

2010 Annual Report





MESSAGE FROM THE MAYOR

A Look Back at 2010

2010 was kicked off with Smithers being a celebration community for the Olympic Torch Relay in January. This extraordinary event was extremely successful and represented in excess of 18 months of planning by staff and Council. Several thousand people attended this community celebration as we hosted the world. Following on the heels of this event, Smithers hosted the North Central Local Government Conference and Trade Show which was attended by over 300 delegates.

The year proved to be an extremely busy year with Council holding 73 meetings. Service Excellence was Council's focus as we invited the business and development community to tell us what Council should do to make Smithers a better place to live, work, play and retire.

Working collaboratively, Council continued to focus on, and refine, their Strategic Priorities. Many significant achievements were realized including: the initial stages of development of the Airport lands; an enhanced focus on workplace safety and moving towards COR (Certificate of Recognition) in Safety; multiplex feasibility study and community consultation; comprehensive review of development procedures, downtown parking and fees and charges; and the establishment of the Bulkley Valley Development Association, a partnership with the Regional District of Bulkley-Nechako Rural Area "A", and the Wet'suwet'en Hereditary Chiefs.

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MESSAGE FROM THE MAYOR CONTINUED

A Look Back at 2010

A protocol agreement was signed between the Town of Smithers and the Office of the Wet'suwet'en rounding out the legacy year.

As we look to 2011, it is equally as ambitious. The Town will be completing significant capital projects such as the South Trunk Storm Sewer which commenced in 2010 and upgrades to the Riverside Campground; ongoing development of Willowvale Subdivision and the Airport lands; and becoming one of first municipalities to achieve the Certificate of Recognition in Safety (COR). Building on Service Excellence as our focus in 2010 to better serve the community, Council and Staff will concentrate on Communication in 2011.

I am very proud of the significant achievements of this Council in 2010 and look forward to an equally productive 2011.

Cress Farrow
Mayor



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

A Look Back at 2010

2010 was definitely a legacy year for the Town of Smithers, beginning with the Olympic Torch Relay celebration in January, and following with the Town of Smithers hosting the North Central Local Government Association annual conference in May and ending the year in December with a successfully negotiated 3 year contract with our CUPE employees.

Setting the foundation for new growth and development, the expansion of the runway to 7,500 feet at the Smithers Regional Airport proved its value in 2010. In January, crews and cargo supporting the Olympic Torch Relay were chartered in and out via 737 aircraft. In addition, Air Canada Jazz substituted a CRJ200 Jet for the regular Dash 8 propeller aircraft when the equipment had a mechanical problem. Again in October, a 737 aircraft enroute from Vancouver declared an emergency and landed without incident in Smithers. Without the expansion, these aircraft could not have landed in Smithers. We are poised and ready to welcome expanded jet service to our Airport. The Airport Business Plan is another example of how we have positioned ourselves to be sustainable and take advantage of opportunities in the future.

Service excellence was the focus of 2010. Over the course of 2010, Council engaged in a series of roundtable discussions with key stakeholders in the community to discuss Town procedures and policies with a view to improving these. Meetings were held with realtors, the development community, and these meetings covered policies from downtown parking to development procedures.

The Town is engaged in many partnerships delivering tangible benefits to the community. In the fall of 2010, the Skeena Stikine Forest District approved a temporary Allowable Annual Cut Uplift of 95,000 cubic metres



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER CONTINUED

A Look Back at 2010

per year, for a five year period commencing in 2010 for the Wetzin'kwa Community Forest Corporation. This successful community forest is a joint venture between the Town of Smithers, Village of Telkwa, and the Office of the Wet'suwet'en. With this uplift, the community forest will be able to increase the salvage of pine beetle infested trees. Harvesting these stands will facilitate the replanting of new vigorous forest and have the added benefit of reducing the fire hazard to the Town by the removal of the dead and dying timber. In 2010, the Wetzin'kwa Community Forest awarded \$195,000 in grant and gift funding to the community through profits realized, truly making this a community forest.

The Directors of the Bulkley Valley Economic Development Association (BVEDA) were named in the fall and selected Allan Stroet as their Economic Development Officer in November, with downtown office space leased and renovations begun in November. The BVEDA is an initiative funded by the Town of Smithers, Rural Area "A" of the Bulkley-Nechako Regional District and the Office of the Wet'suwet'en. It is a valley-wide economic development initiative that aims to work on supporting existing businesses and encouraging new business development.

Deborah Sargent
Chief Administrative Officer



COMMUNITY PROFILE

Smithers has a population of approximately 5,200 with another 15,000 people in the surrounding area. Smithers offers a greater variety of amenities and services than other towns similar to its size because of the central location and excellent transportation options. Highway 16, the Smithers Regional Airport, Canadian National Rail, VIA Rail, Bus lines and close proximity to the Port of Prince Rupert keep Smithers globally connected.

The Bulkley Valley is well known for its diverse economy. Agriculture, forestry, mining, guide/outfitting, recreation, tourism, Local, Provincial and Federal Government offices, transportation, health care, education, service and small business ventures all provide many employment options. With the recent port expansion in this region, Smithers is well situated to tap into international trade opportunities.

The Town of Smithers is nestled in the Bulkley Valley between Hudson Bay Mountain, Babine Mountains, the Telkwa Range and the Hazelton Range. Proximity to these mountains offers outstanding outdoor recreational pursuits for both residents and visitors. Popular activities include downhill and cross country skiing, golfing, mountain biking, kayaking and canoeing, camping, world-class fishing, hiking, and snowmobiling, along with a wide range of indoor recreation opportunities. Smithers also boasts a rich culture in music and the arts.

The aboriginal people of this area are the Wet'suwet'en, a Carrier people of the Athapaskan language group, whose oral history recounts a story of their origins in the Village Dizlegh, on the Bulkley River just east of Hazelton.

The combination of services, recreation and cultural experiences creates an influx of people to the Valley. This phenomenon is termed 'amenity migration.' Smithers will continue to be a place to live by choice, in a beautiful mountain valley inhabited by friendly, vibrant people. For more information on Smithers, please refer to www.smithers.ca for an expanded community profile.



OVERVIEW OF THE ANNUAL REPORT PROCESS

The *Community Charter* and the *Local Government Act* are the pieces of provincial legislation by which local governments obtain their authority to create bylaws, collect taxes, conduct elections and perform services for their citizens. This legislation also requires that municipalities develop annual reports as a means of informing the public on the activities and functions that are achieved throughout each year. Municipalities are also required to identify objectives, strategies and measures to report on the effectiveness and efficiency of municipal programs.

As these objectives, strategies and measures are refined and reporting practices are improved over the years, a comprehensive picture of municipal operations will be available to the public, funding agencies, partners and any other organization that seeks the information. The information contained in this year's Annual Report depicts the comprehensive progress report for the year 2010 and includes our objectives, for 2011.



CORPORATE SERVICES

2010 Summary

Building on the Human Resource Management framework developed in 2007/08, the year 2010 saw heightened activity in the Human Resources department. Recruitment presented some significant challenges to both the Department and the Town, due to global shortages in many Local Government professions such as Airport Management and Building Inspection. Creative strategies and short term solutions helped mitigate these challenges.

Grievances were once again minimal demonstrating the Town's ongoing commitment to solid labour management relations. A new three year Collective Agreement was negotiated in two days, another demonstration of this good relationship.

Human Resources also undertook a complete review and redevelopment of all unionized Job Descriptions. Programs such as the Employee Performance Evaluation, Service Recognition, New Employee Orientation, Occupational Health & Safety and standardized recruiting procedures continued to prove their value in achieving a culture of trust, transparency and consistency.

Professional development of our employees is an ongoing focus in order to achieve our desire to be a 'learning organization'. Eight local workshops, primarily focused on Safety, were hosted by Smithers with 80% of the Town's employees attending. The Town continued to demonstrate its strong commitment to organizational safety by ongoing refinement of the Occupational Health and Safety Program. The Town will be proceeding to achieve our Certificate of Recognition (COR) in Safety in 2011.

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CORPORATE SERVICES CONTINUED

2010 Summary

Corporate Services continued to work on the refinement of our Council, Committee, and Administrative processes. Operational efficiencies were realized in 2010 through this consistent review of what we do. In 2008, our Annual Report was recognized with the Union of British Columbia Municipalities (UBCM) Award of Excellence for Best Practices in Annual Reporting and in 2009 the Annual Report received an honourable mention in the same category. In addition, new technology to support electronic records management and agenda/minute build was implemented. This technology will support the future move to paperless agendas for Council.

Looking forward to 2011, Corporate Services will be concentrating on the Municipal Election and achieving COR Certification along with the Director becoming a Certified Internal Auditor for Safety.

Susan Bassett
Director of Corporate Services



SMITHER REGIONAL AIRPORT

2010 Summary

The Smithers Regional Airport is a wholly owned entity of the Town of Smithers with the final transfer from Transport Canada taking place in 2009. This significant milestone was complemented by the strong focus on improving and upgrading facilities and infrastructure positioning our regional airport as a viable economic development entity into the future.

The projects accomplished and improvements made to infrastructure will not only make flying to and from our airport a more positive experience for passengers, but will ready the airport for future development and expanded aviation activity.

In 2010, NAV Canada reduced the hours of the Flight Service Station which presented challenges for the Airport. However, the Automated Weather Observation System was activated to support this reduction and there remains an ongoing focus on navigational aid improvements.

To support the Town's focus on Economic Development, particularly at the Airport, the Airport Manager's position was restructured from Part Time to Full Time and a new incumbent recruited. The foundation for new growth and development is set and the Smithers Regional Airport is well positioned to be sustainable and take advantage of opportunities in the future.

Rob Blackburn
Airport Manager



SMITHERS REGIONAL AIRPORT

2010 Major Objectives and Results

- ✓ Land Use Plan and Leasehold Subdivision.
 - ✎ Engineering commenced work on the Leasehold Subdivision following the completion of the Business/Land Use Plan - Ongoing
- ✓ Air Navigational Aid Improvements
 - ✎ Automated Weather Observation System activated to support reduced Flight Service Station hours reduction - Ongoing
- ✓ Equipment Storage Building
 - ✎ Postponed.

SMITHERS REGIONAL AIRPORT

2011 Major Projects and Strategies

- ⇒ Leasehold Subdivision
 - Ongoing development and review of existing lands and buildings following completion of an assessment appraisal
- ⇒ Infrastructure Enhancements
 - Hold room improvements and expansion
 - Cafeteria upgrades
 - Parking improvements
- ⇒ Paving Projects
 - Roadway and airside repaving and damage repair
- ⇒ Cistern Projects
 - Install new 500,000 litre cistern and upgrade existing cistern



WORKS AND OPERATIONS

2010 Summary

The Works and Operations Department is responsible for the operation and maintenance of the Town's infrastructure as well as construction of specific capital works projects. The areas of responsibility include: streets and sidewalks; snow removal and sanding; sanitary sewer collection and treatment; storm water collection; potable water supply and distribution; parks and trails; cemetery; arena; garbage collection; composting; municipal fleet vehicles and buildings.

In addition to regular operation and maintenance, in 2010 the department responded quickly and efficiently to well over 300 requests for service from Smithers residents. In order to keep residents informed of the timing of works or special events (ie. holiday garbage pick-up schedules, spring cleanup week, garbage cart and composter sales, snow clearing operations, water and sewer main flushing), information ads were placed on the local radio, the Town's website and in the newspaper at the appropriate times.

2010 proved to be challenging for the Works and Operations crews in terms of responding to unusual weather and providing support to the many special events such as the Olympic Torch Relay. For this event, the venue was a ball field that was solid ice prior to the event. Crews had to plow and sand the icy ball field to make it safe for the thousands of people who attended.

Wilf Taekema
Director of Works and Operations



WORKS AND OPERATIONS

2010 Major Objectives and Results

- ✓ Replacement of Town garbage truck and ice resurfacer per the Five Year Fleet/Equipment Replacement Program
 - ✎ Ice surfacers replaced with greener electric model in September 2010
 - ✎ Garbage Truck replaced in December 2010

- ✓ Replace Civic Center Boiler with new high efficiency model
 - ✎ Replacement boiler installed July 2010

- ✓ Asphalt Resurfacing of Town Roads and Streets (Pioneer Place; Tenth Avenue; Columbia Street to Rosenthal Road; Main Street; Seventh Avenue to Fifteenth Avenue) - Completed July 2010

WORKS AND OPERATIONS

2011 Major Projects and Strategies

- ⇒ Replacement of Town excavator, dump truck and sander, and riding mower, per the Five Year Fleet/Equipment Replacement Program - Tender and deliver new equipment by September 30, 2011

- ⇒ Replace second Civic Center Boiler with new high efficiency model - Replacement boiler to be installed by July 31, 2011

- ⇒ Asphalt Resurfacing of Town Roads and Streets (planned: Railway Avenue, King Street to Pacific Street) - Funding to come from Capital and Operating Budgets - Complete by July 15, 2011

- ⇒ Improvements to the Civic Centre including replacement of old gas heaters for spectator area, and interior and exterior doors - Funding to come from Capital Budget - Complete by September 30, 2011

- ⇒ Replace furnace in Public Works Yard building with high efficiency model - Install by September 30, 2011



DEVELOPMENT SERVICES DEPARTMENT

2010 Summary

The Development Services Department is responsible for the following functions: Planning, Engineering, Building Inspection, Business Licensing, Bylaw Enforcement, Animal Control and Community Policing.

Successes in 2010 included the new Official Community Plan adoption, completion of the many smaller capital infrastructure contracts, upgrades to municipal facilities, improvements to several bylaws, a 29-lot strata subdivision development near the Airport, and permitting for the Northwest Community College (NWCC) \$17M expansion.

Working closely with Finance, the Department focused resources in 2010 to develop a Corporate Energy and Emissions Plan. Corporate GHG inventories were completed and corporate emissions to include in this inventory were identified. 2011 will see a focus on indentifying areas for GHG reduction, reduction strategies and implementation measures.

As part of the Town's Service Excellence Plan, a new Strata Conversion Policy was adopted by Council after consultation with local apartment owners and realtors.

2010 was a challenging year for the department. The Building Inspector retired in December 2009 and it took until August to fill the position, due to a global shortage of qualified Building Inspectors. The \$2.4M South Trunk Storm Sewer project started but ran into difficulties with the Highway 16 trenchless crossing and that portion of the project had to be postponed to the summer of 2011. Tenders for the Riverside Campground Sewer System and the Airport Potable Water Cistern came in over-budget, so the projects had to be redesigned and also postponed to 2011.

Mark Allen
Director of Development Services



DEVELOPMENT SERVICES

2010 Major Objectives and Results

- ✓ Planning
 - ☞ Issued 5 development permits, 2 development variance permits, 4 rezoning applications, 2 temporary use permits, and 2 subdivision applications.
 - ☞ Acquired new property adjacent to Central Park for working towards a new plan.
 - ☞ New Strata Conversion Policy adopted by Council in February after consultation with apartment owners and local realtors.
 - ☞ Completion of the Official Community Plan (OCP) review and update process. After an extensive review process, Council adopted the new OCP in April.
 - ☞ Awarded FCM grant in July to move forward with the Corporate and Community Energy and Emission Plans.
 - ☞ Public meetings held with the local development community to review downtown parking regulations and development standards.

- ✓ Engineering
 - ☞ Awarded the South Trunk Storm Sewer contract and completed approximately half of the project; the remainder postponed to 2011.
 - ☞ Tendered the Riverside Campground Sewage Lift Station contract; not awarded due to tenders exceeding the budget. Awarded project redesign.
 - ☞ Leak Detection Survey of half of the Town's water system - repaired 2 leaks.
 - ☞ Installed a 48-unit Columbarium expansion at the Cemetery.
 - ☞ Completed Power Smart lighting upgrades to the Town and Airport facilities.
 - ☞ Completed perimeter drainage and storm service for the Central Park Building.
 - ☞ Completed a Local Area Service for paving a gravel portion of Rosenthal Road.
 - ☞ Investigated a biomass (wood waste) heating system for the Arena.

