

**The Corporation of the City of Grand Forks
2009 Annual Financial Report
Table of Contents**

Auditor's Report

Significant Accounting Policies:

Page 1

Page 2

Financial Statements for the year ended December 31, 2009

Statement A	Consolidated Statement of Financial Position
Statement B	Consolidated Statement of Financial Activities
Statement C	Consolidated Statement of Net Financial Assets
Statement D	Consolidated Statement of Changes in Cash Flows

Notes to the Consolidated Financial Statements

Page 1

Page 2

Page 3

Page 4

Page 5

Schedule 1	Schedule of Capital Assets
Schedule 2	Schedule of Debt
Schedule 3	Tax Levies
Schedule 4	Other Revenue from Own Sources
Schedule 5	Grants
Schedule 6	Sales of Goods and Services
Schedule 7	Continuity Schedule of Development Cost Charges and Restricted Revenues
Schedule 8	Interest and Investment Income
Schedule 9	Continuity Schedule of Unexpended Community Works Fund Transfers
Schedule 10	Continuity Schedule of Reserves

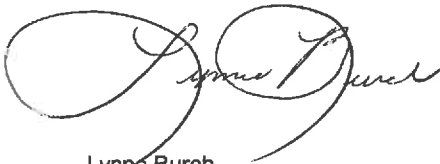
**The Corporation of the City of Grand Forks
Annual Financial Report
for the year ended December 31, 2009**

The information in this Annual Financial Report is the responsibility of management. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted for British Columbia municipalities and are outlined under "Significant Accounting Policies" which appear on pages immediately following the Auditor's Report. These include some amounts based on management's best estimates and careful judgment.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded, and reported properly.

Berg Naqvi Lehmann, Chartered Accountants, the City's independent audit firm, has audited the accompanying financial statements. The resulting auditor's report accompanies this statement.

Council carries out its responsibility for the consolidated financial statements by meeting periodically with management and at least once annually with its independent auditor to review his activities and to discuss auditing, internal control, accounting policy, and financial reporting matters. The auditor has unrestricted access to the City operations and to Council. The audited consolidated financial statements are submitted to Council for approval. Council also reviews the recommendations of the independent auditor for improvements to controls and the actions of management to implement such recommendations.



Lynne Burch
Chief Administrative Officer



M. I. Cecile Arnott
Chief Financial Officer

AUDITORS' REPORT

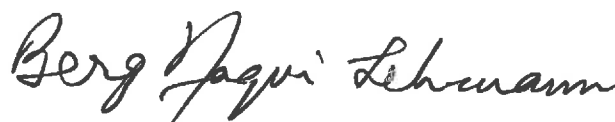
To The Mayor and Councillors of
The Corporation of the City of Grand Forks

We have audited the Consolidated Statement of Financial Position of The Corporation of the City of Grand Forks as at December 31, 2009 and the Consolidated Statement of Financial Activities, Changes in Net Financial Assets/Debt, and Cash Flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Grand Forks as at December 31, 2009 and the results of its financial activities, and changes in its fund balances and financial position for the year then ended in accordance with Canadian generally accepted accounting principles for local governments.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the Other Financial Information section is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.



Chartered Accountants

June 2, 2010

The Corporation of the City of Grand Forks
Significant Accounting Policies
for the year ended December 31, 2009

A. Basis of Presentation

It is the City's policy to follow the accounting principles generally accepted for British Columbia municipalities and to apply such principles consistently. These Consolidated Financial Statements include the operations of the General, Water, Sewer, Electrical, Capital, and Reserve Funds. They have been prepared using guidelines issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The financial resources and operations of the City have been consolidated for financial statement purposes and include the accounts of all the funds of the City as noted below.

Operating Funds - These funds include the sewer, water, and electrical utilities and report the principal operating activities of the City. As at December 31, 2009, the fund balances were as follows:

	2009	2008
		Restated - Note 16
General Revenue Fund	\$310,846	(\$321,990)
Water Revenue Fund	404,691	312,972
Electrical Revenue Fund	470,700	280,845
Sewer Revenue Fund	254,223	297,466
	1,440,461	569,294

Capital Funds - These funds are used to acquire capital assets. The equity in capital assets represents the difference between the net book value of the assets and remaining debt. Equity balances are reported under Policy D. Capital Assets.

Reserve Funds - These funds have been created to hold assets for specific future requirements. They are comprised of the funds shown in Schedule 10.

Reserve Funds	2,579,614	2,532,033
	\$4,020,075	\$3,101,327

B. Revenue Recognition

Revenue is recognized using the accrual method of accounting. Taxes and utility fees are recognized in the fiscal year to which they relate. Service revenues and grants are recognized in the period in which the City's service delivery obligations are discharged.

C. Deferred Charges

Payments for operating expenditures pertaining to future years are carried as deferred charges. They are recorded as expenditures when the economic benefits are realized.

