovah's Witnesses	906
4211.000	Victory Way Baptist Church	536
4659.000	Lighthouse Pentecostal Church of Quesnel	324
5047.309	Bethel Pentecostal Tabernacle of Quesnel	2,782
		16,488

Lands surrounding statutory exemptions - 224 (2)(h)

314.000	Fraser Village Homes Society	13,281
961.000	Roman Catholic Bishop	217
		29,986
		\$157,433

2012 Status update

The following strategy areas, as well as the proposed actions, were endorsed by Quesnel City Council. A summary (*in italics*) of progress made in 2012 follows each action.

Sustainability in all planning

Actions:

Carry out the ourQuesnel (ICSP) process.

Comments: The ourQuesnel policy development process is complete. A Draft Document is also complete, with community consultation ongoing. While the ourQuesnel process will be ongoing, this phase is now considered complete.

Collect relevant densification policies of other jurisdictions, analyze, and report findings to Council.

Comments: Policies collected; waiting for information on servicing before preparing final report.

Infrastructure re-investment

Actions:

Continued commitment to the Quesnel Works: Capital Reinvestment Program.

Comments: Four major projects were funded by the CRP in 2012.

- Road rehabilitation and paving in various locations.
 - 300 block of Kinchant Street
 - 300 and 400 blocks of Barlow Avenue
 - Johnston Ave., from Lawlor to the Arts and Recreation Centre.
- Moffat Bridge approach at the east end of the bridge in the westbound lane
- Early Street at North Fraser Drive (an extra street that was not originally forecast in the estimate, but completed through this budget).

The actual cost was approximately \$351,000 on a \$350,000 budget:

- Elliott Street rehabilitation
 - Actual cost of about \$803,000 on the \$950,000 budget.
- Roddis Street re-build



- Layout and design was completed, but the project was carried over to 2013. Budget estimate for 2013 is \$234,000.
- Stork and Hawk paving
 - The project is complete at a cost of about \$121,000 on an initial budget of \$100,000

Landfill re-configuration.

Comments: The landfill entrance / scales project is largely complete, except for asphalt, which will be installed in the spring of 2013. The actual cost to date is about \$568,000 on the original budget of \$650,000.

Multi-Centre construction.

Comments: Given the entire \$30 million in funding required was not secured, no progress was made on the construction front.

New Public Works facility – land acquisition and planning.

Comments: Discussions with Urban systems have taken place around facility planning. Land acquisition planning is underway.

Seek funding to develop more detailed shovel-ready plans for specific areas not having water service within City limits.

Comments: Urban Systems has completed a report that identifies all areas in City boundaries without water and sewer servicing. The report also lists the 2012 costs to provide those services.

Review Subdivision Servicing Standards and Bylaw through the ourQuesnel process.

Comments: Has only been addressed at a high level by the planning department thus far. Public Works has not reviewed this document and bylaw.

Community health and safety

Actions:

Implement Phase 1 of the West Quesnel Land Stability Program dewatering initiative.

Comments: The majority of the 2012 work plan was completed, including installation of all vertical wells, horizontal drains and storm drainage improvements. The only outstanding items include paving and landscaping at a number of sites.

Secure \$30 million through government, corporate and grassroots support for the North Cariboo Multi-Centre.

Comments: The Fundraising Committee, with support from QCEDC, completed a Fundraising Plan for the project which was endorsed by the NCJPC. \$4 million in Provincial funding was secured for the project. An application has been submitted to the Federal Government Community Infrastructure Improvement Fund; this application was complemented by a postcard lobbying campaign directed at key Federal Ministers. An intensive “grassroots” or community fundraising campaign is also underway.

2012 Status update

Investigate options for and ramifications of developing a grow-op bylaw.

Comments: Consultations with RCMP Staff-Sgt. indicated that Bylaws that have been adopted by communities are currently under court challenge. A decision to wait to see how these court challenges unfold was recommended.

Engage with affordable housing groups for lobbying and support to identify funding sources and partnerships.