- ✓ Building Inspection
 - ☞ 75 building permits issued with 10 new homes started.
 - ☞ Total construction value of \$17,556,832 with the majority from the NWCC expansion project.

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DEVELOPMENT SERVICES

2010 Major Objectives and Results

- ✓ Prevention and Community Safety
 - ☞ DARE training of all Grade 5 students - Completed June 2010
 - The DARE Program was delivered to 6 classes of grade 4 and 5 students during the 2009/2010 school year. With the assistance of the RCMP Auxiliary program, we were able to accommodate all requests for the first time in several years
 - ☞ Two hour parking requirement for downtown avenues - Completed September 2010
 - Parking amendment introduced January 2010
 - Town Works and Operations completed replacement of signage by fall 2010
 - ☞ Animal Control Bylaw - Completed December 2010
 - Bylaw introduced “standards of care” as well as new procedures and fines for addressing aggressive dogs
 - ☞ Youth Crime Prevention Initiatives Development
 - STAV-art, Youth Mural Project, RCMP Youth Mentoring Program, Positive Ticketing Program, conducted throughout 2010
 - ☞ Crime Prevention and Community Safety Programming
 - Block Watch neighbourhood established January 2010
 - Established two new initiatives: Court Watch and Restorative Justice facilitation
 - Provided educational programming to youth, adults and seniors
 - Maintained existing programming
 - Evaluation fall 2010 showed significant increases in users of Crime Prevention Programming
 - Crime Prevention Through Environmental Design (CPTED) - Received CPTED certification June 2010

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DEVELOPMENT SERVICES

2011 Major Projects and Strategies

- ⇒ Complete the South Trunk Storm Sewer contract
- ⇒ Complete the Airport Potable Water Cistern expansion.
- ⇒ Redesign the Riverside Campground Sewer System and retender the contract, along with the Showers Facility and Trail Improvements contracts. Extend the Towns For Tomorrow grant to October 31, 2011
- ⇒ Complete the Leak Detection Survey of the remaining half of the water system
- ⇒ Improvements to Town facilities; re-roof the Chamber of Commerce building; install perimeter drainage at the Library; inspect all facilities for the long-term maintenance plan.
- ⇒ Bridge installation over Dahlie Creek in partnership with the Rotary Club
- ⇒ Begin developing a new Central Park Plan
- ⇒ Airport rezoning and leasehold subdivision
- ⇒ Towns For Tomorrow grant application for 2nd Avenue gravel road paving
- ⇒ Building Numbering bylaw amendments in conjunction with addressing updates for 911 implementation.
- ⇒ Complete the Corporate and Community Energy and Emission Plans by November 2011
- ⇒ Begin comprehensive reviews of the Zoning Bylaw and the Subdivision Servicing Bylaw
- ⇒ Continue public meetings to refine downtown parking regulations
- ⇒ Issue an expression of interest for the development of Willowvale Subdivision Phase 2.
- ⇒ Complete DARE training for all Grade 5 students in School District 54 - Complete by June 2012 teaching 7-8 classes per year sharing the training with other Officers
- ⇒ Traffic Bylaw - amend current bylaw to allow for disposal of abandoned vehicles by the municipality and update authorities as required - introduce new bylaw February 2011

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DEVELOPMENT SERVICES

2011 Major Projects and Strategies

- ⇒ Attend Licence Inspector and Bylaw Officer Association (LIBOA) training seminar June 2011 - Achieve certification in RCMP Incident Management Intervention Model training April 2011 - Attend Northern BC Crime Prevention Association Symposium with Community Policing Volunteers May 2011
- ⇒ Youth Crime Prevention Initiatives - maintain existing programming within the community. Provide safety/educational programming for elementary aged students. Provide anti-gang education session for high school students April 2011. Enhance anti-graffiti removal programs with youth and utilize Restorative Justice participants in on-going community projects
- ⇒ Increase participation of Citizens on Patrol and Speed Watch volunteers by increasing patrols May through August 2011. Develop additional Block Watch neighbourhoods May to August 2011
- ⇒ Review commonly used bylaws and update/amend as required to ensure relevancy and conformity with current legislation



PROGRESS REPORT ON GHG EMISSIONS

Actions taken as of December 31, 2010 , to reduce energy consumption and GHG emissions

Corporate Measurement	Answer	Additional Information
Has your local government taken steps towards completing a corporate energy and emissions inventory?	Yes	The Town is working with a consultant to develop a Corporate Energy and Emissions Plan. Corporate GHG inventories are complete along with identification of what corporate emissions to include in the inventory. The next step is to identify areas for GHG reduction, reduction strategies and implementation measures. The Town also participated in the Province's SmartTool Pilot project.
Community-wide Measurement Actions	Answer	Additional Information
Has your local government taken steps to review and consider your community-wide GHG emissions profile as provided by the Community Energy and Emissions Inventory (CEEI) or other data sources?	In progress	Staff and the engaged consultant have reviewed the CEEI data as a baseline for the Community Energy and Emissions Plan currently under way. The CEEI data provided a starting point from which the community data has been further refined (ie. transport data).

Corporate Actions	Actions Taken this Year	Additional Information
To reduce GHG emissions and energy consumption	<ol style="list-style-type: none"> 1) Replaced all town owned facilities with energy efficient lighting (Power Smart retrofit). 2) New higher-efficiency boiler at the Arena. 3) New high efficiency boiler installed at the Central Park Building. 4) Electric Zamboni purchased for ice arena to replace the propane model. 5) Began Corporate Energy and Emissions Plan. 	<ol style="list-style-type: none"> 1) Source out programmable controls for municipal buildings. 2) District Heating/Alternative Energy systems feasibility studies for municipal buildings and for proposed subdivision development. 3) Continue municipal building efficiency upgrades. 4) Investigate solar hot water retrofits for the Town Office. 5) Install LED streetlight bulbs as budget permits.

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PROGRESS REPORT ON GHG EMISSIONS CONTINUED

Actions taken as of December 31, 2010 , to reduce energy consumption and GHG emissions

Community-wide Actions	Actions Taken this Year	Proposed Actions for the Following Year
To reduce transportation - related GHG emissions and energy consumption (ie. through both transportation and land use actions).	OCP policies support compact development in the downtown core, concentration on residential intensification, and improving walk ability of Smithers.	Continued development of alternative transportation infrastructure (ie. pathway connections, bike lanes).
To reduce building - related GHG emissions and energy consumption.	<ol style="list-style-type: none"> 1) Support energy efficiency programs as provided by the Province. 2) Participated in the woodstove exchange incentive program. 	Continue to pursue municipal building retrofits and upgrades.
To reduce water and waste - related GHG emissions and energy consumption.	Completed a Water Conservation Plan.	Implement strategies outlined in the Water Conservation Plan, including an educational campaign (ie. participate in Drinking Water Week) and increase metering in all commercial buildings.
To enhance carbon sink capacity through natural resource protection and enhancement.	New OCP which designates Environmental Development Permit Areas to provide a greater degree of protection for natural areas.	Work with Farmer's Market Association and Community Forest to make improvements. Educate the community on the importance of natural resources, protection and enhancement.



SMITHERS FIRE DEPARTMENT

2010 Summary

Smithers Fire Rescue has been able to retain a volunteer force of 42 firefighters consistently over the years without needing to continually recruit. The commitment of these firefighters, many with tenures over 15 years, speaks to the dedication to the protection of their community and its citizens. Organizationally, Smithers Fire Rescue fosters the Town's commitment to a positive, trusting and collaborative environment.

Firefighters provide services beyond structural firefighting such as: First Responder (pre-hospital care); Highway Rescue; Aircraft Firefighting; Fire Prevention; and Public Fire Safety Education.

Fire prevention focuses on areas such as code enforcement and fire inspection services. Public fire safety education provides general information on preventing accidents in the home and workplace through lectures, tours, printed materials and fire extinguisher demonstrations. We have seen significant success in our education of children in the elementary school setting. They absorb our information and in turn take it home to the dinner table and educate their families.

In 2010, the Fire Department increased Fire Prevention Inspections to meet legislative requirements through restructuring of the organization by expanding the Deputy Fire Chief's position from part time to full time.

Keith Stecko
Fire Chief



SMITHERS FIRE DEPARTMENT

2010 Major Objectives and Results

- ✓ Establish a Fire Department False Alarm Bylaw - adopted by Council in 2010
 - ∞ To reduce the number of false alarms to which fire crews respond.
 - ∞ Call reporting system will determine if there are actual increases or decreases in false alarm callouts.
- ✓ Vehicle Bay Exhaust System - Completed March 2010
 - ∞ Capital project to install a vehicle exhaust system to protect firefighters from carbon monoxide and other hazardous materials in fumes from the vehicles.
 - ∞ Project tendered and complete – vehicle bay now compliant with regulations.
- ✓ Regional Fire Training Centre – Ongoing Program Development & Revenue Generation
 - ∞ Inception in 2007 to provide live fire training to northwest fire departments.
 - ∞ Justice Institute accredited site for Live Fire 1 and 2.
 - ∞ Expanding course offerings in 2010 to include Firefighter Skill Maintenance (BC Firefighter 1 and 2), as well as, confined space training (awareness/operations and technician levels).

SMITHERS FIRE DEPARTMENT

2011 Major Projects and Strategies

- ⇒ Creation of 911 Service to community
 - Public Education campaign - late summer 2011
 - Implementation by October 2011
- ⇒ Development of a Community Wild Fire Protection Plan
 - RFP process - March 2011
 - Public Consultation process - Spring 2011
 - Plan Development - Summer 2011
- ⇒ Regional Fire Training Centre – Ongoing Program Development & Revenue Generation
 - New course “Aircraft Rescue Firefighting Training” - Ongoing



FINANCE DEPARTMENT

2010 Major Objectives and Results

- ✓ Tender Physical Contents Insurance Coverage
 - ☞ Town's physical contents insurance package was tendered out in the summer of 2010 and Council approved the successful insurance agent/underwriter in October 2010.
- ✓ *Fees and Charges Bylaws with new bylaws to be adopted by December 2010.*
 - ☞ As a result of a full review of the majority of the Town's fees and charges bylaws in the fall of 2010, and new fees and charges bylaws being adopted in December 2010, many of the Town's fees and charges were adjusted:
 - Cemetery Fees (increased)
 - Development Fees (increased)
 - Arena Fees (increased)
 - Field User Fees (increased)
 - RV Storage Fees (decreased)
 - Preschool Fees (increased)
 - Campground Fees (increased)
 - Garbage Fees (increased)
 - Water and Sewer Service Connection Fees (increased)
 - Residential Water and Sewer User Fees (decreased)
 - Commercial Quarterly Water and Sewer Fees (increased)
- ✓ Other 2010 Completed Projects:
 - ☞ The 2010 consolidated financial statements for the Town of Smithers include the 2010 year end results of the Smithers Public Library; and the 2009 year end comparative figures were restated to include 2009 Smithers Public Library financial results, restated in accordance with PSAB.
 - ☞ In the fall of 2010, the Town adopted an Operating Surplus and Capital Reserve Policy, establishing criteria as to when operating surplus and capital reserves can be used, as well as maintaining minimum balances within various operating surplus funds.

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FINANCE DEPARTMENT CONTINUED

✓ Other 2010 Completed Projects Continued:

- ✎ The Town was requested by the Province to be involved in a local government pilot project involving the use of the SMARTTOOL software. SMARTTOOL currently provides standardized measurements and reporting on the production of greenhouse gases used within the Provincial Government, based on reporting principles.

The Town reported on buildings and fleet. The airport was not included because it was not deemed an “in-scope” municipal service for the purposes of this project. Leased buildings related to in-scope municipal services (ie. Library, Central Park Building, Gymnastics Building, and the Chamber of Commerce) were included within this project. All Town Buildings/Lights and Fleet items were categorized into defined municipal service categories (ie. Administration/Governance, Fire Protection, Transportation, etc.). The Town then uploaded all of its 2009 fleet gas/diesel, natural gas and hydro volumes into the Provincial SMARTTOOL software. The data showed that in 2009, the Town of Smithers produced approximately 725 tonnes of greenhouse gas emissions, based on the data input into the Provincial SMARTTOOL database system.

FINANCE DEPARTMENT

2011 Major Objectives and Results

- ✓ Grant claim processes for the Building Canada and Towns for Tomorrow grants.
- ✓ Asset Management Plan/Review process to identify how best to manage the replacement and upgrading of the Town’s infrastructure over time.
- ✓ General Ledger Code Review.

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FINANCE DEPARTMENT

2010 Progress Report: Small Community Portion of the Strategic Community Investment Funds

Intended Use	Performance Targets	Progress Made in First Reporting Period (2009)	Progress Made in Second Reporting Period (2010)
<p>Use funding to support local services and to avoid large tax rate increases.</p>	<p>100% of the funds to be used to pay for General Operating Municipal Services and to minimize General Municipal Tax Rate increases.</p>	<p>57% of the Small Community Funds received in 2009 were used to maintain municipal service levels to that of the previous year.</p> <p>The remaining Small Community Funds were put aside so they could be accessed for this purpose next year.</p> <p>As a result of the 2009 Small Community Funds utilized in 2009, the 2009 General Municipal Services and tax rates remained consistent with prior years.</p> <p>The 2009 actual General Municipal Tax Levy increase was 2.66%. Without the Small Community Grant allocation for 2009 the Town's 2009 General Municipal Tax Levy increase would have been 20%.</p>	<p>The remaining 43% of the Small Community Funds received in 2009 and 100% of the Small Community Funds received in 2010 were used to maintain municipal service levels to that of the previous year.</p> <p>As a result of the balance of the 2009 and all of the 2010 Small Community Funds which were utilized in 2010, the 2010 General Municipal Services and the tax rates remained consistent with prior years.</p> <p>The 2010 actual General Municipal Tax Levy increase was 2.5%. Without the Small Community Grant allocation for 2010 the Town's 2010 General Municipal Tax Levy increase would have been 20%.</p>



FINANCE DEPARTMENT

2010 Progress Report: Traffic Fine Revenue Sharing Portion of the Strategic Community Investment Funds

Intended Use	Performance Targets	Progress Made in First Reporting Period (2009)	Progress Made in Second Reporting Period (2010)
<p>Use funding to support police enforcement costs and to avoid large tax rate increases.</p>	<p>100% of the funds to pay for Municipal RCMP operating costs including contributions to RCMP Auxiliary, Victims Services and the Community Police Office; and to minimize RCMP Municipal Tax Rate increases.</p>	<p>66% of the Traffic Fine Sharing Revenue received in 2009 was used to maintain municipal RCMP service levels to that of the previous year.</p> <p>The remaining Traffic Fine Sharing Revenue was put aside so they could be accessed for this purpose next year.</p> <p>As a result of the Traffic Fine Sharing Revenue utilized in 2009, the 2009 RCMP Municipal Services and tax rates remained consistent with prior years.</p> <p>The 2009 RCMP Tax Levy increase was 8%. Without the Traffic Fines Sharing Revenue allocation for 2009, the Town's 2009 RCMP Tax Levy increase would have been 16%.</p>	<p>The remaining 34% of the Traffic Fine Sharing Revenue received in 2009 and 100% of the Traffic Fine Sharing Revenue received in 2010 were used to maintain municipal RCMP service levels to that of the previous year.</p> <p>As a result of the balance of the 2009 and all of the 2010 Traffic Fine Sharing Revenue which were utilized in 2010, the 2010 RCMP Municipal Services and tax rates remained consistent with prior years.</p> <p>The 2010 RCMP Tax Levy increase was 8%. Without the Traffic Fine Sharing Revenue allocation for 2010, the Town's 2010 RCMP Tax Levy increase would have been 15%.</p>



RECREATION, PARKS AND CULTURE

2010 Summary

2010 proved to be an extremely busy year with increased use of the arena that hasn't been seen in recent years. Not only were there new and existing groups vying for ice time, but also the use of the Arena for non-ice uses saw an increase. This increased activity heightened the awareness of the need for a second sheet of ice slated for completion in 2012. Field bookings also saw an increase in 2010.