D. Capital Assets

Tangible capital assets, comprised of capital assets and capital work-in-progress, 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 of the asset commencing the year the asset is put in to service. Donated tangible are reported at fair value at the time of donation. Estimated useful lives as follows:

**The Corporation of the City of Grand Forks
Significant Accounting Policies
for the year ended December 31, 2009**

D. Capital Assets (cont'd)

	Life in Years
Parks Infrastructure	
Playground Equipment	15 - 20
Washrooms, Concessions, Picnic Shelters	40 - 50
Building Structure	40 - 75
Building Improvements	10 - 40
Site Works - Asphalt, water and sewer lines etc	10 - 100
Machinery and Equipment	5 - 15
Vehicles	5 - 20
IT Infrastructure	4 - 10
Infrastructure (dependent upon component and material)	10 - 100

Equity in Capital Assets is reflected in each Capital Fund as follows:

	2009	2008
General Capital Fund	\$15,596,950	\$16,135,596
Water Capital Fund	3,507,353	3,667,017
Electrical Capital Fund	810,865	847,834
Sewer Capital Fund	3,022,205	2,737,122
	\$22,937,373	\$23,387,569

E. Restricted Revenues and Deferred 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. These revenues are shown on Schedule 7.

Revenues received in advance of expenditures which will be incurred in a later period are deferred until they are earned by being matched against those expenditures.

F. Local Improvements

The City records expenditures for capital assets funded by local improvement agreements as they are incurred. Revenues are recognized over the term of the local improvement agreements as they are collected.

G. 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

H. Annual Budget

The budget figures are based on the adopted Five-Year Financial Plan for the year 2009.

I. Property held for Resale

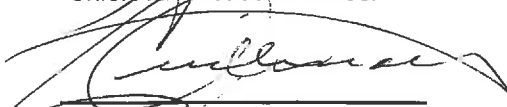
Recoverable development costs for properties currently under agreement for sale expected to be completed within one year are recorded as Property Held for Resale. Proceeds of sale, net of these development costs, are recorded as Proceeds from Land Disposal.

The Corporation of the City of Grand Forks
Consolidated Statement of Financial Position
as at December 31, 2009

	<u>2009</u>	<u>2008</u>
Financial Assets		Restated - Note 16
Cash (Note 1)	\$5,889,430	\$3,841,593
Accounts Receivable (Note 2)	2,206,885	2,272,976
MFA Deposit (Note 8)	8,225	3,189
Lease Deposit	-	55,000
Due from Trust	-	955
Inventories for Resale (Note 3)	30,205	54,782
	<u>8,134,744</u>	<u>6,228,495</u>
Liabilities		
Accounts Payable (Note 5)	2,104,224	2,217,623
Due to Trust	5,206	-
Deferred Revenues (Note 4)	856,385	649,908
Development Cost Charges (Schedule 7)	317,645	310,651
Restricted Revenues (Schedule 7)	1,134,687	219,117
Long Term Debt (Schedule 2) (Note 6)	961,587	307,421
	<u>5,379,735</u>	<u>3,704,720</u>
Net Financial Assets	2,755,010	2,523,775
Non - Financial Assets		
Inventories of Supplies	223,756	245,623
Prepaid Expenses	112,732	24,507
Capital Assets (Schedule 1) (Note 13)	<u>23,865,952</u>	<u>23,694,993</u>
Accumulated Surplus	<u>\$26,957,449</u>	<u>\$26,488,896</u>
Represented by:		
Fund Balances	4,020,075	3,101,327
Equity in Capital Assets (Note 9)	<u>22,937,373</u>	<u>23,387,569</u>
	<u>\$26,957,449</u>	<u>\$26,488,896</u>

The Accompanying Notes form an integral part of these Financial Statements. Contingencies and commitments are described in Note 10.


 Lynne Burch
 Chief Administrative Officer


 M. I. Cecile Arnott
 Chief Financial Officer

The Corporation of the City of Grand Forks
Consolidated Statement of Financial Activities
for the year ended December 31, 2009

	<u>Actual 2009</u>	<u>Budget 2009</u>	<u>Actual 2008</u>
			Restated - Note 16
Revenue			
Taxes (Schedule 3)	\$ 2,477,492	\$ 2,497,200	\$ 2,553,589
Sales of goods and services (Schedule 6)	5,322,483	5,339,200	4,974,237
Other revenues from own sources (Schedule 4)	557,160	2,011,800	631,683
Senior government grants - Operating (Schedule 5)	645,944	609,100	581,768
Senior government grants - Capital (Schedule 5)	698,554	-	1,048,037
Contributions from Community Works Fund (Schedule 9)	-	-	16,091
Other restricted income - operations Library	2,670	-	-
Interest income (Schedule 8)	31,177	124,300	156,190
Investment income on sinking funds (Schedule 8)	3,267	-	2,829
	<u>9,738,747</u>	<u>10,581,600</u>	<u>9,964,424</u>
Expenses			
General government	839,618	1,002,600	\$1,118,077
Public real estate	303,831	239,800	296,669
Protective services	490,426	504,100	502,805
Transportation services	868,263	861,500	852,129
Environmental health services	149,207	149,900	146,324
Public health and welfare	100,890	98,600	106,429
Environmental development	253,707	212,600	315,940
Recreation and cultural services	615,662	616,200	536,931
Distribution based on electrical consumption	226,391	226,600	250,504
Utility services	4,017,365	4,283,900	3,603,053
Debt interest	20,085	91,900	18,783
Amortization	1,383,741	-	1,375,080
Loss on disposition / write down of assets	1,008	-	-
	<u>9,270,194</u>	<u>8,287,700</u>	<u>9,122,724</u>
Annual Surplus	468,553	2,293,900	841,700
Accumulated Surplus - Beginning of Year	<u>26,488,896</u>	<u>26,488,896</u>	<u>25,647,196</u>
Accumulated Surplus - End of Year	<u>\$ 26,957,449</u>	<u>\$ 28,782,796</u>	<u>\$ 26,488,896</u>

