



CITY OF GRAND FORKS

2012 ANNUAL REPORT



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An Open Letter to the Citizens of Grand Forks

From Mayor Brian Taylor and Council

On behalf of the Council of 2012-2014, I am pleased to report on the municipal services and operations for the year ending December 31st 2012. The 2012 Annual Report gives a synopsis in a financial format including statistics and taxation information on a comparative basis.

In February 2012, Council undertook a Strategic Planning exercise to determine their focus areas for the 2012 – 2014 Council term. The Corporate Priorities included regional services integration, succession planning for the City, Economic Stimulation, Infrastructure Replacement Strategy, Deer Issues and the development of a Water Metering Plan for a Sustainability Action. Operational Priorities included Asset Management, Fibre Optic Cable Network finalization, Cemetery Rehabilitation project, Lift Station Landscaping Project, West & East Side Entrance Signs, Airport Lighting, and Carbon Neutrality.

In April of 2012, an evaluation of Regional District cost implications for all proposed new and re-negotiated services were reviewed, which resulted in a new Fire Contract with the City and the improvement district within Area D. The City entered into a new waste management contract with the Regional District and a Pilot Project for Kitchen Waste Management was developed for the Val-Mar area to determine its viability. In the fall of 2012, the Kitchen Waste Program extended to



all residents of the City thus extending the life of our Regional Landfill.

2012 was a year for Staff retirements that included: the replacement of our Chief Administrative Officer, Chief Financial Officer, Senior Accountant, the Electrical Coordinator and an Electrical Lineman. In early 2012, a database was developed that outlined potential employee retirements, and in fall of 2012, a succession plan was developed for the organization.

From an Economic Stimulation standpoint, 2012 saw the City, in conjunction with the Economic Development Advisory Committee commencing the Branding process, for a fresh look at the City's identity. As part of the process, a survey was offered to the community for their input. The finalization of the branding process was presented and adopted by Council in April 2013. Additionally an action plan was completed for the downtown rejuvenation late in 2012, which

was included in the budgeting process for the 2012-2013 Financial Plan, and is currently underway in 2013.

In 2012, Operational Priorities such as Asset Management continued to be an ongoing priority where professional engineers developed a priority list of future planned multi-utility projects, and additionally, the Fibre Optic Network project agreement was finalized with School District 51. The Cemetery Rehabilitation project completed its first of three phases in 2012. The Lift station Project saw its surroundings irrigated and landscaped in the Spring-Summer of 2012.

Council has integrated three Committees of Council: 1) the Environment Committee that has a mandate of three initiatives: a. air quality b. carbon neutrality and c. water. This committee meets every two months to discuss environmental issues and is comprised of members of local industries, health authorities, lung association, local business persons and is chaired and co-chaired by members of Council; 2) the Economic Development Advisory Committee which is chaired and co-chaired by members of Council, has its members apply for a position on this committee for a defined period of time. This committee meets once a month with regard to Economic issues and initiatives of the City; and 3) the Deer

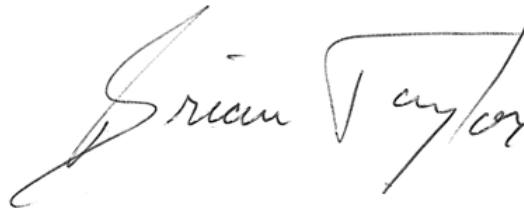
Committee which is chaired by Council and is apprised of members of the community. This committee meets on an as needed basis to discuss Deer Management for the area and the community.

Roxul Inc. and Interfor, the two major industrial employers, continue to operate on a more regular basis. Citizens continually remind us, through numerous public meetings and by one on one contacts with elected officials, to address priorities in municipal services and to keep taxation reasonable. Council strives to focus on the priorities

Council, along with experienced staff has worked with the community to achieve the direction we have set through our strategic plan during this term.

We appreciate the support of and the engagement from the community and look forward to great 2013 to continue to see the community grow and become more vibrant.

Yours truly,



MAYOR



City Council

2013



From left to right: Michael Wirschagin, Cher Wyers, Brian Taylor, Bob Kendel, and Neil Krog
Patrick O'Doherty and Gary Smith

Council Liaison's

| Committee | Liaison | Chair | Co-Chair |
|---|--------------------------|---|------------------|
| Phoenix Foundation | Councillor Smith | | |
| Economic Development Advisory Committee | | Councillor Kendel | Councillor Smith |
| Restorative Justice Committee | Councillor Wyers | | |
| Grand Forks Public Library | Councillor Wyers | | |
| Gallery 2 | Councillor Krog | | |
| Boundary District Arts Council | Councillor Krog | | |
| Local Sports Events | Councillor O'Doherty | | |
| Deer Committee | Councillor Smith | Councillor Smith (as appointed by Mayor Taylor) | |
| Environment Committee | | Councillor Wyers | Councillor Smith |
| Grasslands Group | Councillor's Wyers/Smith | | |
| Recreation Commission | Councillor Wirschagin | | |
| Boundary Museum Society | Councillor Kendel | | |
| Columbia Basin Alliance for Literacy Advisory Committee | Councillor Krog | | |
| Grand Forks and Boundary Regional Agricultural Society | Mayor Taylor | | |
| Citizens On Patrol | Councillor Wyers | | |
| Boundary Country Regional Chamber of Commerce | Councillor Kendel | | |
| Habitat for Humanity | Councillor Wirschagin | | |
| Downtown Merchants | Councillor Smith | | |
| GFI | Councillor Wirschagin | | |



Settle down.

Declaration of Disqualifications:

None



Settle down.

City Staff 2013



Message from the Chief Administrative Officer



In light of the Election in November 2011, 2012 began with a change in leadership as our Council was complimented with four new members. Staff was busy in the first month, developing the Strategic Plan (2012-2014) session which was held the end of January and was adopted by Council in February, which would determine Council's and Staff's direction for the next three years.

The year began with staff changes and the need for a succession plan was apparent, becoming one of the highlights of Council's newly formed Strategic Plan. With the retirement of our Fire Chief and Director of Operations, Blair McGregor, the City hired a new Manager of Operations, Hal Wright, who started his career with the City on January 2nd, 2012. In March, Dale Heriot, became the official Fire Chief for the City and in true Grand Forks Tradition, experienced a major fire event of a local hotel; the City experienced the loss of the Grand Forks Hotel and attempted loss of the Winnipeg Hotel in the same night and very shortly after Dale's appointment. We hope to not see this trend carry on!

As a carryover from 2011, Staff was busy working on the 2012-2016 Financial Plan and budget process which included presentations to Council and Public, and was adopted on April 16th. Additionally, at that same meeting, the Loan Authorization Bylaws for Infrastructure Projects (from the consent of the Electors at the 2011 Elections) were adopted. The City continued with the development of their Asset Management Plan for 2012 (which was determined a planning year for infrastructure projects.)

In June, the Chief Financial Officer, Cecile Arnott, advised that she was leaving the City, and in August, Roxanne Shepherd was hired to take on the role. Additionally Bill Harp, a 31 year employee, retired from his Electrical Lineman position, and Rod Zielenski took over his position in August.

September witnessed a momentous occasion with the Opening of the Time Capsule. This Time Capsule had rested in the basement of City Hall since 1987. The capsule was created as part of Grand Forks' 90th birthday celebration, and carried instructions that it be opened 25 years later. It was opened at the Regular Meeting of Council on September 4th, with several members of the public and media in attendance. Council Chambers travelled back in time as they reviewed old photographs, newspapers, school yearbooks and early computer floppy disks to name a few. City Hall created a display by the front counter for a couple of months for the public to enjoy and the Capsule is now in the care of the Boundary Museums Archives – back in the basement at City Hall!



October saw the Volunteer Appreciation Evening which was held at Gallery 2 where it was well attended and many well deserved volunteers received recognition for the most honoured efforts throughout the past year.

A major part of succession planning for City Staff was occurring in the background since spring which was the retirement announcement of the City's existing Chief Administrative Officer and 25 year City employee, Lynne Burch. Her last day with the City was November 2nd, ending with a very tasteful goodbye held at Gallery 2 where Council, past and present attended, as well as numerous colleagues and friends.

Interviews for Lynne's replacement were conducted in midsummer. On October 9th, I, was hired as the new Chief Administrative Officer, and have inherited a great team! A Corporate review was completed and several changes have been implemented for 2013 to enhance our current structure. We have maintained a great relationship with our local CUPE Union and look forward to continue to foster our relationship.

December saw more changes to Staff with the retirement of the City's Senior Accountant, Leslie Heit, and the City welcomed Patricia McKenzie as the new Accountant/Comptroller. Also, December witnessed the retirement of another long time employee, Gary Onions, the City's Electrical Coordinator.