Several partnerships were developed or redeveloped for a variety of new initiatives such as: the redevelopment of Ranger Park by the Northwest Community College which would introduce a new carpentry program at the college; partnering with the local rugby club and high school to develop a rugby pitch at Heritage Park; redevelopment of the Elks Park softball fields by partnering with local junior softball and adult slo-pitch; and the building of a new pedestrian bridge over the water ways in the wetlands to increase our trail systems through partnership with the Rotary Club.

In 2010, the Town commenced work to improve local playgrounds from both a safety and quality perspective starting with a comprehensive playground safety audit. The audit identified repairs, upgrades and improvements that need to be done by the Town over the next few years to meet Canadian safety standards. Immediate improvements to existing play structures followed this audit along with the purchase of new slides and children's play apparatus for installation in 2011.

Andrew Hillaby
Director of Recreation, Parks and Culture

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RECREATION, PARKS AND CULTURE

2010 Major Objectives and Results

- ✓ Multiplex Feasibility Study -
 - ☞ Completed November 2010
- ✓ Installation of Perimeter Trail Signage
 - ☞ Completed August 2010
- ✓ Riverside Campground Municipal Upgrades (showers & washrooms)
 - ☞ Scheduled completion for Summer 2011
- ✓ Ranger Park Playground
 - ☞ Completed August 2010
- ✓ Heritage Park Playground
 - ☞ Ongoing to be completed by 2011
- ✓ Indoor Turf: Arena
 - ☞ Ongoing investigation/consideration for possible completion by 2013
- ✓ Second Arena
 - ☞ Ongoing to be completed by 2012

RECREATION, PARKS AND CULTURE

2011 Major Projects and Strategies

- ⇒ Playground Development and Upgrades
 - Upgrades to: Heritage Park; Bulkley Drive Park; Yorke-Hardy; Elks Park
 - Development of Willowvale Playground
- ⇒ Infrastructure Development & Upgrade
 - Ranger Park second floor demolition and reconstruction
 - Construction of Second Sheet of ice
 - Heritage Park Softball Field redevelopment
 - Montreal Street Tennis Courts resurfacing
- ⇒ Program Development
 - New Summer Girls Only Hockey Camps
 - New Soccer camps over spring break and summer months
 - New Movie Magic Camps over spring break and summer months

Town of Smithers
Statement of Property Tax Exemptions
For the Year Ended December 31, 2010
Unaudited

In accordance with Section 98(2)(b) of the Community Charter, the following properties in the Town of Smithers were provided permissive property tax exemptions by Council in 2010

Assessment Roll Number	Legal Description	Civic Address	Organization	Reason for Proposed Exemption	Value of Permissive Exemption
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Senior Housing Exemptions (Section 224 (2)(h))

0003-010	Lot A, Plan PRP46504, Section 30, Township 4, Range 05	3668 Eleventh Ave	Northern Health Authority	Long Term Care and Housing of Senior Citizens (Bulkley Lodge) over and above statutory exemption	\$23,696
0932-000	Lot 32, Plan 4928, DL 865, Range 5	3985 Pioneer Pl	Bulkley Senior Citizens Housing Society	Housing of Senior Citizens (Pioneer Place) over and above statutory exemption	\$2,592
1225-380	Lot 5, Plan PRP1346, Range 05, DL 5714	4210 Astlais Pl	BV Christian Seniors Care Society	Housing of Senior Citizens: Exempt portion only 6,000 sq ft building and 25% land- over and above statutory exemption	\$1,842
1300-500	Lot A, Plan 11458, DL 865, Range 05	Mountainview Dr	Bulkley Senior Citizens Housing Society	Housing of Senior Citizens (Pioneer Place Extension)- over and above statutory exemption	\$1,175
1300-600	Lot B, Plan 11458, DL 865, Range 05	Pioneer Pl	Bulkley Senior Citizens Housing Society	Housing of Senior Citizens (Pioneer Place Extension) over and above statutory exemption	\$363

Public Worship Exemptions (Sections 224 (2)(f) and 24 (2)(g))

0005-000	Lot 1, Plan 12203, DL 5289, Section 30, Township 4, Range 05	1636 Princess St	Anglican Synod Diocese of Caledonia	Public Worship- over and above statutory exemptions	\$1,430
0019-000	Parcel A, Block 28, Plan 1054, DL 5289, Range 05	3696 Fourth Ave	BC Corporation of the Seventh Day Adventists	Public Worship- over and above statutory exemptions	\$560
0477-004	Lot 1, Plan 9143, DL 865, Range 05	4054 Broadway Ave	Roman Catholic Episcopal Corp of Prince Rupert	Public Worship (not including the residence)- over and above statutory exemptions	\$1,109
0685-700	Lot 15-22, Block 125, Plan 1054, DL 865, Range 05	1471 Columbia Dr	Christian Reformed Church of Smithers	Public Worship- over and above statutory exemptions	\$1,088
0692-200	Lots 32-36, Block 135, Plan 1054, DL 865, Range 05	3919 Seventh Ave	Baptist Regular Convention of BC	Public Worship- over and above statutory exemptions	\$724
0747-010	Lots 33 - 36, Block 143, Plan 1054, DL 865, Range 05	3889 Eighth Ave	Trustees Smithers United Church	Public Worship- over and above statutory exemptions	\$888
0789-000	Parcel A, Block 159, Plan 1054, Section 31, Township 4, Range 05	1833 Main St	Evangelical Free Church of Smithers	Public Worship- over and above statutory exemptions	\$1,995
1220-000	Lot 5, Plan 4075, DL 865, Range 05	4414 Highway 16	Neil T Polding, Paul Sturzenegger, Wolfgang Doehler	Public Worship (Jehovah Witness Church)- over and above statutory exemptions	\$671
1225-690	Lot 1, Plan PRP 14290, DL 865, Range 05	3974 Tenth Ave	President of Lethbridge Stake	Public Worship (Church of Jesus Christ Latter Day Saints)- over and above statutory exemptions	\$1,675
1717-765	Lot A, Section 30, Township 4, Plan PRP 46819, Range 05	3115 Gould Place	Bethel Reformed Church of Smithers	Public Worship- over and above statutory exemptions	\$4,586

Private School Exemptions (Section 224 (2)(h))

0477-004	Lot 1, Plan 9143, DL 865, Range 05	4054 Broadway Ave	Roman Catholic Episcopal Corp of Prince Rupert	All of St. Joseph's School excluding the residence- over and above statutory exemptions	\$9,756
0860-720	Lot 72, Plan 5258, DL 865, Range 05	4035 Walnut Dr	Christian School Society of Smithers and Telkwa	Cover all Smithers Christian School exemptions- over and above statutory exemptions	\$12,783

Town of Smithers
Statement of Property Tax Exemptions
For the Year Ended December 31, 2010
Unaudited

In accordance with Section 98(2)(b) of the Community Charter, the following properties in the Town of Smithers were provided permissive property tax exemptions by Council in 2010

Assessment Roll Number	Legal Description	Civic Address	Organization	Reason for Proposed Exemption	Value of Permissive Exemption
1717-200	Lot B, Plan 11184, Section 30, Township 4, Range 05	3575 Fourteenth Ave	Christian School Society of Smithers and Telkwa	Cover all BV Christian High School exemptions- over and above statutory exemptions	\$49,421

Hospital Exemption {Section 224 (2)(h)}

0694-075	Parcel A, Plan 9565, Blocks 138 and 138, Plan 1054, DL 865, Range 05	3950 Eighth Ave	Northern Health Authority	Non residential part of BV District Hospital- over and above statutory exemptions	\$46,817
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Non-Profit Organization Exemptions (Cultural and Charitable) {Section 224 (2)(a)}

0154-020	Lots 1 -2, Block 41, Plan 1054, DL 5289, Range 05	3704 First Ave	BV Museum	exempt all of old St James Church	\$2,816
0238-200	Parcel D, Lot 44 and Lot 5289, Block 55, Plan 1054, DL 5289	3873 1st Avenue	Wet'suwet'en Treaty Office Society	property used for cultural and not-for-profit purposes, exemption given to entire property assessment	\$3,334
0274-020	Lots 21-22, Block 57, Plan 1054, DL 5289, Range 05	1065 Main St	Governing Council of Salvation Army in Canada	exempt portion attributed to Food Bank	\$2,404
0708-050	Lots 1-36, Block 140, Plan 1054, DL 865, Range 05	1621 Main St	LB Warner Centre	to give exemption to the areas leased by the BV Gymnastics Association, BV Search and Rescue Society, and BV Museum Society est 10% land and approximate value of improvements to Gymnastics building	\$6,550
1223-870	Lot A, Plan 12656, Section 30, Range 05,	3736 16th Avenue	Ranger Park Building	to give exemption to portion leased by the BV Search and Rescue Society (estimated at 2/3 of the basement being 1893 sq feet which is 22% of the total building and therefore 22% of the land)	\$986
1223-900	Lot A, Plan 12707, DL 865, Land District 14, Range 05	1425 Main St.	Smithers Central Park Building Society	exempt all of Central Park Building	\$7,406
1501-010	Lot A, Plan PRP 42327, DL 5714, Range 05	3815 Railway Ave	Smithers Community Services Association	exempt Heritage portion of old CN Railway Station (approximately 65% of land and building), leased (business) portions remain taxable	\$6,107

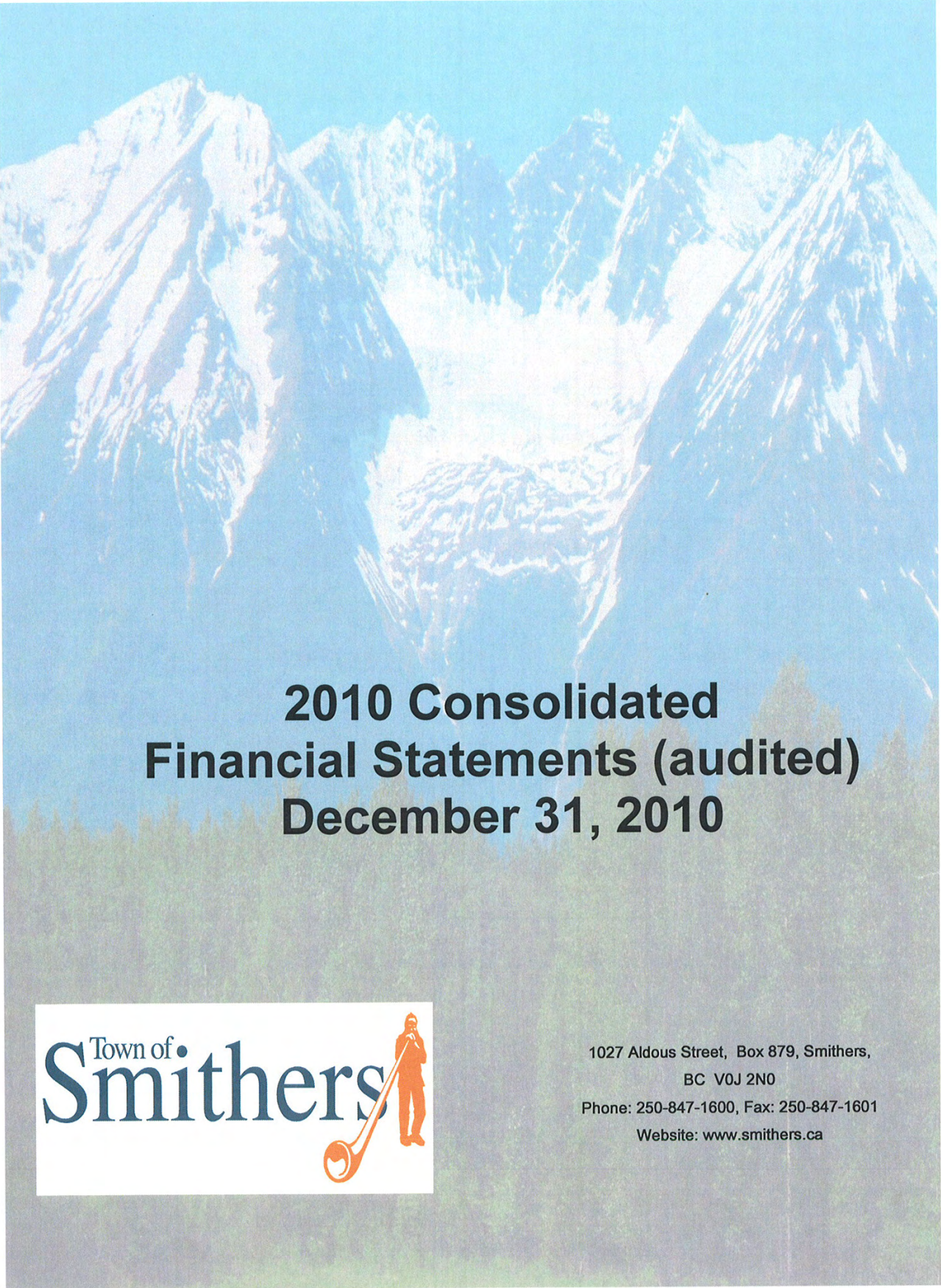
Recreational Exemptions {Section 224 (2)(l)}

0602-075	Plan 1054, DL 865	Third St	Smithers Curling Club	exempt all of the Curling Club building and footprint of land it sits on	\$5,277
1224-000	Lot A, Plan PRP 13685 except Plan PRP 13746, Section 2, Township 1A, Range 05	Scotia St	Smithers Golf and Country Club	exempt all land of the Smithers Golf Club	\$7,782

\$205,833

The Value of the Permissive Tax Exemptions is the amount of municipal property taxes that would have been imposed on each property had it not been exempt in 2010. The value of the annual tax exemption has been calculated using 2010 municipal property tax rates.

Leslie Ford
 Director of Finance



**2010 Consolidated
Financial Statements (audited)
December 31, 2010**



1027 Aldous Street, Box 879, Smithers,
BC V0J 2N0

Phone: 250-847-1600, Fax: 250-847-1601

Website: www.smithers.ca

To Mayor Farrow and Members of Council:

I hereby submit the audited consolidated financial statements for the Town of Smithers for the fiscal year ended December 31, 2010, pursuant to Section 167 of the *Community Charter*.

The consolidated financial statements include a Management Report, the Auditor's Report, Consolidated Statements, Notes to the Financial Statements and Supplementary Schedules. The Consolidated Financial Statements reflect the Town's overall financial position as at December 31, 2010 and the results of its operations and changes in its financial position for the year including the 2010 financial results of the Smithers Public Library. 2009 comparative figures were restated to include the 2009 Smithers Public Library financial results.

Notes to the Financial Statements provide further detail as to specific accounting policies and the composition of certain financial numbers, and should be read in conjunction with the Statements. The Schedules provide additional financial detail within the various funds of the Town (Operating, Capital and Reserves) as well as specific information on Property Tax Revenue, Government Transfers (Grants), Long Term Debt, Tangible Capital Assets and the 2% Hotel Tax Funds.