Comments: Work with affordable housing action committee is ongoing; supporting the development of grant application for additional resources; continue to engage BC Housing on affordable housing issues in community; set meeting with Lions Club who is pursuing affordable housing as a project.

Action: Complete a housing strategy.

Comments: The draft strategy has been presented to Council; public consultation is ongoing. Strategy requires final Council endorsement.

Action: Initiate a fitness and health initiative designed to move Quesnel towards being even more cycle friendly, pedestrian friendly, and healthy overall.

Comments: The Leisure Services Department has continued to maintain the Active Communities initiative, launched in 2006, although a decrease in funding and the availability of grant programs since the 2010 Olympic Games has limited the number of initiatives that can be undertaken. The City applied for a Community Infrastructure Improvement Fund grant to make improvements to the Riverfront Trail network.



Environmental stewardship

Actions:

Include environmental issues and opportunities in the ourQuesnel process, including: community; air quality; water conservation, alternative renewable energy resources; transit etc.

Comments: All of these items are addressed in the ourQuesnel Integrated Community Sustainability Plan's 10 Strategy Areas and accompanying Descriptions of Success.

Financial stability of the Corporation

Actions:

Undertake short- and long-term financial planning for the Corporation which will balance revenues, expenditures and service levels.

Comments: Five year capital and operating plans are reviewed yearly during the budget process. Discussions and background work are looking at options for longer range plans. This is a long-term, ongoing project.

Identify new potential revenue streams e.g.: landfill and other partnerships.

Comments: With the landfill upgrade that was completed in 2012, new rates will take effect in January 2013 based on weight delivered.

Draft policy for Council consideration, to utilize fiscal and social scorecards for return on investment on major capital projects.

Comments: The ourQuesnel process provided some draft tools to utilize. Staff is working on customizing them for use by the City of Quesnel.

2012 Status update

Economic diversification

Actions:

Continued Council commitment to Quesnel Community and Economic Development Corporation partnership.

Comments: The contract between the City of Quesnel and QCEDC was revised and renewed for a three-year term. In addition, a joint strategic planning session was held, attended by the QCEDC Board, City Council and their respective staff.

Joint planning with the School Board for land requirements.

Comments: Staff met with School District staff to discuss key parcels of land the School District owns within City Boundaries, and what their plans are with these lands. There were positive discussions around joint planning for these parcels.

Governance

Actions:

Update policies including council code of conduct, travel, and cell phone.

Comments: This project was deferred to the second quarter of 2013.

Update municipal bylaws as needed.

Comments: This project is ongoing; the Council Policy and bylaw committees will be re-convened in 2013.

Lobbying for and supporting projects, including those that don't fall specifically under the city's ordinary scope of operations, such as: alternative truck route; 3-phase power; Barkerville; Highway 26 and Nazko highway; transition funding for sustainability; Multi-Centre; Pine Beetle funding; affordable housing; extended-care facility.

Comments: Met with Ministry of Transportation re: Alternate truck Route and reviewing traffic studies compiled by MoT. Actively lobbied for and received \$4 million grant for the Multi-Centre from the Provincial Government. Several meetings and lobbying efforts were held in support of three-phase power extension. The ourQuesnel process also addresses a number of these initiatives.

Develop a 20-year vision and plan document to communicate key capital planning, services, economic diversification, lobbying, branding messages etc.

Comments: The ourQuesnel process has provided the vision - more work on supporting the financial plans required to complete the key capital planning and services portion will be required.

Develop a City of Quesnel succession plan.

Comments: An employee Survey has been completed to assist with the development of the City's Succession Plan. There will be retirements

in a number of key positions, both within the union and exempt. To be completed in 2013.

Undertake human resource planning.

Comments: Some key areas of development in HR planning include: employee training, development and retention; performance management; improved wellness initiative; and updating administration policies. This is ongoing work.

Action: Evaluate staff capacity.

Comments: This is an ongoing management process, with multiple departments being monitored and reviewed.