As the City moves forward in 2013, the future visions of community wellbeing and economic prospects will align themselves to Council's strategic plan.

In the final months of 2012 the Council along with Staff positioned the community for a great 2013. On behalf of the organization we thank our customers for their feedback and look forward to outstanding and productive 2013 for the City of Grand Forks!



Doug Allin
Chief Administrative Officer



Settle down.



City of Grand Forks

Grand Forks, British Columbia

Strategic Planning Workshop January 25th and 26th, 2012

Facilitated by Rick Beauchamp

R. A. Beauchamp & Associates

Corporate Strategic Plan 2012 - 2014

Adopted by Council February, 2012

PARTICIPANTS

| | | | |
|-------------------|----------------|-------------------------------|-------------|
| Brian Taylor | Lynne Burch | Bev Porter | Alex Love |
| Bob Kendel | Cecile Arnott | David Reid | Dale Heriot |
| Neil Krog | Diane Heinrich | Mike Noseworthy | |
| Patrick O'Doherty | Hal Wright | Dean Chapman | |
| Gary Smith | Sasha Bird | Steve Howard, (Day One only) | |
| Cher Wyers | Wayne Kopan | James Traynor, (Day Two only) | |

What is Strategic Planning?

Strategic Planning is a system to lead, manage, and change an organization in a conscious, well planned out, integrated fashion, based on corporate priorities and a well-defined vision.

Strategic planning is essentially a process of determining a local government's long term vision, current goals, and developing an action plan to achieve those goals. It also provides an opportunity for the City Council and senior staff to communicate strategic priorities to line staff and citizens, thereby providing direction for internal operating departments to align their service delivery activities with the corporate priorities.

The Corporate Strategic Plan for the City of Grand Forks is the basis for determining the City's Vision, Mission, Values, Goals and Actions to be accomplished, within the next three-year mandate of the City Council. This plan is based on a collaborative process, in which members of Council, Management Staff and employees participated. It represents an effort by Council in reaching consensus on important issues in the municipality setting some specific goals for 2012 – 2014.

The Plan demonstrates the City Council's commitment in working with staff to build a safe, sustainable and complete community that will provide diverse employment opportunities and continued high quality of life for the residents of Grand Forks. While the Council realizes that priorities will change with time, it is the City Council's plan to provide for this process of strategic thinking with the firm belief that the Grand Forks residents will benefit from this on-going exercise.

To assist with the development of a corporate vision, mission and values a SWOT analysis was used to identify the key internal and external factors that are important to achieving stated objectives. This analysis examined community and organization strengths, weaknesses, opportunities and threats. The results were used to identify a "baseline" to establish the corporate vision for the future of Grand Forks.

VISION: *“A Garden City Growing Opportunities within the Boundary Country.”*

MISSION: *“The City of Grand Forks is committed to providing quality governance and excellent services that enhance and advance the quality of life for our community.”*

CORPORATE VALUES: **GARDEN CITY**

- 1) **G** - Growing responsibly
- 2) **A** - Accountability
- 3) **R** - Resilience
- 4) **D** - Diversity
- 5) **E** - Efficiency
- 6) **N** - Natural Beauty

- 7) **C** - Collaboration with Integrity
- 8) **I** - Innovation
- 9) **T** - Transparency
- 10) **Y** - Young at Heart

CORPORATE PRIORITIES 2012-2014:

1) Regional Services Integration – CAO / Director of Finance

- Fire contract with improvement district within Area D
- Regional Fire Service Opportunities
- Parks and playground
- Ski Hill
- Capital replacement for all services
- Cats Management
- Airport
- Waste Management
- Cultural Services (museum, art gallery)
- Economic Development
- Emergency Planning
- Treatment plant sludge dumping

Actions

- 1) Staff evaluate cost implications for all proposed new and re-negotiated services with the RDKB – **April, 2012**
- 2) Develop a strategy for regional service integration – **June, 2012**

2) Succession Planning - Council / CAO

- CAO and 3 Operations staff retiring

Actions

- 1) Council to develop Action Plan to replace CAO – **March, 2012**
- 2) CAO to develop Action Plan to replace electrical lineman – **February, 2012**
- 3) Staff develop database of potential employee retirements – **February, 2012**
- 4) Staff develop a succession plan for the organization – **September, 2012**

3) Economic Stimulation – Council / CAO / Staff

- Encouraging development which will increase tax base
- Community identity and tourism promotion
- Downtown revitalization incentives
- Enhancing Open Market
- Economic Strategy
- Marketing airport and foreign investment

Actions

- 1) Develop a community identity theme – Council, **March 31, 2012**
- 2) Staff evaluate tax incentive bylaws in other municipalities for fit for the City and report back to Council – CAO, **June, 2012.**
- 3) Develop an action plan for downtown rejuvenation – Council and CAO, **December, 2012**
- 4) Determine the usability of City lands through an inventory – Tech Services, **June, 2012**
- 5) Refer the sub-regional economic development strategy to the Economic Development Advisory Committee for review and recommendations – CAO - **July, 2012**
- 6) Develop a marketing strategy following feedback from the Economic Development Committee – **2013**

4) Infrastructure Replacement Strategy

Actions

- 1) Implement fire flow protection back-up generation PW– **2012 – 2013**
- 2) Investigate suitable location for new water well / nitration PW– **2012 – 2013**
- 3) Explore alternate river crossing for water PW – **2012**
- 4) Prioritize multi-utility projects PW – **2012 – 2014**
- 5) Building structure assessment for replacement PW – **2013 -2014**
- 6) Parks assessment Recreation – **2014**

5) Deer Issue – Council / CAO

Action

- 1) Develop an Action Plan for dealing with the deer issue (Deer Committee feedback) – **December – 2012**

6) Sustainability Actions – Public Works

Actions

- 1) Water meters – staff prepare report including data and costing for Council decision to move forward on water meter installation – **September, 2012**
- 2) Develop a water meter implementation plan explaining consequences and costs for public – **2013 – 2014**

OPERATIONAL PRIORITIES 2012-2014:

- **Asset Management** – Emergency Water Supply for Fire Protection. Need to proceed with plan including time-lines to install back-up generators on all wells. Need to do study on location of new well. **2012**
- **Asset Management** – Determine Priority for Multi-Utility Project. With Assistance from Professional Engineers, develop a priority list of Multi-Utility Projects. **2012**
- **Asset Management** – Acquire Engineering needed for the first priority on the Multi-Utility Project list and tender the project. **2013**
- **Asset Management** – Construct the first priority project on the Multi-Utility Project list. **2014**
- **Fibre Optic Cable Network** – Joint Project with School District 51. Need to finalize agreement with the School District. Potential for Revenue Generation, but need someone to develop business case on how this would work. Also need to ensure that the City has trained linemen in fibre installation and maintenance. **2012**
- **Cemetery Rehabilitation Project** – Includes the leveling of cemetery gravesites and re-landscaping. Project further includes the surveying of future grave spaces. To be completed in three phases: **First Phase in 2012, Second Phase in 2013, and Third Phase in 2014.**
- **Lift Station Landscaping Project** – Includes the asphalt and/or concrete work on the west side of 4th Street, the construction and planting of the amphitheatre berm, the installation of irrigation on the east side of City Park from 5th Street east to 4th Street as well as the irrigation in the City Park Campground, and the plantings required. **2012.**
- **West and East side Entrance Signs**
- **Airport Lighting**
- **Carbon Neutrality**

ADVOCACY PRIORITIES 2012-2014:

- Policing Costs
- Low Cost Housing
- Auditor General Audit Commission

Summary of Goals and Actions In Date Order

- CAO to develop Action Plan to replace electrical lineman – **February, 2012**
- Staff develop database of potential employee retirements – **February, 2012**
- Council to develop Action Plan to replace CAO – **March, 2012**
- Develop a community identity theme – Council, **March 31, 2012**
- Staff evaluate cost implications for all proposed new and re-negotiated services with the RDKB – **April, 2012**
- Develop a strategy for regional service integration – **June, 2012**
- Staff to evaluate tax incentive bylaws in other municipalities for fit for the City and report back to Council – CAO, **June, 2012**.
- Determine the usability of City lands through an inventory – Tech Services, **June, 2012**
- Refer the sub-regional economic development strategy to the Economic Development Advisory Committee for review and recommendations – CAO - **July, 2012**
- Staff develop a succession plan for the organization – **September, 2012**
- Water meters – staff prepare report including data and costing for Council decision to move forward on water meter installation – **September, 2012**
- Develop an Action Plan for dealing with the deer issue (Deer Committee feedback) – **December – 2012**
- Develop an action plan for downtown rejuvenation – Council and CAO, **December, 2012**