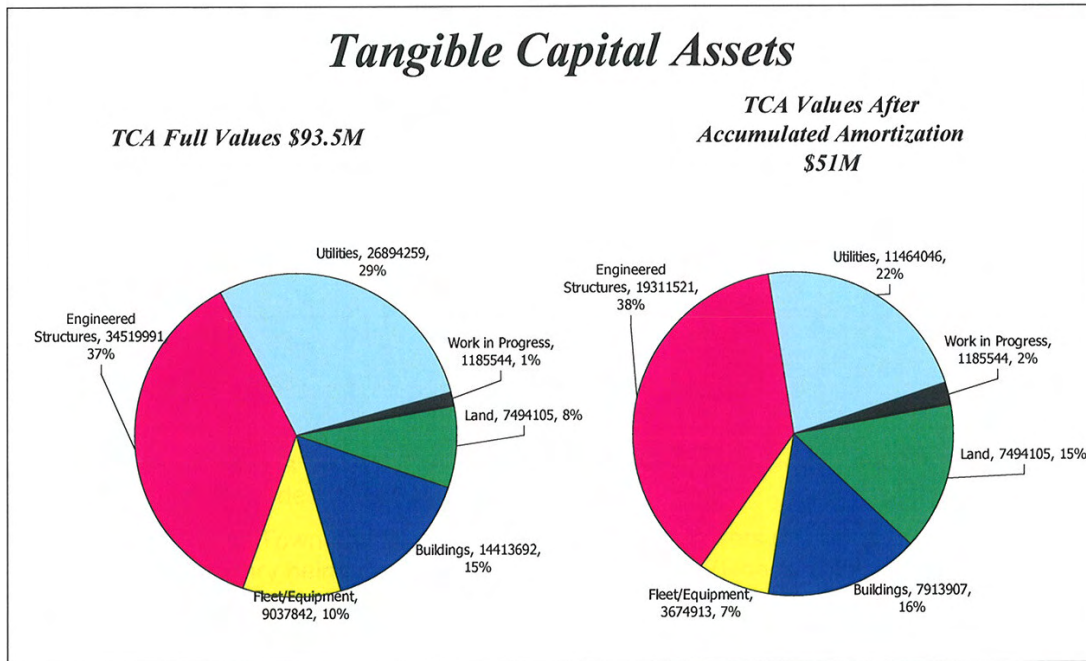
All governments in Canada are required to comply with PSAB reporting. The net underlying goal of the new Financial Reporting models are to identify the net economic resources available to a government. Economic resources are the means to provide services or satisfy liabilities.

2010 Financial Highlights:

The Consolidated Statement of Financial Position (Assets, Liabilities and Accumulated Surplus) was prepared in accordance with the new PSAB format. This statement is designed to show the details of, and changes in, net economic resources of the Town.

- **Net Financial Assets:** Net Financial assets are resources available to finance future operations. The Town was in a net Financial Asset position for 2009 and 2010, meaning that it had more assets on hand at the end of each year than liabilities owing.
 - **Cash and Investments** of \$11.9M at the end of 2010 was lower than at the end of 2009 due to using reserves for capital projects and having more accounts receivables owing at the end of the year (see below).
 - **Accounts Receivables** were higher at the end of end of 2010 due to the government grants owing on capital projects. Of the \$1.13M owing to the Town over half (\$697,323) was owed from the Province/Federal Governments for the Storm Sewer project. Since year end, \$533,748 of the \$697,323 receivable balance has been received. Trade accounts receivable balances were higher due to the temporary borrowing funds, relating to 2010 storm sewer projects expenses, being received in 2011. Utilities owing at the end of 2010 were less than at the end of 2009.
 - **Taxes Receivable**, in total, were less at the end of December 2010 than at the end of 2009. There were no properties sold at the 2010 tax sale.
 - **Loans receivable** are lower at the end of 2010 due to the 2010 loan payments made by the Wetzin'kwa Community Forest Corporation and the Smithers Curling Club.
 - **Accounts Payables** of \$1.4M were higher at the end of 2010 due to larger invoices being owed at the end of 2010. Also, the Town had more refundable contract security deposits and holdbacks owing at the end of December 2010 than it did at the end of December 2009.
 - **Deferred Revenue** decreased due to a large portion of the 2009 deferred revenue being used in 2010.

- **Long Term Debt** balance was higher at the end of 2010 due to the Storm Sewer temporary borrowing (see Schedule H on page 30). Graph 3 on page 37 depicts the changes in the outstanding debt balances over the past 20 years.
- **Non-Financial Assets:** These are resources that are meant to be consumed in the provision of municipal services.
 - **Tangible Capital Assets (TCA):** The Town had \$2.9M worth of new tangible capital assets added in 2010 and recorded \$2.6M in amortization.
 - At the end of 2010 the Town had \$93.5M in tangible capital assets (as noted in the graph below) with the largest category being that of Engineered Structures (Roads, Streets, Lanes, Runways, Paths, Parks etc). Once the accumulated amortization was calculated to the end of 2010 the Town's net book value (total costs less accumulated amortization) of its tangible capital assets was recorded at \$51M (as noted in the graph below).



- **Other Assets** are comprised of prepaid expenses and inventory. This amount was higher at the end of 2010 due to having more inventories on hand at the end of 2010 (salt, sand and gravel) and having paid more prepaid expenses in 2010 (2011 tourism invoices etc).
- **Accumulated Surplus:** This figure is the sum of the net financial assets and the non-financial assets. It includes all of the operating surpluses, capital reserves and statutory reserves and the Town's net investment in capital assets, *Equity in Capital Assets*. Note 11 on page 12 shows the breakdown of the accumulated surplus components and Schedules D, E and F on pages 23 to 28; show the detailed transactions and changes within each of the surplus, reserve and equity funds.

- The total Operating Surplus balance (for General, Utility, RCMP and Airport Operating Funds) at the end of December 31, 2010 of \$5.3M was higher than the 2009 balance due to an increase in the General, Utility and Airport Operating Surplus balances. The RCMP Operating Surplus balance was less due to amounts used in 2010 to cover RCMP municipal operating costs.
- The total Capital Reserve balance of \$2.9M was slightly higher than the December 31, 2009 balance of \$2.8M due to an increase in the Gas Tax Capital Reserve and Facility Maintenance Capital Reserve balances.
- Statutory Reserve balances of \$3M were less at the end of 2010 due to the use of statutory reserves to fund 2010 capital projects.
- The Smithers Public Library's net operating surplus balance increased from \$96,471 to \$112,173.
- Equity in Capital Assets is calculated by taking the Tangible Capital Asset costs (net of accumulated amortization) less the Town's outstanding Long Term Debt. At the end of December 31, 2010 the Town had a very slight reduction in its net equity investment in its municipal capital assets, down to \$49.2M from the 2009 balance of \$49.3M.

The Town adopted an Operating Surplus and Capital Reserve Policy in the fall of 2010. All year end balances of operating surpluses fall within the defined parameters of the policy guidelines. Capital reserves were used in accordance with the policy guidelines. The graph on page 37 shows the total balance of the Town's surpluses/reserves (not including Equity in Tangible capital Assets) over the past 20 years.

The Consolidated Statement of Operation was prepared in accordance with the new PSAB format. This statement shows the extent to which revenues recognized were sufficient to offset the cost of the services provided and also shows the changes in the accumulated surplus balance.

- **Consolidated Revenue** includes all revenue for operation, capital and reserves. Several of the 2009 consolidated revenue categories were restated to include 2009 Smithers Public Library revenue.
 - **Taxation revenue** was higher in 2010 due to increased tax levies. Schedule I on page 31 lists all components of taxation revenue. As shown on Graph 7 on page 39, taxation revenue represented 40% of the Town's total consolidated revenue in 2010.
 - **Service Charges/User fees** were higher in 2010 due to increased arena, garbage collection, water and sewer and airport fees. As shown on Graph 7 on page 39, service charges/user fees revenue represented 33% of the Town's total consolidated revenue in 2010.
 - **Government Transfers/Grant revenue** was higher in 2010 due to more capital grants received than in 2009. Schedule J on page 32 lists all government transfers/grants recorded as revenue in 2010 compared to budget and compared to 2009. This list does not include all grants applied for or approved grants that the Town will receive in 2011. It also does not include the grants received in 2010 that were placed into deferred revenue and that will be reflected as 2011 grant revenue. Grant funding represented 20% of the Town's total consolidated revenue in 2010, compared to 2009, when it was 19% of total consolidated revenue (as seen on Graph 7 on page 39).
 - **Investment Income** was much lower in 2010 due to the low investment rates
 - **Other Revenue** is less in 2010 due to less debenture surplus funds received in 2010 than in 2009. Debenture surplus funds are cash reserves that the Town had originally placed with the Municipal Finance Authority when Town debt was originally incurred. Once debt has been paid

up the Municipal Finance Authority has paid back the original debt cash reserves and the Town has placed the funds received into the Debenture Surplus Capital Reserves.

- **Consolidated Expenses** are economic resources that are consumed to provide municipal services. All consolidated expense costs include operating costs, related interest on debt and amortization costs. Recreation and Cultural Expenses for 2009 were restated to include all the Smithers Public Library's expenses. The budget figures shown represent the 2010 budget approved in May 2010 including the Smithers Public Library's approved 2010 budget.
 - All 2010 expense areas except for garbage collection services were less than budget. Garbage Collection services expenses were over budget due to the purchase of residential carts as a result of Council's resolution to make the use of residential carts mandatory for all single family dwellings by 2014. However this also resulted in increased garbage collection revenue, which is reflected in the increased Service Charges/User Fees.
 - Graph 8 on page 39 shows the consolidated expenses in 2010 compared to 2009. The largest of the expense areas in 2009 and 2010 was the Protective Services, which is due to the RCMP costs.
- The Town had an Annual Deficit of \$148,791 in 2010, which is the 2010 consolidated revenue less 2010 consolidated operating expense. Had the consolidated expenses not included amortization costs of \$2.6M the Town would have reflected a net Annual Surplus of approximately \$2.5M. The 2010 budget reflected an annual surplus due to budgeted government grants for capital projects.

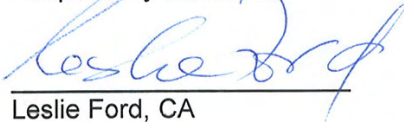
Consolidated Statement of Cash Flows (page 5): This Statement shows how cash requirements were met and how activities were financed.

Consolidated Statement of Net Financial Assets (page 6) This schedule shows the extent to which revenues were sufficient to offset the cost of goods and services acquired and also explains the change in the Net Financial Assets.

Notes to the Consolidated Financial Statements:

- All Notes show the Smithers Public Library amounts that have been included within each balance sheet item, in 2010 and 2009.
- **Note 16** (Prior Period Adjustment) details the 2009 financial statements amounts that were restated to include the Smithers Public Library's 2009 financial results.
- **Note 17** is a note that shows that the Town continues to work with balanced budgets and balanced operations regardless as to whether it shows an annual surplus or deficit in its actual results or in its annual budget. Budgets are often prepared on a "cash basis" however financial statements are prepared on an "accrual" basis so this note aligns the actual results with budget. This note also shows that there are financial items within the financial plan and actual year-end results that have not been funded from a revenue source (i.e. amortization) and are included for PSAB consolidated financial statement purposes.

Respectfully submitted,



Leslie Ford, CA
Director of Finance
May 9, 2011

Town of Smithers
Consolidated Financial Statements
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December 31, 2010

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TOWN OF SMITHERS

MANAGEMENT REPORT

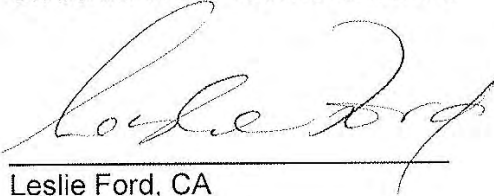
The Consolidated Financial Statements of the Town of Smithers have been prepared by management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council of the Town of Smithers is responsible for ensuring that management fulfils its responsibilities for financial reporting and maintaining internal controls and exercises this responsibility through Council. The Council reviews internal financial statements on a monthly basis and external Audited Financial Statements yearly.

The external auditors, Edmison Mehr, Chartered Accountants, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Town's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to financial management of the Town of Smithers and meet when required.

On behalf of the Town of Smithers



Leslie Ford, CA
Director of Finance
May 9, 2011

Consolidated Financial Statements

(audited)

EDMISON MEHR
CHARTERED ACCOUNTANTS

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Telephone (250)847-4325
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INDEPENDENT AUDITOR'S REPORT

To the Council Members
Town of Smithers
Smithers, BC

We have audited the accompanying financial statements of Town of Smithers, which comprise the Statement of Financial Position as at December 31, 2010, and the Statements of Changes to Fund Balances, Operations and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Generally Accepted Accounting Principals for Public Sector Entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Town of Smithers as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with Canadian Generally Accepted Accounting Principals for Public Sector Entities.

Smithers, BC
May 9, 2011



Edmison Mehr

Town of Smithers
Consolidated Statement of Financial Position
As at December 31, 2010

	2010	2009
		(Restated - Note 16)
FINANCIAL ASSETS		
Cash and Investments (Note 2)	\$11,901,405	\$13,063,767
Taxes Receivable (Note 3)	221,629	277,417
Accounts Receivable (Note 4)	1,113,705	509,315
Deposits - Municipal Finance Authority (Note 5)	25,422	29,559
Loans Receivable (Note 6)	93,909	137,110
Investment in Wetzin'kwa Community Forest Corporation (Note 14)	1	1
	<u>13,356,071</u>	<u>14,017,169</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 7)	1,460,917	1,393,645
Restricted Revenue - Municipal Finance Authority (Note 5)	25,422	29,559
Deferred Revenues (Note 8)	710,028	1,263,695
Long Term Debt (Schedule H)	1,773,876	1,561,057
	<u>3,970,243</u>	<u>4,247,956</u>
NET FINANCIAL ASSETS	<u>9,385,828</u>	<u>9,769,213</u>
Commitments and Contingencies (Note 13)		
NON FINANCIAL ASSETS		
Tangible Capital Assets (Notes 1 and 9, Schedule G)	51,044,036	50,834,320
Prepaid Expenses and Supply Inventory (Note 10)	310,121	285,243
	<u>51,354,157</u>	<u>51,119,563</u>
ACCUMULATED SURPLUS (Notes 11 & 16, Schedule A)	<u>\$60,739,985</u>	<u>\$60,888,776</u>

The accompanying notes and schedules are an integral part of these financial statements

Town of Smithers
Consolidated Statement of Operations
For the Year Ended December 31, 2010

	2010 Actual	2010 Budget (unaudited)	2009 Actual (Restated - Note 16)
REVENUE (Schedules B & C)			
Taxation (Schedule I)	\$5,056,950	\$5,035,397	\$4,852,919
Service Charges/User Fees	3,712,898	3,583,236	3,531,950
Government Transfers/Grants (Schedule J)	2,326,104	4,009,457	1,995,755
Investment Income	153,442	268,139	217,466
Net Gain on Disposal of Tangible Capital Assets	73,917	270,000	20,796
Other Revenue	72,197	40,500	84,080
Total Revenue	<u>11,395,508</u>	<u>13,206,729</u>	<u>10,702,966</u>
EXPENSES (Schedules B, C & K)			
General Government Services	1,380,205	1,415,288	1,398,333
Protective Services (incl RCMP)	2,255,474	2,330,058	2,073,384
Transportation and Transit Services	1,754,978	1,886,986	2,082,991
Solid Waste Management/Recycling Services	260,512	258,861	260,002
Public Health/Cemetery Services	51,673	75,621	77,201
Development/Economic Development/Tourism Services	793,838	921,077	738,675
Recreation and Cultural Services	1,644,689	1,741,639	1,768,082
Utility (Water, Sewer and Storm Sewer) Services	1,405,640	1,568,842	1,387,680
Airport Services	1,997,290	2,326,778	2,173,204
Total Expenses	<u>11,544,299</u>	<u>12,525,150</u>	<u>11,959,552</u>
Annual Surplus (Deficit) (Note 16)	(148,791)	681,579	(1,256,586)
Accumulated Surplus, beginning of year	60,888,776	60,888,776	62,145,362
Accumulated Surplus, end of year	<u>\$60,739,985</u>	<u>\$61,570,355</u>	<u>\$60,888,776</u>

The accompanying notes and schedules are an integral part of these financial statements

Town of Smithers
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2010

	2010	2009
		(Restated - Note 16)
Cash provided by (used for):		
Operating Transactions		
Annual Surplus (Deficit)	(\$148,791)	(\$1,256,586)
Non Cash items included in Annual Deficit:		
Actuarial Adjustment	(52,433)	(25,708)
Amortization	2,645,048	2,688,919
Net Gain on Disposal of Tangible Capital Assets	(73,917)	(20,796)
Change in Other Non Cash items:		
Change in Prepaid/Inventory Expenses	(24,878)	(57,530)
Change in Taxes Receivable	55,788	(53,713)
Change in Accounts Receivable	(604,390)	793,415
Change in Accounts Payables	67,272	(576,417)
Change in Deferred Revenue	(553,667)	708,604
Cash provided by operating transactions	<u>1,310,032</u>	<u>2,200,188</u>
Capital Transactions		
Proceeds on Disposal of tangible capital assets	173,640	54,663
Donated assets	-	(8,000)
Cash used to acquire tangible capital assets	(2,954,487)	(1,799,042)
Cash applied to capital transactions	<u>(2,780,847)</u>	<u>(1,752,379)</u>
Investing Transactions:		
Loan proceeds from Curling Club	5,001	5,000
Loan Proceeds from Wetzin'kwa Community Forest	38,200	60,000
Cash provided by investing transactions	<u>43,201</u>	<u>65,000</u>
Financing Transactions:		
Debt repayment	(110,663)	(162,093)
Proceeds from debt issues	375,915	17,172
Cash applied to financing transactions	<u>265,252</u>	<u>(144,921)</u>
Increase (decrease) in Cash and Investments	(1,162,362)	367,888
Cash and Investments, beginning of year	13,063,767	12,695,879
Cash and Investments, end of year	<u>\$11,901,405</u>	<u>\$13,063,767</u>

The accompanying notes and schedules are an integral part of these financial statements

Town of Smithers
Consolidated Statement of Net Financial Assets

For the Year Ended December 31, 2010

	2010	2010 Budget	2009 (Restated - Note 16)
Annual Income (Deficit)	(\$148,791)	\$681,579	(\$1,256,586)
Acquisition of Tangible Capital Assets	(2,954,487)	(2,569,297)	(1,807,042)
Amortization of Tangible Capital Assets	2,645,048	2,700,000	2,688,919
(Gain) Loss on Disposal of Tangible Capital Assets	(73,917)	-	(20,796)
Proceeds on Sale of Tangible Capital Assets	173,640	270,000	54,663
	<u>(358,507)</u>	<u>1,082,282</u>	<u>(340,842)</u>
Net Change in Prepaid Expenses	(14,581)	-	(29,952)
Net Change in Inventory of Supplies	(10,297)	-	(27,578)
	<u>(24,878)</u>	<u>-</u>	<u>(57,530)</u>
Change in Net Financial Assets	(383,385)	1,082,282	(398,372)
Net Financial Assets, beginning of year	9,769,213	9,769,213	10,167,585
Net Financial Assets, end of year	<u>\$9,385,828</u>	<u>\$10,851,495</u>	<u>\$9,769,213</u>

The accompanying notes and schedules are an integral part of these financial statements

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

GENERAL

The Town of Smithers was incorporated as a municipality in 1921. The principal activities of the Town include the provision of local government services to the residents of the incorporated area. These services include administrative, protective, transportation, solid waste management, cemetery, planning, economic development, tourism, recreation, culture, water, sewer and airport.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Smithers are prepared in accordance with the Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

(a) Principles of consolidation:

The consolidated financial statements reflect the combined results and activities of the Town of Smithers. The statements exclude trust assets that are administered by the Town for the benefit of external parties. Interfund transactions have been eliminated on consolidation. The Smithers Public Library financial activities have been consolidated with the Town's financial activities for financial statement purposes.

(b) Fund accounting:

The resources and operations of the Town have been segregated for accounting and financial reporting purposes into the following funds:

<u>Operating Funds:</u>	Operating Funds report the General, RCMP, Utility (Water, Sewer and Storm Sewer) and Airport operations.
<u>Capital Funds:</u>	Capital Funds report the acquisition and disposal of property and equipment and their related financing.
<u>Reserve Funds:</u>	Under the <i>Community Charter</i> , Council may, by bylaw, establish reserve funds for particular purposes. Money in the reserve fund, and interest earned thereon, must be expended only for the purpose for which the fund was established.

(c) Financial Instruments:

The financial instruments of the Town consist of cash, investments, taxes and accounts receivable, deposits, loans receivable, accounts payable and accrued liabilities, restricted revenue and deferred revenue. The cost basis approximates the fair market value of the financial instruments. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments.

(d) Revenue Recognition:

Revenue and expenditures are recorded on the accrual basis.

(e) Cash and Investments:

Investments are recorded at cost, except for Investment in the Municipal Financial Authority (MFA) of British Columbia pooled investments, which are carried at market value. Cash and investments include cash held on deposit, investment held with the MFA and term deposits held with the Bulkley Valley Credit Union.

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

(f) Inventory:

Inventory is valued at the lower of cost or net realizable value and is recorded at weighted average. No items were written down to net realizable value.

(g) Tangible Capital Assets:

Tangible Capital Assets, comprised of capital assets and capital work-in-progress, are recorded at cost, net of capital asset disposals, write-downs and accumulated amortization. Tangible capital assets are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. Donated tangible capital assets are reported at fair market value at the time of donation. Estimated useful lives are as follows:

Major Asset Category	Useful Life Range
Land	Unlimited
Buildings	15 to 50 Years
Machinery & Equipment, Vehicles	5 to 20 Years
Office Equipment and Computers	5 to 10 Years
Engineering Structures (Roads, Streets, Parks)	10 to 75 Years
Utility Systems (Water, Sewer, Storm)	20 to 100 Years

(h) Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of employee benefit plans, allowance for doubtful accounts receivable, provision for contingencies and prior years tangible capital asset historical costs and related amortization. Actual results could differ from management's best estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

(i) Budget Presentation:

Budget amounts are from the Town's Five Year Financial Plan for the years 2010 – 2014, adopted by Council on May 11, 2010 with minor subsequent reallocations and reclassifications to conform to financial statement presentation (see Note 17). The Smithers Public Library's 2010 budget, as approved by Council, has been included with the Town's budget figures.

(j) Comparative Figures:

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

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

2. CASH AND INVESTMENTS

	2010	2009
Restricted Cash and Investments- Statutory Reserves	\$3,011,861	\$3,811,060
Unrestricted Cash and Investments	8,759,948	9,115,556
Smithers Public Library Cash	129,596	137,151
	<u>\$11,901,405</u>	<u>\$13,063,767</u>

Cash and Investments include \$4,893,061 (2009: \$9,500,107) invested in the Money Market and Intermediate Fund Investments within the Municipal Finance Authority Pooled Investment program; and \$5,945,962 (2009: \$3,149,571) in term deposits. Interest earned on investments throughout the year averaged 0.96% for term deposits and 0.6% for MFA investments.

3. TAXES RECEIVABLE

	2010	2009
Property Taxes Receivable - Current	\$189,311	\$247,382
Property Taxes Receivable - Arrears	31,431	30,035
Property Taxes Receivable - Delinquent	887	-
	<u>\$221,629</u>	<u>\$277,417</u>

4. ACCOUNTS RECEIVABLE

	2010	2009
Due from Provincial Government	\$707,849	\$204,333
Due from Federal Government	39,783	35,308
Trade and Accrued Receivables	278,179	159,222
Utilities Receivable	9,735	20,192
Due From Other Government Bodies	74,039	85,556
Smithers Public Library Accounts Receivables	4,120	4,705
	<u>\$1,113,705</u>	<u>\$509,315</u>

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

5. MUNICIPAL FINANCE AUTHORITY DEPOSITS (RESTRICTED REVENUE)

	2010	2009
Cash Deposits*	\$25,422	\$29,559
Demand Notes	70,629	83,549
	<u>\$96,051</u>	<u>\$113,108</u>

The Town of Smithers issues its debt instruments through the Municipal Finance Authority of BC (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 Town with interest and the demand notes are cancelled.

*Only the cash deposits portion of the MFA Deposits is included as a Financial Asset.

6. LOANS RECEIVABLE

	2010	2009
Loan to Smithers Curling Club	\$42,109	\$47,110
Loan to Wetzin'kwa Community Forest Corporation	51,800	90,000
	<u>\$93,909</u>	<u>\$137,110</u>

The Smithers Town Council approved a loan to the Smithers Curling Club, under the authority of Section 24 of the *Community Charter*, to provide assistance to the club to pay for their ice plant. The loan is to be repaid, plus interest at 1.5%, by March 2011.

The Town of Smithers and the Wetzin'kwa Community Forest Corporation, entered into a partnership agreement which allowed the Town of Smithers to loan the Wetzin'kwa Community Forest Corporation \$150,000. The loan to the Wetzin'kwa Community Forest Corporation is to be repaid, plus interest at 2%, by June 2013. The Corporation is to provide the services as outlined in the Town of Smithers Wetzin'kwa Community Forest Municipal Service Establishment Bylaw #1577.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
Trade Payables and Accrued Liabilities	\$641,864	\$520,817
Payroll Payable and Accrued Payroll Benefits	388,460	412,720
Due to Provincial Government	51,555	79,660
Due to Other Government Bodies	14,402	14,488

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

Holdbacks and Deposits	357,181	343,339
Smithers Public Library Accounts Payables	7,455	22,621
	<u>\$1,460,917</u>	<u>\$1,393,645</u>

Accrued Payroll benefits include an estimated value for accrued sick pay that could be paid out over the next few years to employees, in accordance with the provisions of the CUPE Union agreement.

8. DEFERRED REVENUES

	<u>2010</u>	<u>2009</u>
Operating Revenue Received in Advance	\$56,377	\$63,604
2% Hotel Tax Funds (Schedule L)	33,924	47,851
Capital Funding/Grants Received in Advance	392,498	408,350
Deferred Tax Revenue	125,616	124,912
Miscellaneous Operating Grants Received in Advance	87,525	596,214
Smithers Public Library Deferred Revenue	14,088	22,764
	<u>\$710,028</u>	<u>\$1,263,695</u>

9. TANGIBLE CAPITAL ASSETS (Schedule G)

	<u>2010</u>	<u>2009</u>
Land	\$7,494,105	\$6,909,142
Buildings	7,913,907	8,201,370
Machinery and Equipment, Vehicles	3,511,880	3,698,920
Office Equipment and Computers	163,033	187,085
Engineered Structures	19,311,521	19,873,851
Utilities	11,464,046	11,916,627
Work In Progress	1,185,544	47,325
	<u>\$51,044,036</u>	<u>\$50,834,320</u>

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

10. PREPAID EXPENSES AND SUPPLY INVENTORY

	2010	2009
Prepaid Expenses	\$110,820	\$96,239
Inventory of Supplies	199,301	189,004
	\$310,121	\$285,243

11. ACCUMULATED SURPLUS

	2010	2009
Operating Funds (Schedules A, B and D)	\$5,298,000	\$4,784,678
Capital Funds (Schedules A, B and E)		
Capital Reserves and Other	2,995,992	2,833,305
Equity in Tangible Capital Assets	49,270,159	49,273,262
Reserve Funds (Schedules A, B and F)	3,063,661	3,901,060
Library Accumulated Surplus	112,173	96,471
	\$60,739,985	\$60,888,776

Equity in Tangible Capital Assets represents the net book value of total Tangible Capital Assets less Long-term Debt obligations required to obtain those assets.

12. PENSION INFORMATION

The municipality and its employees contribute to the Municipal Pension Plan (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 the plan. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 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, 2009 indicated an unfunded liability of \$1,024M for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded surplus to individual employers. The Town of Smithers paid \$236,563 for employer contributions to the plan in fiscal year 2010.

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

13. COMMITMENTS AND CONTINGENCIES

(a) Provincial Ministry of the Attorney General:

Under an agreement with the Ministry of the Attorney General, the Town is obligated to pay for municipal policing services comprised of nine officers, two clerks, one court liaison officer and a proportionate share of accommodation costs.

(b) Federal Department of Transportation:

The Federal Government continues to carry on all functions relating to air navigation and air traffic control, civil aviation security and Canadian inspection services.

(c) Financial Contracts:

The Town has the following equipment and service operating future obligations:

	MFA Operating Lease Obligations	Other Obligations	Total
2011	\$14,668	\$96,354	\$111,022
2012	10,609	65,087	75,696
2013	6,888	-	6,888
2014	567	-	567
2015	-	-	-
	<u>\$32,732</u>	<u>\$161,441</u>	<u>\$194,173</u>

(d) University of Northern BC Northern Medical Program Trust Fund:

The Town of Smithers pledged to raise \$83,000 for the UNBC Northern Medical Program Trust Fund over five years, commencing 2003. By the end of 2010 the Town of Smithers had contributed \$76,767 in pledged donations. All donated funds have been, and will continue to be, handed over to UNBC, who will administer the funds on behalf of all contributing members of the Northern Medical Program Trust Fund Foundation. Council made the commitment at their February 17, 2010 Finance Committee meeting to pay the remaining balance of the Town's commitment to UNBC over 3 years (2010 to 2012).

(e) Loan Guarantee:

The Town of Smithers entered into a five-year agreement commencing 2004 with the Regional District of Bulkley Nechako to guarantee the Racquet Courts Regional Debt, incurred under Regional District Borrowing Bylaw No. 1111. This guarantee would only be enacted should the Bulkley Valley Aquatic Centre Management Society default on any future annual debt payments. As of December 31, 2009 the loan guarantee was renewed by the Town of Smithers and the Regional District for an additional 3 years (the remaining life of the outstanding debt).

As of December 31, 2010 there was \$36,120 outstanding on the debt. Annual debt payments include \$11,926 in principal and \$8,055 in interest, totaling \$19,981 per year.

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

(f) Legal Actions:

The Town of Smithers has been named defendant in various legal actions. No reserve or liability has been recorded regarding any of the legal actions or possible claims because the amount of loss, if any, is indeterminable. Settlement, if any, made with respect to these actions would be accounted for as a charge to expenditures in the period in which the outcomes are known.

14. SHAREHOLDER INVESTMENT

Pursuant to Section 185 of *the Community Charter*, the Town of Smithers and the Village of Telkwa were given approval by the BC Inspector of Municipalities in 2007 to form two corporations: 765119 B.C. Ltd and Wetzin'kwa Community Forest Corporation. The sole shareholders of 765119 B.C. Ltd are the Town of Smithers and the Village of Telkwa, at 100 shares valued at \$1. 765119 B.C. Ltd. is the sole shareholder of the Wetzin'kwa Community Forest Corporation.

15. TRUSTS

The Town administers trusts on behalf of various organizations. The following were Trust Fund balances on hand at the end of December:

	2010	2009
Miscellaneous Trust Funds	\$918	\$918
Cemetery and Columbarium Care Trust Fund (Schedule M)	66,177	63,625
	<u>\$67,095</u>	<u>\$64,543</u>

16. PRIOR PERIOD RESTATEMENT

Effective 2010 the Town has changed its methodology of accounting for the Smithers Public Library and is now consolidating the Smithers Public Library's year end results with the Town's. The change has been applied retroactively to 2009.

The change in reporting has resulted in the following changes to the 2009 comparative values:

Statement of Operations	Reported in 2010 for 2009	Reported in 2009 for 2009
Sale of Services	3,531,950	3,515,604
Investment Income	217,466	215,331
Government Grants/Transfers	1,995,755	1,884,659
Other Revenue	84,080	79,554
Recreation and Cultural Services*	1,768,082	1,629,399
Annual Surplus (deficit) (see following page)	(1,256,586)	(1,252,006)

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

Statement of Financial Position	Reported in 2010 for 2009	Reported in 2009 for 2009
Cash and Investments	13,063,767	12,926,616
Accounts Receivables	509,315	504,610
Accounts Payables	1,393,645	1,371,024
Deferred Revenue	1,263,695	1,241,931
Accumulated Surplus (see below)	60,888,776	60,792,305

<i>Adjustments to 2009 Annual Surplus (Deficit):</i>	
2009 Annual Surplus (Deficit), as previously reported	(\$1,252,006)
Plus Smithers Public Library 2009 Annual Surplus (deficit)	(4,580)
2009 Annual Surplus (Deficit), as restated	(\$1,256,586)

<i>Adjustments to 2009 Accumulated Surplus:</i>	
2009 Accumulated Surplus, as previously reported	\$60,792,305
Add: 2009 Smithers Public Library Accumulated Surplus	96,471
2009 Accumulated Surplus, as restated	\$60,888,776

17. COMPLIANCE WITH LEGISLATIVE FINANCIAL PLAN REQUIREMENTS

The legislative requirements for the Financial Plan are that cash inflows for the period must equal cash outflows.