Summary of Goals and Actions By Years

- Develop a marketing strategy following feedback from the Economic Development Committee – **2013**
- Implement fire flow protection back-up generation PW– **2012 – 2013**
- Investigate suitable location for new water well / nitration PW– **2012 – 2013**
- Explore alternate river crossing for water PW – **2012**
- Prioritize multi-utility projects PW – **2012 – 2014**
- Building structure assessment for replacement PW – **2013 -2014**
- Parks assessment Recreation – **2014**
- Develop a water meter implementation plan explaining consequences and costs for public – **2013 – 2014**

City of Grand Forks
2012-2014 Corporate Strategic Plan
Summary Update

| Regional Services Integration | | | |
|---|---|---|---|
| ACTIONS | RESULTS ACHIEVED IN 2012 | COMMENTS | COMPLETION |
| 1. Staff to evaluate cost implications for all proposed new and re-negotiated services with the RKDB – April, 2012 | a) Draft Staff Report circulated in April, 2012 b) Fire Department Service Agreement with RDKB | | April 2012 |
| 2. Develop a Strategy for Regional Service Integration – June, 2012 | Building Inspector Services to be managed by City in July 2013 | | July 2013 |
| Succession Planning | | | |
| 1. Council to Develop an Action Plan to Replace the CAO – March, 2012 | New CAO hired in October 2012 | | October 2012 |
| 2. CAO to Develop Action Plan to replace Electrical Lineman – February, 2012 | Staff Report presented to Council in early March, 2012 | Plan developed to hire Electrical Lineman who was hired in August 2012 | August 2012 |
| 3. Staff to Develop database of potential employee retirements – February, 2012 | Staff Report presented to Council in early March, 2012 | Data base developed | March 2012 |
| 4. Staff to Develop a succession plan for the organization – September, 2012 | Succession plan was developed with the new CAO and Council in December 2012 | a) Plan developed for replacement of Union Employees through a casual pool internal and external b) Management restructured to allow for better balance in departments to ensure the organization will be ready for succession c) education planning in place to better grow with current employees | December 2012 December 2012 December 2012-ongoing |

City of Grand Forks
2012-2014 Corporate Strategic Plan
Summary Update

| Economic Stimulation | | | |
|---|--|---|--|
| ACTIONS / RESPONSIBILITIES | RESULTS ACHIEVED IN 2012 | COMMENTS | COMPLETION |
| 1. Develop a Community Identity Theme – March, 2012 | New City logo and theme for Community developed. Public consultation played a large role in the outcome | The Economic Development Advisory Committee began the Branding Process in September 2012 | February 2013 |
| 2. Staff to evaluate tax incentive bylaws in other municipalities for fit for the City and Report back to Council – June, 2012 | a) report provided to Council in June 2012 b) Relationship established with Downtown Merchants group for feedback | | June 2012 December 2012 - ongoing |
| 3. Develop Action Plan for Downtown Rejuvenation – December, 2012 | Public engagement session was held to identify the priorities of the public and downtown merchants | Action Plan developed and implementation to be complete July 30 th 2013 | December 2012 |
| 4. Determine the usability of City lands through an inventory – June, 2012 | Report presented to Council Identifying Usability of City lands in June 2012 | in progress | June 2012 |
| 5. Refer the sub- regional economic development strategy to the Economic Development Advisory Committee for Review and Recommendation – July, 2012 | In progress | a) The relationship between the City's Economic Development Advisory Committee and the Regional Boundary Economic Development Committee is established and defined b) Strategic Plan developed by the City's Economic Development Advisory Committee | March 2013 -ongoing December 2012 |
| 6. Develop a marketing strategy following feedback from the Economic Development Committee – 2013 | In progress | Referred to the City's Economic Development Advisory Committee (EDAC) to develop | September 2013 |

City of Grand Forks
2012-2014 Corporate Strategic Plan
Summary Update

| Infrastructure Replacement Strategy | | | |
|--|---|---|----------------|
| ACTIONS / RESPONSIBILITIES | RESULTS ACHIEVED IN 2012 | COMMENTS | COMPLETION |
| 1. Implement fire flow protection back-up generation – 2012-2013 | Design work commenced and put on hold due to new information received from the Groundwater Wells Report | Work has re-commenced | September 2013 |
| 2. Investigate suitable location for new water well / nitrification – 2012-2013 | Location has been identified | Based on identified water conservation priorities it may be determined that a new well is not necessary – USL developing overall water strategy which will determine the need and costs | |
| 3. Explore alternative River Crossing for Water – 2012 | Two alternative crossings were chosen – route dependant on how much Risk Council is prepared to take | This initiative not budgeted for in 2012 | |
| 4. Prioritize multi-utility projects – 2012-2014 | | Three projects have been identified but are not “shelf-ready” at this time | |
| 5. Building structure assessment for replacement – 2013-2014 | | | |
| 6. Parks Assessment Recreation – 2014 | | | |

City of Grand Forks
2012-2014 Corporate Strategic Plan
Summary Update

| Deer | | | |
|---|---|---|--------------------------------|
| ACTIONS / RESPONSIBILITIES | RESULTS ACHIEVED IN 2012 | COMMENTS | COMPLETION |
| 1. Develop an Action Plan for Dealing with the Deer Issue (Deer Committee Feedback) – December, 2012 | Deer Management Plan developed by the Deer Committee | Staff is currently reviewing information received from the Deer Committee | December 2012 |
| Sustainability Action | | | |
| 1. Water meters – Staff to prepare a report including data and costing for Council decision to move forward on water meter installation, September, 2012 | a) Report to Council complete and next steps identified b) An application for funding under the Gas Tax Agreement's General Strategic Priorities Fund was submitted – Whereas the City did not receive funds | Cost evaluation to take place in 2013 | September 2012 May 2012 |
| 2. Develop a water meter implementation plan explaining consequences and costs for public – 2013- | Water metering and conservation communications will begin in 2013 | The City is planning to begin tendering for meters in early 2014 | December 2012 |

Corporate and Administrative Services



From left to right: Diane Heinrich, Doug Allin and Sarah Winton

Doug Allin is the City's Chief Administrative Officer. He oversees all of the City's departments and is regarded as the sole employee of Council.

Corporate Services provides administrative support to the CAO when required.

Corporate Services is comprised of two employees, Sarah Winton – Deputy Corporate Secretary/Community Services; and Diane Heinrich – Corporate Officer, Manager of Community Services and Manager of Human Resources.

Corporate Services prepares the agendas and takes the minutes for Council Meetings and for Committees of Council. This department is also responsible for Record Keeping for the City and Freedom of Information requests. Corporate Services' responsibilities are mainly derived from the statutory requirements as outlined in the Community Charter.

The Community Services part is a new service as of 2013, when the City hired a Deputy Corporate Secretary. This role sees the City taking on a proactive and supportive role regarding event requests that the City receives throughout the year from sports teams and organizations that require the use of City owned property and equipment.

The Human Resources area is also brand new for 2013. The department is involved with the hiring and the retirement of employees, keeps the personnel records and ensures that the Employee Conduct Code Rules and Regulations are enforced.

Highlights:

In 2012, this department comprised of one individual where the main focuses were:

- Provided agendas and minutes for over 50 Meetings of Council
- Management of the City's website
- Writing of reports, policies and bylaws for Council approval
- Compiled Weekly Summaries for Council
- Most of the City's correspondence requirements
- Managing Bylaws and Policies
- Provided Conference & Travel Packages for Council when required
- Implemented the Metal Hanging Art Prototype Project

Goals for 2013:

- To fully develop the events requirements for Community Services

- Improve process for Park use through a collaborative approach with community groups and the RDKB.
- Ongoing Training of the Deputy Corporate Secretary
- To commence the implementation of a professional Records Management System that includes the ease of access for electronic versions of Contracts, Bylaws and Policies
- Provide Report Writing workshops to assist City Staff
- Update/upgrade the City's website to include the new City brand, community profile, and event requests and to create a user friendly site
- Promote and enhance the City's relationship through public engagement
- Establish a communications strategy for the City
- Streamline Committees of Council Procedures



Development & Engineering



From left to right: Kathy Labossiere, Sasha Bird and Dolores Sheets

The Development and Engineering department's primary planning and technical functions are dealing and assisting with all types of land issues such as subdivision, development, building, zoning and sustainable community plan enforcement, preparing bylaws, ROW's, road closures, dedications, business license approvals, managing capital/special projects, providing long term capital planning, capital budgeting/cost estimating, reviewing technical engineering reports, tendering projects and preparing RRP's, RFQ's,

administering contracts, providing construction inspection and liaising with various ministries, consultants, developers, contractors, customers, residents and internal departments.