Cash inflows and outflows include such items as: debt proceeds, transfers to and from reserves and surplus, debt principal repayment and asset sale proceeds. These items are not recognized as revenues and expenses in the Consolidated Statement of Operations as they do not meet the public sector accounting standard requirements. The legislation does not require (but does not preclude) the funding of non-cash items such as amortization or liability accruals to provide for future cash requirements, thus, there is no legislative requirement to include these items in the Financial Plan. However, these items are recognized as expenses in the Statement of Operations.

Thus, the financial items included in the legislative Financial Plan and the Public Sector Accounting Statement of Operations are different. The purpose of this note is to explain the difference between these two requirements and demonstrate how the legislative requirement for a balanced budget, or Financial Plan net balance of "0", has been met.

Town of Smithers
Notes to Consolidated Financial Statements
December 31, 2010

	2010 Actual	2010 Budget	2009 (Restated Note 16)
Accumulated Surplus- Statement of Operations	(\$148,791)	\$681,579	(\$1,256,586)
Adjustments to non-cash items:			
Amortization expense	2,645,048	2,700,000	2,688,919
Tangible Capital Assets (TCA) - contributed	-	-	(8,000)
(Gain) Loss on disposal of TCA	(73,917)	(270,000)	(20,796)
Actuarial Adjustment	(52,433)	(53,079)	(25,708)
Adjustments for cash items, not recognized as revenues Or expenses in the Statement of Operations:			
Tangible Capital Asset costs	(2,954,487)	(6,549,959)	(1,799,042)
Proceeds from sale of Capital Assets	173,640	270,000	54,663
Debt principal repayment	(110,663)	(112,093)	(162,092)
Debenture Issuing Costs	275	-	403
Debt Proceeds	375,915	816,000	17,172
Net Transfers from Statutory Reserves	837,399	1,331,763	265,220
Net Transfers from (to) Capital Reserves	(162,962)	241,905	42,841
Net Transfers from (to) Operating Surplus	(529,024)	943,884	203,006
Balanced Financial Plan/Operations	0	0	0

Town of Smithers
Statement of Financial Position - by Fund
December 31, 2010

Schedule A

	Operating Funds			
	General Operating	Utility Operating	Airport Operating	RCMP Operating
FINANCIAL ASSETS				
Cash and Investments	\$8,760,866	-	-	-
Taxes Receivable	221,629	-	-	-
Accounts Receivable	1,084,818	-	\$24,767	-
Deposit - Municipal Finance Authority	24,922	\$500	-	-
Loans Receivable	-	-	-	-
Due from Own Funds	-	1,761,117	1,910,902	\$168,354
Investment in Wetzin'kwa Community Forest Corporation	1	-	-	-
	<u>10,092,236</u>	<u>1,761,617</u>	<u>1,935,669</u>	<u>168,354</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,435,166	-	18,296	-
Due to Own Funds	6,794,255	-	-	-
Restricted Revenue - Municipal Finance Authority	24,922	500	-	-
Deferred Revenues	662,419	-	33,521	-
Trust Funds	918	-	-	-
Long Term Debt (Schedule H)	-	-	-	-
	<u>8,917,680</u>	<u>500</u>	<u>51,817</u>	<u>-</u>
NET FINANCIAL ASSETS	<u>1,174,556</u>	<u>1,761,117</u>	<u>1,883,852</u>	<u>168,354</u>
NON FINANCIAL ASSETS				
Tangible Capital Assets (Schedule G)	-	-	-	-
Prepaid Expenses and Supplies Inventory	204,761	59,004	46,356	-
	<u>204,761</u>	<u>59,004</u>	<u>46,356</u>	<u>-</u>
ACCUMULATED SURPLUS	<u>\$1,379,317</u>	<u>\$1,820,121</u>	<u>\$1,930,208</u>	<u>\$168,354</u>
ACCUMULATED SURPLUS IS COMPRISED OF:				
Operating Funds (Schedules B and D)	\$1,379,317	\$1,820,121	\$1,930,208	\$168,354
Capital Funds (Schedules B and E)	-	-	-	-
Reserve Funds (Schedules B and F)	-	-	-	-
	<u>\$1,379,317</u>	<u>\$1,820,121</u>	<u>\$1,930,208</u>	<u>\$168,354</u>

Schedule A

Capital Funds	Reserve Funds	Library Operations Consolidated	Other Consolidated Adjustments	Consolidated 2010	Consolidated 2009 <small>(Restated - Note 16)</small>
-	\$3,078,038	\$129,596	(\$67,095)	\$11,901,405	\$13,063,767
-	-	-	-	221,629	277,417
-	-	4,120	-	1,113,705	509,315
-	-	-	-	25,422	29,559
\$42,109	51,800	-	-	93,909	137,110
\$2,953,882	-	-	(6,794,255)	-	-
-	-	-	-	1	1
2,995,991	3,129,838	133,716	(6,861,350)	13,356,071	14,017,169
-	-	7,455	-	1,460,917	1,393,645
-	-	-	(6,794,255)	-	-
-	-	-	-	25,422	29,559
-	-	14,088	-	710,028	1,263,695
-	66,177	-	(67,095)	-	-
1,773,876	-	-	-	1,773,876	1,561,057
1,773,876	66,177	21,543	(6,861,350)	3,970,243	4,247,956
1,222,115	3,063,661	112,173	-	9,385,828	9,769,213
51,044,036	-	-	-	51,044,036	50,834,320
-	-	-	-	310,121	285,243
51,044,036	-	-	-	51,354,157	51,119,563
\$52,266,151	\$3,063,661	\$112,173	-	\$60,739,985	\$60,888,776
-	-	\$112,173	-	\$5,410,173	\$4,881,149
\$52,266,151	-	-	-	52,266,151	52,106,567
-	\$3,063,661	-	-	3,063,661	3,901,060
\$52,266,151	\$3,063,661	\$112,173	-	\$60,739,985	\$60,888,776

Town of Smithers
Statement of Operations - by Fund
For the Year Ended December 31, 2010

Schedule B

	General Operating Fund	Utility Operating Fund	Airport Operating Funds	RCMP Operating Funds
REVENUE (Schedule C)				
Taxation (Schedule I)	\$3,741,347	\$6,814		\$1,308,789
Service Charges/User Fees	1,186,402	1,155,989	\$1,326,785	23,668
Government Transfers/Grants (Schedule J)	1,022,321	9,386	-	80,706
Investments/Actuarial Adjustments	67,643	-	7,756	-
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	-	-
Other Revenue	40,440	-	-	-
	<u>6,058,153</u>	<u>1,172,189</u>	<u>1,334,541</u>	<u>1,413,163</u>
EXPENSES (Schedule C)				
General Government Services	1,303,945	-	-	-
Protective Services	699,682	-	-	1,436,774
Transportation and Transit Services	1,294,982	-	-	-
Solid Waste Management/Recycling Services	234,444	-	-	-
Public Health/Cemetery Services	47,835	-	-	-
Development Services/Economic Development/Tourism	790,231	-	-	-
Recreation and Cultural Services	1,288,915	-	-	-
Utility Services (Water, Sewer, Stormsewer)	-	909,290	-	-
Airport Services	-	-	1,069,967	-
	<u>5,660,034</u>	<u>909,290</u>	<u>1,069,967</u>	<u>1,436,774</u>
ANNUAL SURPLUS (DEFICIT)	<u>398,119</u>	<u>262,899</u>	<u>264,574</u>	<u>(23,611)</u>
OTHER EXPENSES				
Less: Annual Debt Payments	86,159	4,823	19,681	-
	<u>86,159</u>	<u>4,823</u>	<u>19,681</u>	<u>-</u>
INTERFUND TRANSFERS				
Transfer (to) From Capital Funds	(180,912)	(64,486)	(32,598)	-
Transfer (to) From Operating funds	-	-	-	-
Transfer (to) From Reserve Funds	-	-	-	-
	<u>(180,912)</u>	<u>(64,486)</u>	<u>(32,598)</u>	<u>-</u>
Change in Accumulated Surplus Balances	131,048	193,590	212,295	(23,611)
Accumulated Surplus Balances, beginning of year	1,248,269	1,626,531	1,717,913	191,965
Accumulated Surplus Balances, end of year	<u>\$1,379,317</u>	<u>\$1,820,121</u>	<u>\$1,930,208</u>	<u>\$168,354</u>

Schedule B

Total Operating Funds	Capital Funds	Statutory Reserve Funds	Library Operations	Other Consolidated Adjustments	Consolidated 2010	Consolidated 2009 (Restated - Note 16)
Schedule D	Schedule E	Schedule F				
\$5,056,950	-	-	-	-	\$5,056,950	\$4,852,919
3,692,844	\$4,428	-	\$15,626	-	3,712,898	3,531,950
1,112,413	1,085,533	-	280,496	(\$152,338)	2,326,104	1,995,755
75,399	63,518	\$13,795	730	-	153,442	217,466
-	(52,723)	126,640	-	-	73,917	20,796
40,440	71,557	266,101	4,700	(310,601)	72,197	84,080
9,978,046	1,172,313	406,536	301,552	(462,939)	11,395,508	10,702,966
1,303,945	126,260	-	-	(50,000)	1,380,205	1,398,333
2,136,456	157,700	-	-	(38,682)	2,255,474	2,073,384
1,294,982	632,040	-	-	(172,044)	1,754,978	2,082,991
234,444	26,068	-	-	-	260,512	260,002
47,835	3,838	-	-	-	51,673	77,201
790,231	3,607	-	-	-	793,838	738,675
1,288,915	254,103	-	285,850	(184,179)	1,644,689	1,768,082
909,290	496,350	-	-	-	1,405,640	1,387,680
1,069,967	945,357	-	-	(18,034)	1,997,290	2,173,204
9,076,065	2,645,323	-	285,850	(462,939)	11,544,299	11,959,552
901,981	(1,473,010)	406,536	15,702	-	(148,791)	(1,256,586)
110,663	(110,663)	-	-	-	-	-
110,663	(110,663)	-	-	-	-	-
(277,996)	277,996	-	-	-	-	-
-	-	-	-	-	-	-
-	1,243,935	(1,243,935)	-	-	-	-
(277,996)	1,521,931	(1,243,935)	-	-	-	-
513,322	159,584	(837,399)	15,702	-	(148,791)	(1,256,586)
4,784,678	52,106,567	3,901,060	96,471	-	60,888,776	62,145,362
\$5,298,000	\$52,266,151	\$3,063,661	\$112,173	-	\$60,739,985	\$60,888,776

Town of Smithers
Statement of Operations - by Segment
For the Year Ended December 31, 2010

Schedule C

	General Government	Protective Services incl RCMP	Transportation & Transit	Solid Waste Management/ Recycling	Public Health/ Cemetery
REVENUE					
Taxation	\$1,026,848	\$1,659,298	\$1,274,184	-	\$22,368
Service Charges/User Fees	92,727	172,856	97,649	\$286,267	22,953
Government Transfers/Grants	470,759	283,168	214,690	-	3,944
Investment Income	25,015	6,657	54,703	-	473
Gain (Loss) Disposal of Financial Assets	103,310	4,351	1,640	(28,343)	-
Other Revenue	6,085	-	20,971	-	-
Total	1,724,744	2,126,330	1,663,837	257,924	49,738
EXPENSES					
Advertising and Promotion	5,219	2,901	92	1,236	-
Amortization expense	126,260	157,700	631,765	26,068	3,838
Contracted Services	130,195	122,759	192,247	1,969	-
Council Remuneration/Travel Expenses	109,113	-	-	-	-
Fleet charges (net)	(41,500)	78,318	54,726	75,907	10,030
Grant Related Projects/Special Projects	3,202	-	-	-	3,000
Grants to Organizations/Fee Waivers	-	38,921	-	3,804	-
Insurance	23,247	11,361	4,622	-	39
Interest on Debt	-	-	101,693	-	-
Materials and Supplies	54,544	47,336	128,892	18,177	4,396
Miscellaneous	20,344	12,696	1,096	11,720	-
RCMP Contract	-	1,157,006	-	-	-
Travel, Training, Memberships	45,720	28,802	5,113	-	-
Utilities (Telephone, Hydro and Natural Gas)	46,078	26,722	126,992	-	67
Wages and Employee Benefits	857,783	570,952	507,740	121,631	30,303
Total before consolidated adjustments	1,380,205	2,255,474	1,754,978	260,512	51,673
ANNUAL SURPLUS (DEFICIT)	\$344,539	(\$129,144)	(\$91,141)	(\$2,588)	(\$1,935)

Schedule C

Development Services/Econ Devt/Tourism	Recreation & Culture	Airport	Utilities (Water/Sewer/ Storm)	2010 total	2010 Budget (unaudited)	2009 total (Restated Note 16)
\$463,542	\$603,896	-	\$6,814	\$5,056,950	\$5,035,397	\$4,852,919
139,253	418,419	\$1,326,785	1,155,989	3,712,898	3,583,236	3,531,950
181,963	409,644		761,936	2,326,104	4,009,457	1,995,755
11,929	20,522	8,216	25,927	153,442	268,139	217,466
-	(7,041)	-	-	73,917	270,000	20,796
40,441	4,700	-		72,197	40,500	84,080
837,128	1,450,140	1,335,001	1,950,666	11,395,508	13,206,729	10,702,966
94,371	14,653	5,776	960	125,208	141,181	144,277
3,607	254,103	945,357	496,350	2,645,048	2,700,000	2,688,919
145,263	114,209	341,650	74,944	1,123,236	1,163,732	1,085,358
-	-	-	-	109,113	100,625	103,198
8,000	64,927	41,966	73,315	365,689	404,488	387,986
140,364	66,623	-	18,773	231,962	565,889	642,438
-	68,731	-	132,423	243,879	243,032	245,016
469	28,050	28,923	18,519	115,230	124,432	119,150
-	-	-	7,955	109,648	139,644	112,929
9,518	102,255	101,195	65,741	532,054	657,462	629,952
-	32,689	9,367	1,100	89,012	117,998	101,318
-	-	-	-	1,157,006	1,199,004	1,068,078
16,304	7,852	9,307	8,392	121,490	148,834	120,948
1,882	87,326	77,181	118,767	485,015	513,268	493,179
374,060	803,271	436,568	388,401	4,090,709	4,305,561	4,016,806
793,838	1,644,689	1,997,290	1,405,640	11,544,299	12,525,150	11,959,552
\$43,290	(\$194,549)	(\$662,289)	\$545,026	(\$148,791)	\$681,579	(\$1,256,586)

Town of Smithers
Statement of Changes in Operating Funds
For the Year Ended December 31, 2010

Schedule D

	General Operating Unappropriated Surplus	General Operating Appropriated Surplus				
		Snow Removal Operating Reserve	Misc Studies Reserve	Gravel Pit Replacement Operating Reserve	Solid Waste Operating Reserve	Emergency Services Operating Reserve
<i>Transfers</i>						
Transfer to own Funds	\$86,829	-	-	-	-	-
Transfer from own Funds	-	-	-	-	-	-
Use of surplus to fund Tangible Capital Assets	-	-	-	-	-	-
Net Change in Operating Fund Balances	86,829	-	-	-	-	-
Operating Funds, beginning of year	1,117,433	5,000	18,544	18,338	6,000	35,985
Operating Funds, end of year	\$1,204,262	\$5,000	\$18,544	\$18,338	\$6,000	\$35,985

Economic Development Operating Reserve	2nd Sheet Ice Future Operating Reserve	Total General Operating Surplus	Utility Operating Surplus	Airport Operating Reserve	RCMP Operating Reserve	Total Town Operating Funds	Library Operating Reserves	Total 2010	Total 2009
									(Restated - (Note 16))
\$31,051	\$13,168	\$131,048	\$264,040	\$264,575	\$46,766	\$706,429	\$28,702	\$735,131	\$531,176
-	-	-	(5,964)	(19,681)	(70,377)	(96,022)	(13,000)	(109,022)	(151,234)
-	-	-	(64,486)	(32,599)	-	(97,085)	-	(97,085)	(582,948)
31,051	13,168	131,048	193,590	212,295	(23,611)	513,322	15,702	529,024	(203,006)
-	46,969	1,248,269	1,626,531	1,717,913	191,965	4,784,678	96,471	4,881,149	5,084,155
\$31,051	\$60,137	\$1,379,317	\$1,820,121	\$1,930,208	\$168,354	\$5,298,000	\$112,173	\$5,410,173	\$4,881,149