Highlights from 2012:

- Kettle River Estates development
- Silver Kettle Development
- Asset Management
- Road Condition Assessment Study
- Alternative River Crossing Determination
- City Park Lift Station Landscaping
- Selkirk Parking Lot Upgrade
- Water Wells Management Plan
- WWTP Energy Audit
- Design for the Hwy 3 Crossing at the TCT
- Established Surveyed GPS Cadastral Points
- Updated the City of Grand Forks Cadastre
- Upgraded 82nd Ave. Water main

Goals for 2013:

- Building and Zoning Bylaw review and re-development
- Subdivision and Development Bylaw review and re-development
- Fees and Charges Bylaw review and re-development
- Westside Fire Protection project



Settle down.

- Source Water Protection Plan (mandated by IHA through our Operating Permit)
- Downtown Beautification Upgrades
- Implementing a Fiber Optic Cable Network Plan
- Implementing a monitoring program for the slag piles
- Boundary Drive Culvert Replacement project
- City of Grand Forks Welcome Signage
- Asset Management projects (Water, Sewer, Sludge and Facility Assessments)
- City Park Road Closure and Consolidation
- Evergreen Cemetery Road Closure
- Winnipeg Hotel Demolition and Development

These functions are currently supported by a regular staff compliment. For significantly large projects, contract planners are utilized for some of the initial Master Development Agreements, Comprehensive Development Bylaws, etc.



City Park Lift Station Landscaping/ Selkirk Parking Lot Upgrade



Silver Kettle Estates Development

Environmental & Building Construction Services



Wayne Kopan

The office of Environmental & Building Construction Services is responsible for the Annual Dyke Inspections and reporting to the Province, the tracking and reporting on the City's Carbon Neutral and Solar Initiatives. This also includes managing the IT department, phone systems, cell phones, computers and servers, printers and backup up and data storage systems. This office also oversees the City's fleet and insurance requirements, the management of the Airport, including Building Maintenance requirements of the City owned facilities.

This department functions with one manager, one contracted IT person Daniel Drexler and a partnership with the School District # 51 IT support staff.



Daniel Drexler

Highlights from 2012:

- The upgrade and installation of the new (VOIP) Voice over IP phone system
- The migration of the servers from City Hall to the new Data Center
- Computer licensing audit
- Completed the connections of all the City's infrastructure to the Fiber Network
- Installation of Weather Web Cam on observation Mountain
- Buildings Energy Audit
- The launch of the Green Bin Food Waste and Composting Program
- Complaint responses and the final cleanup of 7140 3rd Street
- Complete the basement renovation in City Hall to accommodate the Museum archiving and storage area



Goals for 2013:

- Upgrade of the heating systems at the Fire Hall and Public works
- Upgrade of the City Hall and Public Works lighting systems to improve our carbon footprint

- To take on the role as the City's Bylaw Enforcement Officer
- Improve and update the City's bylaws including a new (MTI)
- Municipal Ticking Information Bylaw
- Bring the Building Inspections Office in house in July of 2013
- Complete training to obtain a Level 1 Building Inspector Certification.
- Connect the (EOC) Emergency Operations Center with a Fiber connection



Fire Department / Emergency Services



Grand Forks Fire Department

The Emergency Services department provides fire and emergency protective services to the City of Grand Forks, and the Grand Forks Rural Fire Protection District under contract.

The Chief and Assistant Chief supervise a group of 40 volunteers who provide firefighting, medical and hazardous material response, and road, high-angle rope, confined space, and swiftwater rescue services to the citizens of Grand Forks.

Highlights from 2012:

- Researched benefits program for the volunteers to aid in recruitment and retention.

- Began the process to replace the 1992 ladder truck.



- Responded to 298 calls – 174 fire, 41 rescue, and 83 first responder.
- Auto extrication training for volunteers (on-site).
- Filled Deputy Chief position.



Windstorm Event July 20.



- Purchase recommendation to Rural FPD Board for new water tender.
- EOC Training with RDK

Goals for 2013:

- Launch benefits program for volunteers.
- Exterior painting of downtown fire hall
- Increase frequency of commercial and institutional fire inspections
- Continue work with RDKB on development of Grand Forks EOC
- Open the firefighters' Training Ground at the airport
- First Responder, Swiftwater, High Angle, Confined Space training for volunteers
- Spec and issue RFP for platform truck to replace 1992 ladder truck.

Fires at Grand Forks Hotel and Winnipeg Hotel



Grand Forks Art Gallery



Public Works

Public Works is comprised of 5 separate departments providing quality services to the City in the areas of road, sidewalk and trail maintenance, electrical distribution and maintenance, sanitary and storm sewer collection services, parks, playing fields, campground and beach maintenance, as well building maintenance on all City owned structures. Public Works is also responsible for equipment procurement and maintenance services on all City owned equipment as well as the Fire Department's inventory of vehicles and equipment.

Public works is operated by 1 Management and 19 Union staff members. Public Work's Union staff can increase to 27 in peak season with the addition of summer students and casual employees.



Public Works Crew

2012 Highlights:

- Cemetery grave restoration 1st year of 3 year program completed
- Main water line replacement on 82 avenue at Riverside Drive
- Raised walls at the sewage Contact Chamber
- Supplied new water service to Contact Chamber
- East side alley repairs
- City Park beach repairs
- City Park Campground upgrades
- July wind storm emergency and cleanup
- Airport beacon radio system upgrades (night flight)
- Re-Routed water and sewer services to Barbara Ann Park Washrooms
- Sidewalk and paving repairs
- Storm water drainage repairs

Contact Chamber Wall Extension



Goals for 2013:

- Cemetery grave restoration 2nd year of 3 year program
- Hanging Basket program
- Downtown Beautification
- West side alley repairs
- Temporary infield at JD Ball Park
- New levelled grass infield at JD Ball Park
- City Park Tot Lot equipment upgrade
- Road crack filling operations
- Sidewalk and paving repairs
- Storm water drainage repairs

City Park Beach Project



Finance

The Finance Department has seven staff members that include the Chief Financial Officer, an Accountant/Comptroller, a Payroll/Accounts Payable Clerk, a Revenue Clerk, an Accounting Clerk II and two Administrative Assistants.

The City maintains a system of internal controls for the purpose of financial statement reliability and protection of City assets. Internal controls include ensuring accurate and full accounting of all financial transactions, safekeeping of City funds, receiving monies paid to the municipality, investing in authorized investments and expending funds as authorized by Council.

The Finance department also provides support to the external auditors and provides internal reports for other City departments.



Back Row: Nina Decaire, Daphne Popoff, Charlene Euerby, Arlene Mitri
Front Row: Patricia McKenzie, Roxanne Shepherd, Bev Porter

Highlights:

- A new Chief Financial Officer started in September
- The Senior Accountant resigned and an Accountant/Comptroller started in November
- Updated information in financial section of website
- Implemented new Asset Disposal Policy
- Annual Surplus for 2012 is \$395,773
- Operating Fund Equity increased from \$1,387,863 at year end 2011 to \$1,835,528 at year end 2012
- Net financial assets increased from \$3,109,620 at year end 2011 to \$4,173,146 at year end 2012
- Reserve funds increased from \$2,956,239 at year end 2011 to \$3,405,187 at year end 2012
- Operating expenditures include \$1,128,733 in general government services and public real estate, \$472,304 in protective services, \$1,225,906 in transportation services, and \$330,893 in environmental health, public health and environmental services. Utility operations expenditures (including the electrical utility) total \$4,778,819.

- Long term debt issued and outstanding as of December 31, 2012 was \$765,495. In 2011, this balance was \$914,274.

Goals for 2013:

- Incorporating new budget process to include the public at Committee of the Whole budget discussions
- Create a Tangible Capital Asset Policy
- Thorough review financial aspect of inventory system
- Create a Fees & Charges Bylaw to replace finance fees in all other applicable bylaws
- Housekeeping of all finance bylaws
- Review and consolidate Chart of Accounts
- Update all procedures for Finance Department
- Switch back to the PST/GST from the HST
- Implementing a new Purchasing Policy
- Implement Risk Management Policies
- Continue succession planning for Finance department



Statement of Property Tax Exemptions

In accordance with Section 224 of the Community Charter, the following properties in the City of Grand Forks were provided permissive property tax exemptions by Council in **2012**.

| Legal Description | Civic Address | Organization | Value of Permissive Exemption |
|--|---|--|-------------------------------|
| Lot 1, D.L. 380, S.D.Y.D., Plan KAP54909 | 7230-21 st Street | Grand Forks Curling Club | \$7,344.16 |
| Lot 5, Block 10, D.L. 108, S.D.Y.D., Plan 23 | 366 Market Avenue | Grand Forks Masonic Building | \$454.25 |
| Lot A, D.L. 108, S.D.Y.D., Plan 38294 | 978 72 nd Avenue | Sunshine Valley Little Peoples Centre | \$1,243.82 |
| Lot 8, Block 25, Plan 23, DL 108 S.D.Y.D. | 686 72 Ave | Slavonic Senior Citizen's Centre | \$600.00 |
| Lot A, DL 108 S.D.Y.D. Plan 6691 | 7239 2 nd St | Hospital Auxiliary Thrift Shop | \$1,752.54 |
| Lots 23, 24, 25, 26 Block 29, DL 108 S.D.Y.D. 121 | 7353 6 th St | Royal Canadian Legion | \$3,342.67 |
| Lots 10 and 17 – 20, Block 18, D.L. 108, S.D.Y.D., Plan 86 | 565 71 st Avenue (City Park) | Grand Forks Senior Citizens, Branch No. 68 | \$2,948.47 |
| Lot 1, D.L. 585, S.D.Y.D., Plan 27903 | 7850-2 nd Street | Grand Forks Wildlife Association Hall | \$2,670.06 |
| Parcel B, Block 45, D.L. 108, Plan 72 | 876-72 nd Avenue | Abbeyfield Centennial House Society | \$2,199.90 |
| Parcel F and Parcel G, Block 35, District Lot 108, Plan 72 | Parcels F & G, 72 nd Avenue | Habitat for Humanity Boundary Society | \$826.48 |
| Lot A, Plan 29781, District | 7130-9 th Street | Boundary Lodge | \$3,193.90 |



Settle down.

| | | | |
|---------------------------|--|--|--|
| Lot 108, Land District 54 | | | |
|---------------------------|--|--|--|

In accordance with Section 226 of the Community Charter, the following properties in the City of Grand Forks were provided property tax exemptions in **2012**.

| Legal Description | Civic Address | Organization | Expiry Date | Value of Tax Exemption |
|---------------------|---------------|--------------|-------------|------------------------|
| Lot 1 Plan KAP91480 | 570 - 68 Ave | Interfor | 2015 | \$115,578.84 |



Settle down.

Capital Projects 2012

The Corporation of the City of Grand Forks
Schedule of Capital Projects Undertaken
For the year ended December 31, 2012

| | |
|---|------------|
| OFFICE AND TECHNICAL EQUIPMENT | \$ 28,654 |
| PUBLIC WORKS EQUIPMENT | \$ 2,895 |
| JAMES DONALDSON GRANDSTAND GFI SOUND SYSTEM | \$ 6,000 |
| FIBRE OPTICS PROJECT - IN PROGRESS | \$ 66,626 |
| CORPORATE COMMUNICATIONS-CISCO PHONE | \$ 25,523 |
| SOURCE WATER PROTECTION PLAN | \$ 40,972 |
| VOLTAGE CONVERSION | \$ 24,766 |
| METERS & RECLOSER CONTROLS | \$ 51,937 |
| HEAT EXCHANGE | \$ 6,100 |
| GREEN BINS ORGANIC PROGRAM | \$ 49,314 |
| GYRO PARK ELECTRICAL KIOSK | \$ 6,525 |
| UPGRADE CITY PARK RUGBY FIELD | \$ 3,000 |
| SCADA SYSTEM | \$ 11,278 |
| FIRE FIGHTING APPARATUS | \$ 6,879 |
| FIREPRO SOFTWARE | \$ 6,156 |
| EMERGENCY WATER SUPPLY FOR WESTSIDE FIREFLOW PROTECTION | \$ 17,505 |
| AIRPORT SAFETY BEACON LIGHTING | \$ 65,466 |
| CITY PARK LIFT STATION & HEAT EXCHANGE TRANSFER SYSTEM | \$ 289,866 |
| | \$ 709,461 |

FUNDED BY:

| | |
|-------------------------|------------|
| BORROWING AUTHORIZATION | \$ 219,494 |
| SURPLUS | \$ 489,967 |
| | \$ 709,461 |



Settle down.

Financial Statements



Settle down.

Financial Statements of

THE CORPORATION OF THE CITY OF GRAND FORKS

December 31, 2012

THE CORPORATION OF THE CITY OF GRAND FORKS
Index to Financial Statements
December 31, 2012

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May 10, 2013

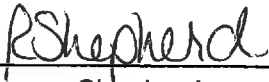
Grand Forks, B.C.

Responsibility For Financial Reporting

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in note 1 to the consolidated financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the City of Grand Forks consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that The Corporation of the City of Grand Forks assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Berg Lehmann, Chartered Accountants, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, The Corporation of the City of Grand Forks financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in note 1 to the consolidated financial statements. The report of Berg Lehmann, Chartered Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Roxanne Shepherd
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
The Corporation of the City of Grand Forks

We have audited the accompanying consolidated financial statements of The Corporation of the City of Grand Forks, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of 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 Public Sector accounting standards 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 City'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 City'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.

.../2

Chartered Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

phone 250.352.3165
fax 250.352.7166
advice@BergLehmann.ca
www.BergLehmann.ca


Berg
Lehmann

INDEPENDENT AUDITORS' REPORT (continued)

To the Mayor and Council
The Corporation of the City of Grand Forks

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Grand Forks as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector accounting standards.



Chartered Accountants

May 10, 2013

Nelson, B.C.

Chartered Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

phone 250.352.3165
fax 250.352.7166
advice@BergLehmann.ca
www.BergLehmann.ca

THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2012

| | 2012 | 2011 |
|---|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash (note 2) | \$ 8,484,269 | \$ 7,340,891 |
| Accounts receivable | 1,722,076 | 1,653,464 |
| MFA deposit (note 3) | 9,801 | 9,513 |
| Inventories for resale | 49,310 | 26,811 |
| Lease receivable (note 4) | 192,017 | 209,285 |
| | 10,457,473 | 9,239,964 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 1,255,863 | 1,142,032 |
| Employee future benefits (note 5) | 646,802 | 820,299 |
| Deferred gas tax grants (note 11) | 1,238,599 | 1,011,546 |
| Deferred revenues - grants and other (note 8) | 82,439 | 89,253 |
| Deferred revenues - prepaid taxes | 271,324 | 237,709 |
| Temporary loan (note 9) | 1,537,426 | 1,537,426 |
| Development cost charges (note 10) | 486,379 | 377,805 |
| Long-term debt (note 6) | 765,495 | 914,274 |
| | 6,284,327 | 6,130,344 |
| NET FINANCIAL ASSETS | 4,173,146 | 3,109,620 |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses | 48,946 | 38,446 |
| Inventory of supplies | 253,127 | 281,762 |
| Tangible capital assets (note 7) | 26,063,779 | 26,713,397 |
| | 26,365,852 | 27,033,605 |
| ACCUMULATED SURPLUS | \$ 30,538,998 | \$ 30,143,225 |
| Represented by: | | |
| Operating funds equity (note 12) | \$ 1,835,528 | \$ 1,387,863 |
| Reserve funds (note 13) | 3,405,187 | 2,956,239 |
| Equity in tangible capital assets (note 14) | 25,298,283 | 25,799,123 |
| | \$ 30,538,998 | \$ 30,143,225 |
| COMMITMENTS AND CONTINGENT LIABILITIES (note 21) | | |



Chief Financial Officer

THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2012

| | 2012 Budget | 2012 Actual | 2011 Actual |
|---|----------------------|----------------------|----------------------|
| REVENUE | | | |
| Taxes | \$ 2,835,100 | \$ 2,828,294 | \$ 2,619,503 |
| Sales of goods and services (note 16) | 6,272,800 | 6,245,184 | 5,855,689 |
| Other revenues | 323,000 | 581,582 | 508,388 |
| Senior government grants - operating | 545,000 | 721,201 | 738,769 |
| Senior government grants - capital | - | 33,998 | 280,837 |
| Interest income | 21,000 | 102,187 | 97,748 |
| Investment income on sinking fund | - | 8,542 | 6,157 |
| | 9,996,900 | 10,520,988 | 10,107,091 |
| EXPENDITURES | | | |
| General government | 957,600 | 853,061 | 928,814 |
| Public real estate | 302,600 | 275,672 | 348,006 |
| Protective service | 483,700 | 472,304 | 428,665 |
| Transportation services | 1,330,100 | 1,225,906 | 1,069,466 |
| Environmental health services | 172,400 | 178,277 | 165,149 |
| Public health and welfare | 121,500 | 89,658 | 105,494 |
| Environmental development | 329,000 | 241,235 | 256,489 |
| Recreation and cultural services | 717,700 | 601,411 | 631,273 |
| Utility services | | | |
| Electrical | 3,404,500 | 3,399,709 | 3,246,720 |
| Water | 810,400 | 694,067 | 659,989 |
| Sewer | 745,100 | 685,043 | 648,198 |
| Debt interest | 91,800 | 35,110 | 37,432 |
| Amortization | 1,345,400 | 1,373,762 | 1,258,734 |
| Gain on disposition | - | - | (305,994) |
| | 10,811,800 | 10,125,215 | 9,478,435 |
| ANNUAL SURPLUS (DEFICIT) | (814,900) | 395,773 | 628,656 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 30,143,225 | 30,143,225 | 29,514,569 |
| ACCUMULATED SURPLUS, END OF YEAR | \$ 29,328,325 | \$ 30,538,998 | \$ 30,143,225 |
| RECONCILIATION TO BUDGET (note 20) | | | |