Town of Smithers

Statement of Changes in Capital Funds/Equity in Tangible Capital Assets

For the Year Ended December 31, 2010

Schedule E

	Capital Reserves and Other			
	Debtenture Surplus Capital Funds	Cemetery Capital Funds	Second Sheet Ice Capital Reserve	Gas Tax Capital Reserve
<i>Revenue</i>				
Service Charges/User Fees	-	\$4,428	-	-
Government Transfers	-	-	-	\$260,330
Investment Income	-	-	\$8,168	2,477
Other Revenue	\$6,086	-	-	-
Gain (Loss) Disposal of Tangible Capital Assets	-	-	-	-
	6,086	4,428	8,168	262,807
<i>Expenses</i>				
General Government Services	-	-	-	-
Protective Services	-	-	-	-
Transportation and Transit Services	-	-	-	-
Solid Waste Management/Recycling Services	-	-	-	-
Public Health/Cemetery Services	-	-	-	-
Development Services/Economic Development/Tourism	-	-	-	-
Recreation and Cultural Services	-	-	-	-
Utility Services (Water, Sewer, Stormsewer)	-	-	-	-
Airport Services	-	-	-	-
Disposal of Tangible Capital Assets	-	-	-	-
	-	-	-	-
<i>Annual Surplus (Deficit)</i>	6,086	4,428	8,168	262,807
<i>Other Expenses</i>				
Annual Debt Principal Payments	-	-	-	-
Tangible Capital Assets Acquired	-	-	-	-
Proceeds from Issuance of Debt	-	-	-	-
	-	-	-	-
<i>Interfund Transfers</i>				
Transfer to (from) own Funds	(54,248)	(11,000)	-	(117,665)
Transfer (to) from Operating Funds	-	-	(36,054)	-
Transfer (to) from Statutory Reserve Funds	-	-	-	-
	(54,248)	(11,000)	(36,054)	(117,665)
Change in Capital Fund Balances	(48,162)	(6,572)	(27,886)	145,142
Capital Funds, beginning of year	313,106	9,544	2,078,043	270,106
Capital Funds, end of year	\$264,944	\$2,972	\$2,050,157	\$415,248

Facilities Maintenance Capital Reserve	Tangible Capital Assets	Total Capital Funds	Equity in Tangible Capital Assets	Total 2010	Total 2009
-	-	\$4,428	-	\$4,428	\$3,430
-	\$825,203	1,085,533	-	1,085,533	747,603
\$440	-	11,085	\$52,433	63,518	35,076
50,000	15,471	71,557	-	71,557	33,243
-	47,000	47,000	(99,723)	(52,723)	-
50,440	887,674	1,219,603	(47,290)	1,172,313	819,352
-	-	-	126,260	126,260	122,290
-	-	-	157,700	157,700	153,002
-	275	275	631,765	632,040	870,705
-	-	-	26,068	26,068	32,473
-	-	-	3,838	3,838	3,343
-	-	-	3,607	3,607	8,149
-	-	-	254,103	254,103	386,857
-	-	-	496,350	496,350	524,454
-	-	-	945,357	945,357	1,017,549
-	-	-	-	-	1,097
-	275	275	2,645,048	2,645,323	3,119,919
50,440	887,399	1,219,328	(2,692,338)	(1,473,010)	(2,300,567)
-	-	-	110,663	110,663	162,092
-	(2,954,487)	(2,954,487)	2,954,487	-	-
-	375,915	375,915	(375,915)	-	-
-	(2,578,572)	(2,578,572)	2,689,235	110,663	162,092
-	182,913	-	-	-	-
50,000	264,050	277,996	-	277,996	725,067
-	1,243,935	1,243,935	-	1,243,935	625,048
50,000	1,690,898	1,521,931	-	1,521,931	1,350,115
100,440	(275)	162,687	(3,103)	159,584	(788,360)
60,000	102,506	2,833,305	49,273,262	52,106,567	52,894,927
\$160,440	\$102,231	\$2,995,992	\$49,270,159	\$52,266,151	\$52,106,567

Town of Smithers
Statement of Changes in Reserve Funds
For the Year Ended December 31, 2010

Schedule F

	Machinery and Equipment Replacement Reserve	Capital Works Land Sales Reserve	Parking Space Reserve	Recreation Facilities Reserve	Parkland Reserve
	Bylaw #898	Bylaw #899	Bylaw #1292	Bylaw #1314	Bylaw #1330
<i>Revenue</i>					
Investment Income	\$5,290	\$4,957	\$490	\$226	\$131
Gain (Loss) Disposal of Tangible Capital Assets	1,640	125,000	-	-	-
Other Revenue	210,726	-	5,500	31,841	-
	<u>217,656</u>	<u>129,957</u>	<u>5,990</u>	<u>32,067</u>	<u>131</u>
<i>Expenses</i>					
Miscellaneous	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Annual Surplus (Deficit)</i>	<u>217,656</u>	<u>129,957</u>	<u>5,990</u>	<u>32,067</u>	<u>131</u>
<i>Interfund Transfers</i>					
Transfer (to) from Capital Funds	(347,938)	(806,653)	-	(57,344)	-
	<u>(347,938)</u>	<u>(806,653)</u>	<u>-</u>	<u>(57,344)</u>	<u>-</u>
Change in Statutory Reserve Fund Balances	(130,282)	(676,696)	5,990	(25,277)	131
Statutory Reserve Funds, beginning of year	1,458,149	1,920,854	117,064	82,107	32,871
Statutory Reserve Funds, end of year	<u>\$1,327,867</u>	<u>\$1,244,158</u>	<u>\$123,054</u>	<u>\$56,830</u>	<u>\$33,002</u>

Schedule F

Infrastructure Reserve	Airport Machinery and Equipment Replacement Reserve	Local Area Service Fund	Forestry Reserve	Tax Sale Reserve	Total 2010	Total 2009
Bylaw #1361	Bylaw #1368	Bylaw #1389	Bylaw #1554			
	\$460	-	\$2,241	-	\$13,795	\$18,182
-	-	-	-	-	126,640	21,893
-	18,034	-	-	-	266,101	320,171
0	18,494	-	2,241	-	406,536	360,246
-	-	-	-	-	-	418
-	-	-	-	-	-	418
-	18,494	-	2,241	-	406,536	359,828
(32,000)		-	-	-	(1,243,935)	(625,048)
(32,000)	-	-	-	-	(1,243,935)	(625,048)
(32,000)	18,494	-	2,241	-	(837,399)	(265,220)
32,879	96,850	131	160,155	-	3,901,060	4,166,280
\$879	\$115,344	\$131	\$162,396	-	\$3,063,661	\$3,901,060

Town of Smithers

Schedule of Changes in Tangible Capital Assets and Accumulated Amortization

For the Year Ended December 31, 2010

Schedule G

	Land	Buildings	Machinery & Equipment	Engineered Structures	Utilities	Office Equip Computers	Work in Progress	2010 Total	2009 Total
TANGIBLE CAPITAL ASSETS - COST									
Opening Balance (restated)	\$ 6,909,142	\$ 14,198,467	\$ 8,298,725	\$ 34,076,443	\$ 26,800,019	\$ 481,038	\$ 47,325	\$ 90,811,159	\$ 89,342,785
Add: Additions	606,653	182,292	428,092	443,548	94,240	28,510	1,171,152	2,954,487	1,751,717
Add: Donated Assets	-	-	-	-	-	-	-	-	8,000
Less: Disposals	(21,690)	-	(198,523)	-	-	-	-	(220,213)	(338,668)
Add: Work-in-Progress	-	32,933	-	-	-	-	(32,933)	-	47,325
Closing Balance	7,494,105	14,413,692	8,528,294	34,519,991	26,894,259	509,548	1,185,544	93,545,433	90,811,159
ACCUMULATED AMORTIZATION									
Opening Balance	-	5,997,097	4,599,805	14,202,592	14,883,392	293,953	-	39,976,839	37,592,721
Add: Amortization	-	502,688	537,099	1,005,878	546,821	52,562	-	2,645,048	2,688,919
Less: Acc. Amortization on Disposals	-	-	(120,490)	-	-	-	-	(120,490)	(304,801)
Closing Balance	-	6,499,785	5,016,414	15,208,470	15,430,213	346,515	-	42,501,397	39,976,839
Net Book Value for year ended									
December 31, 2010	\$ 7,494,105	\$ 7,913,907	\$ 3,511,880	\$ 19,311,521	\$ 11,464,046	\$ 163,033	\$ 1,185,544	\$ 51,044,036	
Net Book Value, year ended									
December 31, 2009	\$ 6,909,142	\$ 8,201,370	\$ 3,698,920	\$ 19,873,851	\$ 11,916,627	\$ 187,085	\$ 47,325	\$ 50,834,320	

Town of Smithers
Schedule of Changes in Debt
For the Year Ended December 31, 2010

Schedule H

	Town Bylaw #	MFA Issue #	Interest Rate	Maturity Date	Balance December 31 2009	New Debt	Principal Payments	Actuarial Adjustments	Balance December 31 2010
GENERAL CAPITAL									
<i>Debentures:</i>									
1998 LIP Paving - Frontage Road	#1333	#72	6.45%	June 2010	\$14,888		(\$10,126)	(\$4,762)	-
1998 LIP: 1st Avenue Sidewalks	#1334	#72	6.45%	June 2010	3,328		(2,263)	(1,065)	-
Highway 16- 1st Instalment	#1402	#77	6.06%	June 2022	376,882		(15,121)	(6,156)	\$355,605
Highway 16- 2nd Instalment	#1427	#79	5.49%	June 2023	397,146		(15,121)	(5,143)	376,882
2002 LIP: 2nd Ave Sidewalk	#1428	#79	5.49%	June 2013	5,329		(923)	(314)	4,092
2002 LIP: 3rd Ave Sidewalk	#1429	#79	5.49%	June 2013	3,978		(689)	(234)	3,055
2002 LIP: 4th Ave Sidewalk	#1430	#79	5.49%	June 2013	4,430		(767)	(261)	3,402
2002 LIP: Main St Rear Lane	#1431	#79	5.49%	June 2013	3,471		(601)	(204)	2,666
2002 LIP: Frontage Roadwork	#1433	#79	5.49%	June 2013	28,894		(5,003)	(1,701)	22,190
2003 LIP: 3rd Ave Sidewalk	#1446	#81	4.86%	April 2014	8,294		(1,176)	(324)	6,794
Highway 16- 3rd Instalment	#1328	#81	4.86%	April 2024	416,445		(15,121)	(4,178)	397,146
2006 Downtown Main Street	#1467	#97	4.66%	April 2016	153,919		(17,325)	(2,163)	134,431
2008 LAS: 2nd Ave Sidewalk	#1548	#105	4.90%	June 2019	23,093		(1,923)	-	21,170
2009 LAS: 1st Ave Sidewalk	#1597	#110	4.50%	June 2020	17,172		-	-	17,172
<i>Short Term Borrowing:</i>									
Airport Runway Extension	**	**	0%	2012	46,451		(19,681)	-	26,770
					1,503,720	0	(105,840)	(26,505)	1,371,375
UTILITY CAPITAL									
1992 Sewer Extension	#1076	#56	8.75%	Nov 2010	28,454		(3,024)	(25,430)	-
2004 LIP: Railway Ave Sewer	#1443	#81	4.86%	April 2019	28,883		(1,799)	(498)	26,586
<i>Temporary Borrowing pending Issuance of Debenture:</i>									
Frontage Storm sewer	#1601					375,915	-	-	375,915
					57,337	375,915	(4,823)	(25,928)	402,501
TOTAL					\$1,561,057	\$375,915	(\$110,663)	(\$52,433)	\$1,773,876

**The Town borrowed funds from Norther Development Initiative Trust to assist in the funding of the airport runway extension. Repayment provisions are 0% interest to a maximum of 5 years.

Principal Repayments, due within next five years:			
	General	Sewer	Total
2011	\$94,881	\$21,775	\$118,667
2012	82,289	41,752	126,053
2013	75,200	41,752	118,965
2014	67,218	41,752	110,984
2015	66,042	41,752	109,809
total	\$385,630	\$188,783	\$584,478

Town of Smithers
Schedule of Taxation
For the Year Ended December 31, 2010

Schedule I

	2010	2010 Budget	2009
TOTAL MUNICIPAL TAXATION			
Real Property Taxes - Municipal	\$4,486,684	\$4,493,499	\$4,313,804
Penalties and Interest on Taxes	57,532	48,000	60,277
Local Improvement (Local Area Service) Taxes	15,142	15,142	15,865
1% Utility Taxes	145,757	145,746	135,565
Grants in Lieu of Taxes	239,557	216,500	216,085
	<u>4,944,672</u>	<u>4,918,887</u>	<u>4,741,596</u>
Plus: TAXES COLLECTED ON BEHALF OF OTHER TAXING AUTHORITIES	<u>4,141,207</u>	<u>3,965,150</u>	<u>3,847,330</u>
OTHER TAXES: 2% Hotel Taxes	<u>112,278</u>	<u>116,510</u>	<u>111,323</u>
Total Taxes Collected	<u>9,198,157</u>	<u>9,000,547</u>	<u>8,700,249</u>
Less: TAXES PAID TO OTHER TAXING AUTHORITIES			
Ministry of Finance (School Taxes)	(2,452,691)	(2,320,000)	(2,299,822)
Bulkley Nechako Regional District	(1,319,364)	(1,300,000)	(1,204,566)
Regional Hospital District	(307,791)	(290,000)	(287,865)
BC Assessment	(61,203)	(55,000)	(54,935)
Municipal Finance Authority	(158)	(150)	(142)
	<u>(4,141,207)</u>	<u>(3,965,150)</u>	<u>(3,847,330)</u>
TOTAL	<u>\$5,056,950</u>	<u>\$5,035,397</u>	<u>\$4,852,919</u>

Town of Smithers
Schedule of Government Transfer/Grant Revenue
For the Year Ended December 31, 2010

Schedule J

	2010	2010 Budget	2009 (Restated - Note 16)
<i>Provincial</i>			
Beetlewood Funds- Pacific Ave/Tatlow Road	-	-	\$238,000
Building Canada Infrastructure Funds	\$752,551	\$1,600,000	-
Carbon Tax rebate	8,506	8,500	3,158
Childcare Operating Funds	4,429	4,500	4,699
Community Tourism Foundations	17,800	8,000	21,758
Highway 16 Improvement Funds	10,000	10,000	10,000
JEPP grant funds	-	-	12,385
Library Operating	26,592	25,743	26,592
LocalMotion	1,056	2,244	39,468
Ministry of Transportation - Bus shelter funds	-	-	19,960
Miscellaneous	11,454	19,540	-
Olympic Torch Relay project	19,746	19,746	22,052
Planning Grants	9,386	30,000	-
Small Communities Protection	555,019	555,019	537,334
Rural Secretariat	2,911	2,911	7,089
Towns for Tomorrow	22,000	364,540	10,460
Traffic Fines Revenue Sharing	80,706	80,706	90,000
<i>Federal</i>			
Canada Day Grant	540	1,000	-
Student Employment Program	1,400	2,500	-
FCM Green Municipal	-	25,000	-
Western Diversification- Library Expansion Project	-	-	127,808
ACAP	-	285,000	-
<i>Regional District</i>			
Rural Fire Protection Cost Sharing	144,002	140,600	139,508
Emergency Services Contribution	3,000	3,000	3,000
Transit Service Contribution	5,000	5,000	5,000
Rural Recreation and Culture Cost Sharing	198,032	196,174	194,805
Contribution towards Airport Runway Extension	-	-	60,806
<i>UBCM</i>			
Building Governance funds	7,335	15,918	17,115
Community to Community Forum Grant	-	-	2,918
Community Tourism Funding	-	-	23,879
Gas Tax Funds	260,330	260,404	263,606
Transit Gas Tax Funds- Bus Shelters	8,852	10,000	12,974
<i>Other</i>			
Affordable Recreation/Jump Start	11,350	7,500	11,266
BC Hydro Powersmart	41,800	20,450	-
BCRPA Active Communities Grant	5,000	7,000	-
ICBC re Highway 16 Improvements	-	-	12,000
Measuring Up	-	-	4,000
MIA Risk Management Grant	3,202	4,600	-
Miscellaneous Other	72,638	251,362	51,963
Northern Trust Development Initiative Econ Devt funding	41,467	42,500	12,802
Real Estate Foundation	-	-	7,500
Spirit 2010 Grants	-	-	1,850
TOTAL	\$2,326,104	\$4,009,457	\$1,995,755