Chief Financial Officer

THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2012

| | 2012 | 2011 |
|---|---------------------|---------------------|
| ANNUAL SURPLUS | \$ 395,773 | \$ 628,656 |
| Acquisition of tangible capital assets | (709,460) | (998,475) |
| Amortization of tangible capital assets | 1,373,762 | 1,258,734 |
| Gain on sale of capital assets | - | (305,994) |
| Proceeds from sale of capital assets | - | 322,743 |
| Net change in prepaid expenses and supplies inventory | 18,135 | (13,284) |
| PST adjustment on assets under capital lease | (14,684) | - |
| INCREASE IN NET DEBT | 1,063,526 | 892,380 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 3,109,620 | 2,217,240 |
| NET FINANCIAL ASSETS, END OF YEAR | \$ 4,173,146 | \$ 3,109,620 |

R. Shepherd

Chief Financial Officer

THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

| | 2012 | 2011 |
|--|---------------------|---------------------|
| OPERATING TRANSACTIONS | | |
| Annual surplus | \$ 395,773 | \$ 628,656 |
| Non-cash items | | |
| Amortization | 1,373,762 | 1,258,734 |
| Gain on sale of tangible capital assets | - | (305,994) |
| PST adjustment on assets under capital lease | (14,684) | - |
| Change in prepaid expenses and supplies inventory | 18,135 | (13,284) |
| Change in Net Financial Assets/Liabilities | | |
| Change in accounts receivable | (68,612) | 655,390 |
| Change in MFA debt deposits | (288) | (314) |
| Change in inventories for resale | (22,499) | 19,899 |
| Change in loan receivable | 17,268 | 16,501 |
| Change in accounts payable and accrued liabilities | 113,831 | (192,300) |
| Change in due to trust | (173,497) | (1,677) |
| Change in deferred revenues | 220,239 | 208,871 |
| Change in development cost charges | 108,574 | 42,826 |
| Change in restricted revenues | 33,615 | (99,165) |
| Cash Provided by Operating Transactions | 2,001,617 | 2,218,143 |
| CAPITAL TRANSACTIONS | | |
| Purchase of tangible capital assets | (709,460) | (998,475) |
| Proceeds from sale of tangible capital assets | - | 322,743 |
| Cash Applied to Capital Transactions | (709,460) | (675,732) |
| FINANCING TRANSACTIONS | | |
| Debt issued | 14,683 | 46,556 |
| Repayment of long-term debt | (154,919) | (192,806) |
| Actuarial adjustment | (8,543) | (15,960) |
| Cash Received from Financing Transactions | (148,779) | (162,210) |
| INCREASE IN CASH | 1,143,378 | 1,380,201 |
| CASH, BEGINNING OF YEAR | 7,340,891 | 5,960,690 |
| CASH, END OF YEAR | \$ 8,484,269 | \$ 7,340,891 |

A Shepherd

Chief Financial Officer

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of The Corporation of the City of Grand Forks:

Basis of Presentation

The Consolidated Financial Statements of the City, which are the representation of management, are prepared in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The Consolidate Financial Statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Capital and Reserve funds. Inter-fund transactions have been eliminated on consolidation.

- i) **Operating Funds:** These funds include the General, Electrical, Water and Sewer operations of the City. They are used to record the operating costs of the services provided by the City.
- ii) **Capital Funds:** These funds include the General, Electrical, Water and Sewer Capital funds. They are used to record the acquisition and disposal of property and equipment and their related financing.
- iii) **Reserve Funds:** Under the Community Charter, City Council may, by bylaw, establish reserve funds for specified purposes. Money in a reserve fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, City Council may, by bylaw, transfer all or part of the balance to another reserve fund.

Basis of Accounting

The City's consolidated financial statements are prepared using the accrual basis of accounting.

Revenue Recognition

The City records revenue on the accrual basis and includes revenue in the period in which the transactions or events that give rise to the revenues occur. Taxation revenues are recognized at the time of the issuing of the property tax notices for the fiscal year. Sale of services and utility fee revenues are recognized when the service or product is rendered by the City.

Grant revenues are recorded when the funding becomes receivable. Unearned revenue in the current period is recorded as deferred revenue.

Deferred Revenue

Deferred revenue relates to restricted grants received but not yet spent.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life commencing in the year the asset is put into service. Donated tangible capital assets are reported at the fair value at the time of donation. The estimated useful lives are as follows:

| | |
|---|----------------|
| Building | 40 - 75 years |
| Building improvements | 10 - 40 years |
| Fixtures, furniture, equipment and vehicles | 5 - 20 years |
| IT infrastructure | 4 - 10 years |
| Parks infrastructure | 15 - 50 years |
| Paving and roads | 10 - 100 years |
| Sewer infrastructure | 10 - 100 years |
| Water infrastructure | 10 - 100 years |

Restricted Revenues

Receipts which are restricted by the legislation of senior governments or by agreements with external parties are deferred and reported as restricted revenues. When qualifying expenditures are incurred restricted revenues are brought into revenue at equal amounts.

Financial Instruments

The City's financial instruments consist of cash, temporary investments, accounts receivable, accounts payable, capital lease obligations and long-term debt. It is management's opinion that the City is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

Budget Figures

The budgeted figures are based on the adopted Five-Year Financial Plan for the year 2012 approved by council under bylaw 1928 on April 16, 2012 and are not subject to audit.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles, 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 amounts of revenues and expenditures during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, the determination of payroll and employee future benefit accruals and the provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Transfers

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met, and a reasonable estimate of the amount to be received can be made.

2. CASH

| | 2012 | 2011 |
|-----------------------------------|---------------------|---------------------|
| Restricted cash | | |
| Statutory Reserves | \$ 3,227,077 | \$ 2,871,602 |
| Deferred Gas Tax Grant funds | 1,238,599 | 1,011,546 |
| Deferred development cost funds | <u>486,379</u> | <u>375,857</u> |
| | 4,952,055 | 4,259,005 |
| Unrestricted cash and investments | <u>3,532,214</u> | <u>3,081,886</u> |
| | <u>\$ 8,484,269</u> | <u>\$ 7,340,891</u> |

3. DEBT RESERVE FUNDS - MUNICIPAL FINANCE AUTHORITY

The Municipal Finance Authority of British Columbia provides capital financing for regional districts and their member municipalities. The Authority is required to establish a Debt Reserve Fund. Each regional district through its member municipalities who share in the proceeds of the debt issue is required to pay into the Debt Reserve Fund certain amounts set out in the debt agreements. The interest earned by the Fund less administrative expenses becomes an obligation to the regional districts. If at any time a regional district has insufficient funds to meet payments on its obligations, it must then use the monies to its credit within the Debt Reserve Fund. Upon maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2012 the total of the Debt Reserve Fund was:

| | Demand Notes | Cash Deposits | Balance |
|--------------|------------------|-----------------|------------------|
| Sewer fund | \$ 6,433 | \$ 3,508 | \$ 9,941 |
| General fund | <u>28,501</u> | <u>6,293</u> | <u>34,794</u> |
| | <u>\$ 34,934</u> | <u>\$ 9,801</u> | <u>\$ 44,735</u> |

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

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

4. LEASE RECEIVABLE

The City has entered into a long-term capital lease agreement with the Regional District of Kootenay Boundary for the lease of a building and lands. The term of the agreement is 12 years commencing August 1, 2010. Annual payments are \$27,000 including interest at 4.65%. Interest of \$9,731 (2011 - \$10,499) was received during the year.

5. EMPLOYEE FUTURE BENEFITS

The City provides a benefit to its unionized employees upon retirement. Those eligible employees who retire from service shall receive an amount equal to one and one half of their accumulated sick leave credits, up to, but not exceeding, 150 days. Employees absent for medical reasons have wages charged against, and deducted from the sick leave accumulated. Upon retirement, any employee having accumulated sick leave is eligible to receive a cash gratuity payment. The payment amount is a percentage of accumulated sick leave based on years of service. The City has committed to fully funding this future benefit over the years of the employees' current service. As at December 31, 2012, \$480,315 (2011 - \$488,516) has been accrued by the City to cover this obligation.

Contracts between the City and members of its management team establish a sick leave bank of 1086 days for managers which provides full pay for any management employee from onset of illness until coverage commences under long term disability insurance. As at December 31, 2012, \$166,487 (2011 - \$331,783) has been accrued by the City to cover this obligation.

6. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

| | Balance, beginning of year | Additions | Payment of Principal | Actuarial Adjustment | Balance, end of year |
|-----------------------------------|----------------------------------|------------------|-------------------------|-------------------------|-------------------------|
| General #1863 | \$ 414,310 | \$ - | \$(41,645) | \$(3,824) | \$ 368,841 |
| General #1887 | 66,471 | - | (3,496) | (140) | 62,835 |
| Sewer #1556 | 98,732 | - | (6,495) | (4,579) | 87,658 |
| Total MFA debt | 579,513 | - | (51,636) | (8,543) | 519,334 |
| General capital lease obligations | 334,761 | 14,683 | (103,283) | - | 246,161 |
| Total long-term debt | <u>\$ 914,274</u> | <u>\$ 14,683</u> | <u>\$(154,919)</u> | <u>\$(8,543)</u> | <u>\$ 765,495</u> |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

6. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (continued)

The requirements for future repayments of principal on existing MFA debt for the next five years are estimated as follows:

| | General Capital | Sewer Capital | Total Capital |
|------|--------------------|------------------|------------------|
| 2013 | \$ 45,140 | \$ 6,495 | \$ 51,635 |
| 2014 | \$ 45,140 | \$ 6,495 | \$ 51,635 |
| 2015 | \$ 45,140 | \$ 6,495 | \$ 51,635 |
| 2016 | \$ 45,140 | \$ 6,495 | \$ 51,635 |
| 2017 | \$ 45,140 | \$ 6,495 | \$ 51,635 |

The requirements for future repayments of principal on existing capital lease obligations for the next five years are estimated as follows:

| | |
|-----------------------------------|-------------------|
| 2013 | \$ 105,226 |
| 2014 | 94,291 |
| 2015 | 50,263 |
| 2016 | <u>2,549</u> |
| Total minimum lease payments | 252,329 |
| Less amount representing interest | <u>6,168</u> |
| | <u>\$ 246,161</u> |

7. TANGIBLE CAPITAL ASSETS

| | 2012 | | | 2011 Net Book Value |
|--|----------------------|-----------------------------|----------------------|---------------------------|
| | Cost | Accumulated Amortization | Net Book Value | |
| General Capital Fund | | | | |
| Land | \$ 1,571,759 | \$ - | \$ 1,571,759 | \$ 1,552,254 |
| Buildings | 5,884,456 | 2,351,587 | 3,532,869 | 3,617,233 |
| Engineering structures | 18,700,365 | 9,012,004 | 9,688,361 | 10,749,039 |
| Machinery and equipment | 1,973,719 | 1,003,885 | 969,834 | 540,853 |
| Equipment fleet - emergency | 1,081,066 | 597,008 | 484,058 | 529,268 |
| Equipment fleet - public works | <u>3,437,961</u> | <u>2,023,711</u> | <u>1,414,250</u> | <u>1,592,154</u> |
| | 32,649,326 | 14,988,195 | 17,661,131 | 18,580,801 |
| Waterworks Utility Capital Fund | 7,085,793 | 3,911,598 | 3,174,195 | 3,222,895 |
| Electrical Utility Capital Fund | 2,309,657 | 1,518,530 | 791,127 | 736,642 |
| Sewer Utility Capital Fund | <u>7,698,999</u> | <u>3,261,673</u> | <u>4,437,326</u> | <u>4,173,059</u> |
| Total tangible capital assets | <u>\$ 49,743,775</u> | <u>\$ 23,679,996</u> | <u>\$ 26,063,779</u> | <u>\$ 26,713,397</u> |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

8. DEFERRED REVENUE - GRANTS AND OTHER

These funds are externally restricted for the purposes for which they were collected.

| | Balance, Beginning of Year | Contributions Received | Eligible Expenditures | Balance, End of Year |
|------------------------------|----------------------------------|---------------------------|--------------------------|-------------------------|
| Library maintenance contract | \$ 53,252 | \$ 15,000 | \$ 6,831 | \$ 61,421 |
| Miscellaneous revenue | 1,464 | 7,541 | 1,464 | 7,541 |
| Victim assistance | 10,355 | 35,560 | 32,698 | 13,217 |
| Miscellaneous deposits | 24,182 | 60 | 23,982 | 260 |
| | <u>\$ 89,253</u> | <u>\$ 58,161</u> | <u>\$ 64,975</u> | <u>\$ 82,439</u> |

9. TEMPORARY LOAN

Bylaw 1931 authorizes the City to temporary borrowing of an amount or amounts not exceeding the sum of \$2,000,000 as required. The temporary loan bears daily interest at 1.73% with interest only payments paid monthly.

10. DEVELOPMENT COST CHARGES

Development cost charges represent funds received from developers for capital costs in accordance with Bylaw 1425. Development cost charges are deferred and recognized as revenues when the related costs are incurred.

| | 2012 | 2011 |
|---|-------------------|-------------------|
| Development cost charges - water | \$ 171,630 | \$ 117,280 |
| Development cost charges - sewer | 312,425 | 258,232 |
| Development cost charges - parkland reserve | 2,324 | 2,293 |
| | <u>\$ 486,379</u> | <u>\$ 377,805</u> |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

11. FEDERAL GAS TAX GRANT

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

| | 2012 | 2011 |
|--|---------------------|---------------------|
| Opening balance | \$ 1,011,546 | \$ 799,719 |
| Amount received in the year | 212,698 | 212,698 |
| Interest earned | 14,355 | 11,237 |
| Less amount spent on eligible projects | <u>-</u> | <u>(12,108)</u> |
| Closing balance of unspent funds | <u>\$ 1,238,599</u> | <u>\$ 1,011,546</u> |

12. OPERATING FUND EQUITY

| | 2012 | 2011 |
|-----------------------------------|---------------------|---------------------|
| General operating fund | \$ 1,174,465 | \$ 550,175 |
| Electrical utility operating fund | 1,087,167 | 850,312 |
| Sewer utility operating fund | (756,166) | (422,224) |
| Water utility operating fund | <u>330,062</u> | <u>409,600</u> |
| Operating fund equity at year end | <u>\$ 1,835,528</u> | <u>\$ 1,387,863</u> |

13. RESERVE FUND CONTINUITY

| | Balance Beginning of Year | Transfers (to) from Other Funds | Sales | Interest Earned | Balance End of Year |
|-------------------------|---------------------------------|---------------------------------------|-------------------|--------------------|---------------------------|
| Capital reserve | \$ 282,512 | \$ - | \$ - | \$ 3,872 | \$ 286,384 |
| Equipment replacement | 559,817 | 148,784 | - | 7,580 | 716,181 |
| Land sale | 719,538 | - | - | 9,678 | 729,216 |
| Tax sale land | 60,047 | - | - | 823 | 60,870 |
| Cash in lieu of parking | 16,668 | - | - | 229 | 16,897 |
| Slag sale | 1,317,657 | - | 258,585 | 19,397 | 1,595,639 |
| | <u>\$ 2,956,239</u> | <u>\$ 148,784</u> | <u>\$ 258,585</u> | <u>\$ 41,579</u> | <u>\$ 3,405,187</u> |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

14. EQUITY IN TANGIBLE CAPITAL ASSETS

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

| | 2012 | 2011 |
|-------------------------------------|----------------------|----------------------|
| Equity in TCA, beginning of year | \$ 25,799,123 | \$ 25,913,921 |
| Add: | | |
| Capital acquisitions | 709,460 | 998,475 |
| Debt principal repayments | 154,919 | 192,806 |
| Actuarial adjustment | 8,543 | 15,960 |
| Less: | | |
| Disposition of Capital Asset at NBV | - | (16,749) |
| Assets purchased funded by debt | - | (46,556) |
| Amortization | <u>(1,373,762)</u> | <u>(1,258,734)</u> |
| Equity in TCA, end of year | <u>\$ 25,298,283</u> | <u>\$ 25,799,123</u> |
| Represented by: | | |
| General capital fund | \$ 16,983,294 | \$ 17,765,259 |
| Electrical utility capital fund | 791,127 | 736,642 |
| Sewer utility capital fund | 4,349,667 | 4,074,327 |
| Water utility capital fund | <u>3,174,195</u> | <u>3,222,895</u> |
| Capital fund equity at year end | <u>\$ 25,298,283</u> | <u>\$ 25,799,123</u> |

15. MUNICIPAL PENSION PLAN

The City and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 173,000 active members and approximately 63,000 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 \$1,024 million for basic pension benefits. The next valuation was as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan.