Town of Smithers
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2010

Schedule K

	2010	2010 Budget	2009 (Restated Note 16)
TYPES OF EXPENDITURES			
Advertising and Promotion	\$125,208	\$141,181	\$144,277
Amortization	2,645,048	2,700,000	2,688,919
Contracted Services	1,123,236	1,163,732	1,085,358
Council Remuneration and Travel Expenses	109,113	100,625	103,198
Fleet costs (net)	365,689	404,488	387,986
Grants to Organization/Fee Waivers	243,879	243,032	245,016
Insurance	115,230	124,432	119,150
Interest on Debt	109,648	139,644	112,929
Materials and Supplies	532,054	657,462	629,952
Miscellaneous	89,012	117,998	101,318
RCMP Contract	1,157,006	1,199,004	1,068,078
Special Projects/Grant Projects	231,962	565,889	642,438
Travel, Training, Memberships	121,490	148,834	120,948
Utilities (Telephone, Hydro and Natural Gas)	485,015	513,268	493,179
Wages and Employee Benefits	4,090,709	4,305,561	4,016,806
TOTAL	\$11,544,299	\$12,525,150	\$11,959,552

Town of Smithers
Schedule of 2% Hotel Tax Fund Transactions
For the Year Ended December 31, 2010

Schedule L

	2010	2010 Budget	2009
REVENUE			
2% Hotel Tax Funds	\$98,350	\$100,000	\$97,730
Co-operative Advertising	40,441	36,000	20,166
Government Transfers/Grants	17,800	8,000	45,637
Contribution from the Town	14,000	14,000	14,000
	<u>170,591</u>	<u>158,000</u>	<u>177,533</u>
EXPENDITURES			
Tourism Co-ordination/Contracted Services	38,270	35,010	33,692
Regional Marketing/Advertising	20,239	29,000	17,291
General Marketing/Advertising	71,547	56,500	39,247
Special Tourism Projects	5,070	26,000	71,852
Winter Brochure/Travel Guide	36,612	13,000	17,160
Tourism Monitoring/Evaluation	4,105	4,000	1,315
Travel/Memberships/Meetings/Conferences	5,861	8,000	5,147
Shared Tourism Projects with Chamber of Commerce	2,814	3,000	5,422
	<u>184,518</u>	<u>174,510</u>	<u>191,126</u>
Change in 2% Hotel Tax Fund Balance	(13,927)	(16,510)	(13,593)
2% Hotel Tax Fund Balance, beginning of year	47,851	47,851	61,444
2% Hotel Tax Fund Balance, end of year	<u>\$33,924</u>	<u>\$31,341</u>	<u>\$47,851</u>

The Town of Smithers administers the 2% Hotel Tax Funds through the Tourism Advisory Committee.

Town of Smithers

Schedule of Fund Position for the Cemetery and Columbarium Trust Fund

For the Year Ended December 31, 2010

Schedule M

	2010	2009
FINANCIAL ASSETS		
Cash and Investments	\$66,177	\$63,625
NET FINANCIAL ASSETS	<u>\$66,177</u>	<u>\$63,625</u>
 FINANCIAL POSITION		
Fund Balance, beginning of year	\$63,625	\$61,642
Contributions	2,552	1,983
Fund Balance, end of year	<u>\$66,177</u>	<u>\$63,625</u>

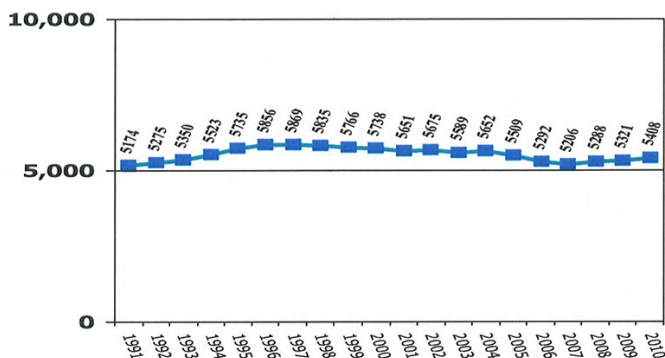
The Cemetery Care and Columbarium Care Trust Fund is excluded from the Consolidated Financial Statements. The Town administers the Trust Fund for the perpetual care and maintenance of the Town owned cemetery and columbarium. As per the Cemetery Act, only the interest on the Trust Funds are used for cemetery operational purposes.

Statistical Information
(Graphs and Charts)
(unaudited)



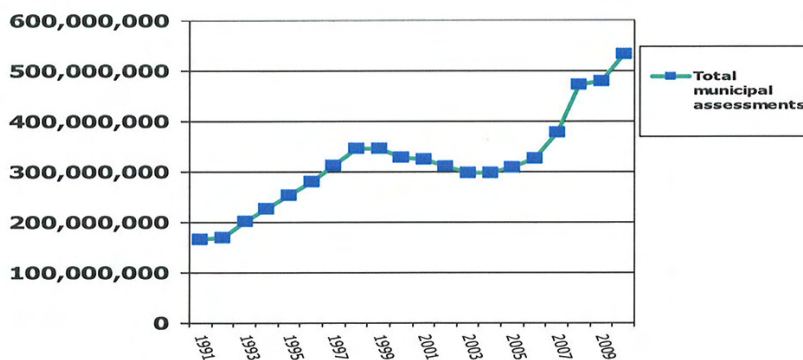
Graph 1

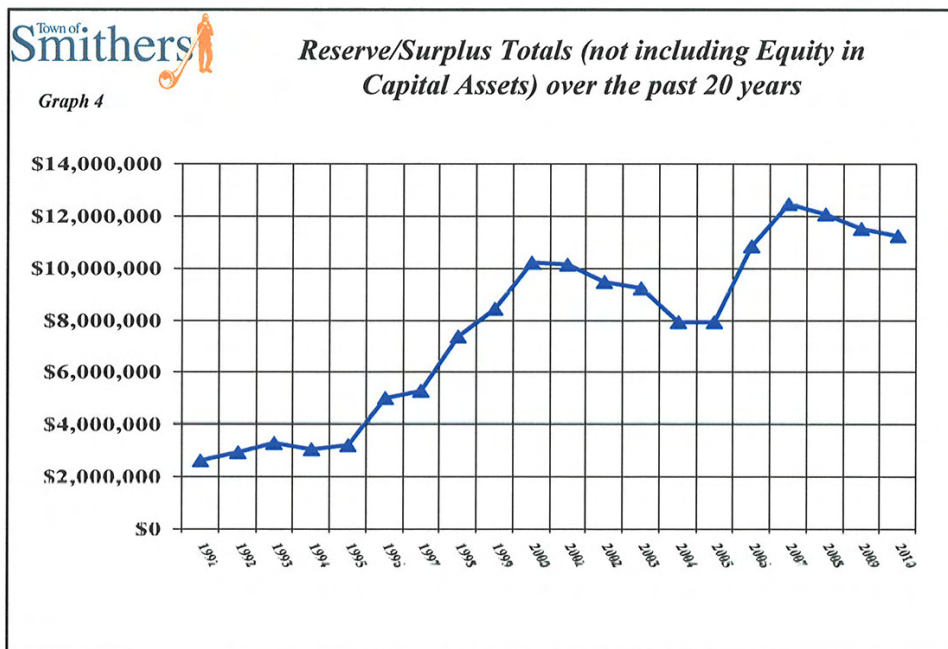
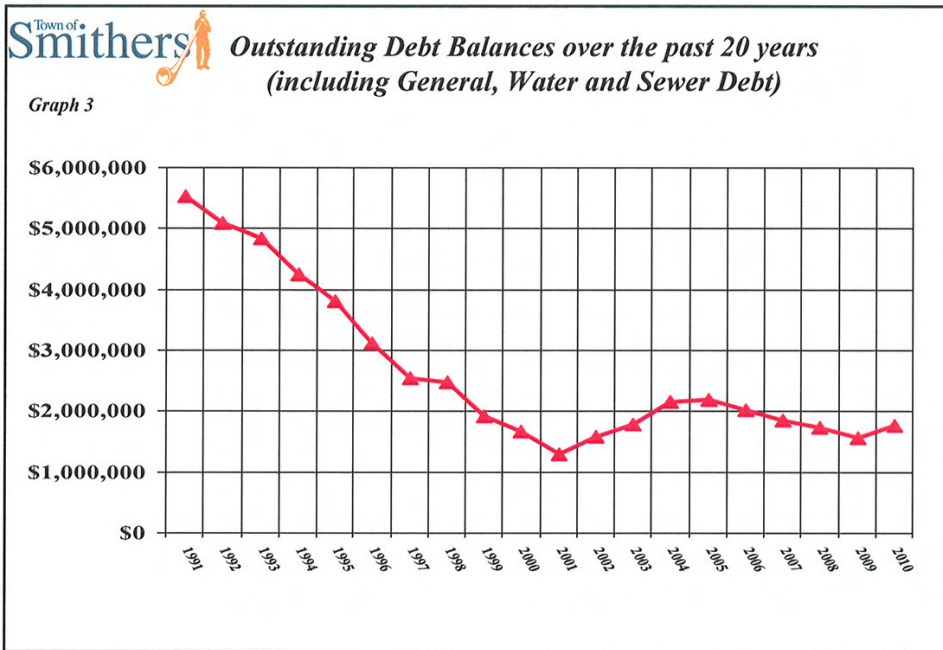
Town of Smithers Population

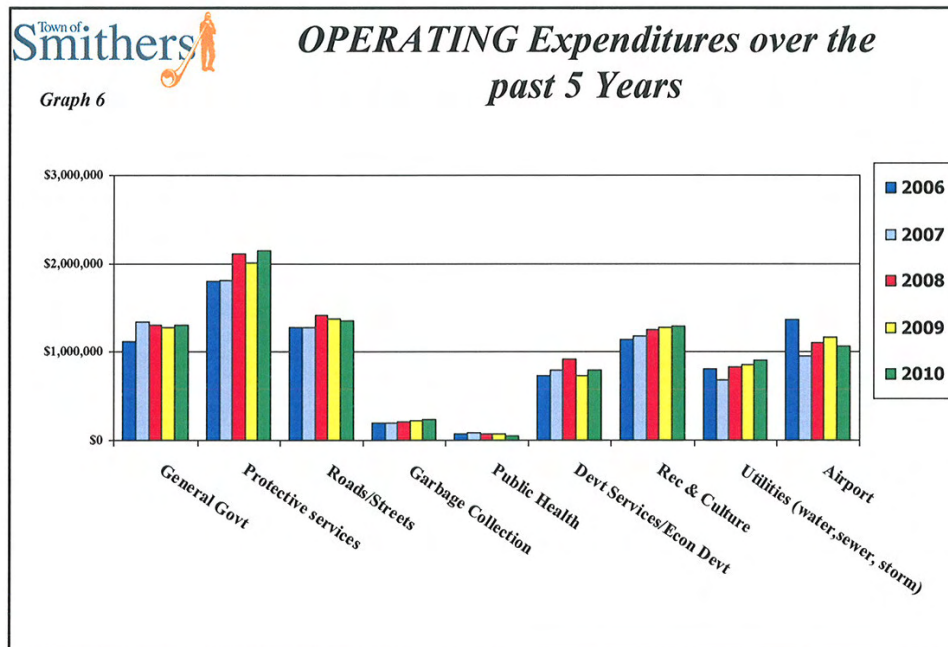
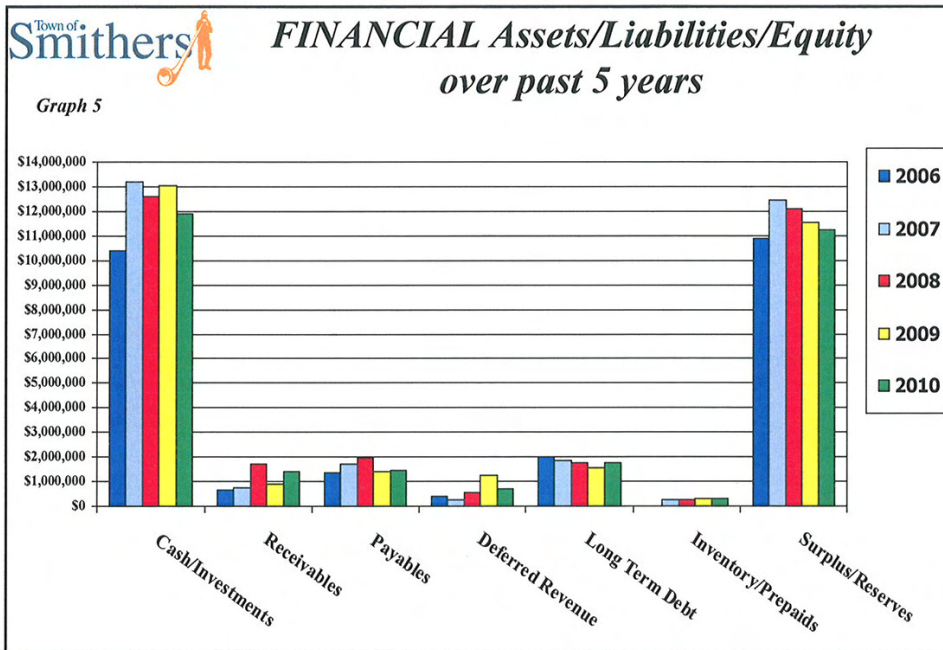


Graph 2

Smithers Municipal Assessments (Total Net Taxable Values)



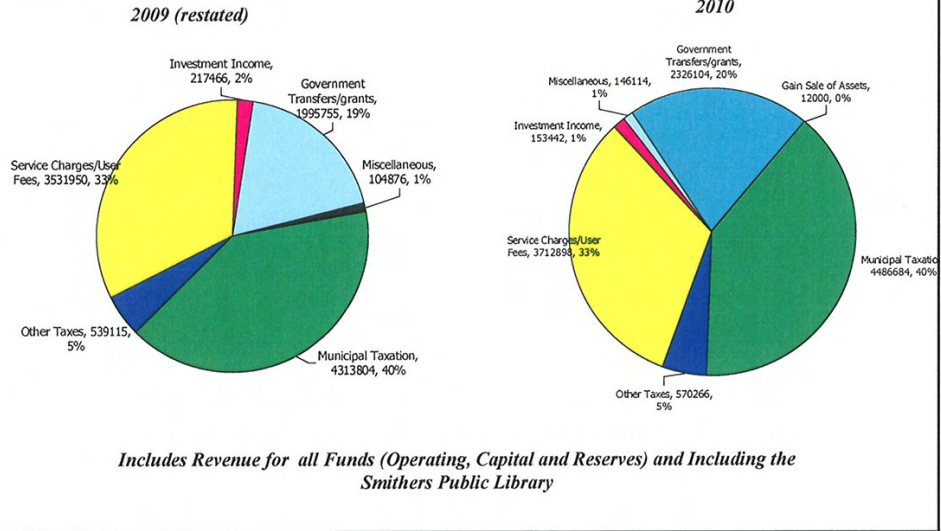






CONSOLIDATED Revenue Sources

Graph 7



CONSOLIDATED Expenses by Category

Graph 8