The City's employer contributions to the plan in the fiscal year were \$266,919 (2011 - \$243,909).

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

16. SALE OF SERVICES

| | 2012 | 2011 |
|---|---------------------|---------------------|
| Garbage collection and RDKB landfill contract | \$ 176,332 | \$ 168,227 |
| Cemetery | 33,585 | 37,903 |
| Airport (net of cost of fuel sold) | 21,619 | 19,837 |
| Transportation custom work orders | 79,483 | 39,764 |
| Environmental development | 10,981 | 11,654 |
| Campground | 34,558 | 29,737 |
| Sundry | 5,013 | 2,224 |
| Slag | 258,585 | 269,940 |
| Electrical utility user and connection fees | 4,130,107 | 3,834,378 |
| Sewer utility user and connection fees | 734,860 | 719,424 |
| Waterworks utility user and connection fees | 760,061 | 722,601 |
| | \$ 6,245,184 | \$ 5,855,689 |

17. EXPENDITURES BY OBJECT

| | 2012 | 2011 |
|------------------------------|----------------------|---------------------|
| Goods and services | \$ 5,447,087 | \$ 5,211,618 |
| Interest and finance charges | 35,110 | 37,432 |
| Salaries, wages and benefits | 3,269,256 | 3,276,645 |
| Amortization | 1,373,762 | 1,258,734 |
| Gain on disposal | - | (305,994) |
| | \$ 10,125,215 | \$ 9,478,435 |

18. COLLECTION FOR OTHER GOVERNMENTS

The City collected and remitted the following taxes on behalf of other Governments. These are not included in the City's financial statements.

| | 2012 | 2011 |
|---|---------------------|---------------------|
| Provincial Government - School Taxes | \$ 1,589,318 | \$ 1,561,547 |
| Provincial Government - Police Tax Levy | 191,737 | 189,760 |
| British Columbia Assessment Authority | 47,595 | 46,666 |
| Regional Hospital Districts | 149,764 | 170,542 |
| Municipal Finance Authority | 120 | 124 |
| Regional District of Kootenay Boundary | 1,318,019 | 1,251,856 |
| | \$ 3,296,553 | \$ 3,220,495 |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

19. TRUST FUNDS

Funds held in trust and administered by the City are as follows:

| | 2012 | 2011 |
|--|-------------------|-------------------|
| Assets | | |
| Cash | \$ 146,069 | \$ 140,682 |
| Due from (to) the General Operating Fund | <u>445</u> | <u>(405)</u> |
| | <u>\$ 146,514</u> | <u>\$ 140,277</u> |
| Trust Fund Balances | | |
| Cemetery care | \$ 135,562 | \$ 130,595 |
| Employee assistance program | <u>10,952</u> | <u>9,682</u> |
| | <u>\$ 146,514</u> | <u>\$ 140,277</u> |

Trust funds are not included in the City's financial statements.

20. RECONCILIATION TO BUDGET

The following reconciles the budgeted surplus as shown on the consolidated statement of operations to the budget as presented in bylaw 1928 adopted on April 16, 2012.

| | 2012 | 2011 |
|--|------------------|------------------|
| Annual budgeted surplus per consolidated statement of operations | \$(814,900) | \$(1,351,350) |
| Debt principal repayments | (236,200) | (251,900) |
| Purchase of tangible capital assets other than by debt | (2,958,000) | (2,653,500) |
| Budgeted transfer from (to) reserve/accumulated surplus | 962,700 | 1,286,750 |
| Non-cash item - amortization | 1,345,400 | 1,500,000 |
| Debt proceeds | <u>1,701,000</u> | <u>1,470,000</u> |
| | <u>\$ -</u> | <u>\$ -</u> |

21. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent Liabilities

The City, as a member of the Regional District of Kootenay Boundary, is jointly and severally liable for the future capital liabilities of the Regional District.

The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet its payments and obligations, it shall make payments from the debt reserve fund which is in turn established by a similar debt reserve fund of the City and all other borrowing participants. If the debt reserve fund is deficient, the Authority's obligations become a liability of the Regional District, and may become a liability of the participating municipalities.

22. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Reciprocal Insurance Exchange Agreement

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

Contractual Obligations

The City has contracted with the Regional District of Kootenay Boundary to provide Building and Plumbing Inspection services. Under the contract the City is obliged to pay the Regional District a requisition based on various components calculated annually and the Regional District is obliged to remit all fees collected on behalf of the City.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

THE CORPORATION OF THE CITY OF GRAND FORKS
SCHEDULE - SEGMENTED INFORMATION
For the Year Ended December 31, 2012

| | General and Reserve | Electrical Utility | Water Utility | Sewer Utility | Total 2012 | Total 2011 |
|---------------------------------|------------------------|-----------------------|---------------------|--------------------|-------------------|-------------------|
| REVENUE | | | | | | |
| Property taxes | \$ 2,822,253 | \$ - | \$ - | \$ 6,041 | \$ 2,828,294 | \$ 2,619,503 |
| User fees and charges | - | 4,130,107 | 760,061 | 734,860 | 5,625,028 | 5,276,403 |
| Other revenue | 1,307,786 | - | - | 4,681 | 1,312,467 | 1,191,579 |
| Grants - operating | 721,201 | - | - | - | 721,201 | 738,769 |
| Grants - capital | 33,998 | - | - | - | 33,998 | 280,837 |
| | 4,885,238 | 4,130,107 | 760,061 | 745,582 | 10,520,988 | 10,107,091 |
| EXPENSES | | | | | | |
| Salaries and benefits | 1,952,564 | 470,145 | 433,796 | 412,751 | 3,269,256 | 3,276,645 |
| Goods and services | 1,968,930 | 107,753 | 269,821 | 278,772 | 2,625,276 | 2,473,979 |
| Purchased services | - | 2,821,811 | - | - | 2,821,811 | 2,737,639 |
| Debt interest | 28,938 | - | - | 6,172 | 35,110 | 37,432 |
| Amortization | 1,048,438 | 34,157 | 184,681 | 106,486 | 1,373,762 | 1,258,734 |
| Gain on disposal | - | - | - | - | - | (305,994) |
| Interfund transfers | (404,900) | 404,900 | - | - | - | - |
| | 4,593,970 | 3,838,766 | 888,298 | 804,181 | 10,125,215 | 9,478,435 |
| ANNUAL SURPLUS (DEFICIT) | \$ 291,268 | \$ 291,341 | \$(128,237) | \$(58,599) | \$ 395,773 | \$ 628,656 |

THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
As At December 31, 2012

| Historical Cost: | Land | Buildings | Machinery and Equipment | Engineering Structures | Infrastructure | | | 2012 | 2011 |
|---------------------------|--------------|--------------|-------------------------|------------------------|--------------------|--------------------|---------------|---------------|------|
| | | | | | Electrical Utility | Waterworks Utility | Sewer Utility | | |
| Opening balance | \$ 1,552,254 | \$ 5,824,633 | \$ 5,970,426 | \$ 19,178,716 | \$ 2,221,015 | \$ 6,949,812 | \$ 7,337,812 | \$ 48,245,125 | |
| Additions | 19,505 | 65,293 | 522,320 | (478,351) | 88,642 | 135,981 | 370,753 | 999,474 | |
| Disposals and write downs | | (5,470) | | | | | (9,566) | (208,931) | |
| Closing balance, Dec. 31 | \$ 1,571,759 | \$ 5,884,456 | \$ 6,492,747 | \$ 18,700,366 | \$ 2,309,657 | \$ 7,085,793 | \$ 49,743,776 | \$ 49,034,668 | |

Accumulated Amortization:

| | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|----------------------|
| Opening balance | \$ - | \$ 2,207,400 | \$ 3,308,151 | \$ 8,429,678 | \$ 1,484,373 | \$ 3,726,917 | \$ 3,164,753 | \$ 21,254,720 |
| Amortization Expense | - | 149,657 | 316,454 | 582,327 | 34,157 | 184,881 | 106,486 | 1,260,167 |
| Effect of disposals and write downs | - | (5,470) | | | | | (9,566) | |
| Closing balance, Dec. 31 | \$ - | \$ 2,351,587 | \$ 3,624,605 | \$ 9,012,004 | \$ 1,518,530 | \$ 3,911,598 | \$ 23,679,998 | \$ 22,321,271 |
| Net Book Value for Year Ended December 31, 2012 | \$ 1,571,759 | \$ 3,532,869 | \$ 2,868,142 | \$ 9,688,361 | \$ 791,127 | \$ 3,174,195 | \$ 4,437,325 | \$ 26,713,397 |