The Corporation of the City of Grand Forks
Consolidated Statement of Changes in Net Financial Assets
for the year ended December 31, 2009

	<u>2009</u>	<u>2008</u>
Cash Provided By (Used For):		Restated - Note 16
Operations:		
Annual Surplus	\$468,553	\$841,700
Acquisition of Capital Assets	(1,587,708)	(3,808,235)
Amortization of Capital Assets	1,383,741	1,375,080
Amortization of Capital Assets previously against Equity in Capital Assets	-	246,668
(Gain) Loss on sale of Capital Assets	1,008	-
Proceeds from sale of Capital Assets	32,000	-
	<u>297,594</u>	<u>(1,344,786)</u>
Net supply inventory adjustments	21,867	(57,078)
Net prepaid adjustments	(88,225)	(24,307)
	<u>(66,358)</u>	<u>(81,385)</u>
Increase (decrease) in net financial assets / net debt	231,235	(1,426,171)
Net financial assets - beginning of the year	2,523,775	3,949,946
Net financial assets - end of the year	<u>\$2,755,010</u>	<u>\$2,523,775</u>

The Corporation of the City of Grand Forks
Consolidated Statement of Changes in Cash Flows
for the year ended December 31, 2009

Statement D

	<u>2009</u>	<u>2008</u>
Cash Provided By (Used For):		Restated - Note 16
Operations:		
Annual Surplus	\$468,553	\$841,700
Non-cash items		
Amortization	\$1,383,741	1,375,080
Amortization of Capital Assets previously against Equity in Capital Assets	-	246,668
Increase in prepaid expenses	(88,225)	(\$24,307)
(Increase) decrease in Supply inventories	21,867	(\$57,078)
Changes to Net Financial Assets/Liabilities		
(Increase) decrease in Accounts Receivable	66,091	(909,062)
Decrease in Lease Deposit	55,000	-
Increase in MFA Deposit	(5,035)	-
(Increase) Decrease in Inventories for Resale	24,577	(27,959)
Increase (Decrease) in Accounts Payable	(113,398)	110,474
Increase (decrease) in Trust payable	6,161	179
Increase in Deferred Revenues	206,477	60,130
Increase in Development Cost Charges	6,994	18,566
Increase (decrease) in Restricted Revenues	915,570	143,493
Change in reporting for Gas Tax Revenues	-	(247,704)
	<u>2,948,372</u>	<u>1,530,181</u>
Capital Transactions		
Acquisition of Capital Assets	(1,587,708)	(3,808,235)
Proceeds from sale of Capital Assets	32,000	-
(Gain) Loss on sale of Capital Assets	1,008	-
	<u>(1,554,700)</u>	<u>(3,808,235)</u>
Financing:		
Debt Principal Reduced	(71,045)	(98,742)
Actuarial Adjustment	(3,267)	(2,829)
Debt Issued	728,478	-
	<u>654,165</u>	<u>(101,571)</u>
Increase (Decrease) in Cash	<u>2,047,838</u>	<u>(2,379,625)</u>
Cash - Beginning of Year	<u>3,841,593</u>	<u>6,221,218</u>
Cash - End of Year	<u><u>\$5,889,430</u></u>	<u><u>\$3,841,593</u></u>

The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

Page 1

	<u>2009</u>	<u>2008</u> Restated Note 16
1. Cash:		
Cash	\$800	\$800
Operating and other bank accounts	2,403,412	906,586
Restricted bank accounts	942,810	717,443
Reserve fund bank accounts	2,542,407	2,216,764
	<u>\$5,889,430</u>	<u>\$3,841,593</u>
 2. Accounts Receivable:		
Property Taxes	\$333,538	\$269,802
Other Governments	846,642	976,126
General	52,265	90,497
Utility Bills Receivable	974,441	936,552
	<u>\$2,206,885</u>	<u>\$2,272,976</u>
 3. Inventories for Resale		
Aviation Fuel	\$22,543	\$31,618
Property Subject to Redemption	7,662	23,163
Land Held for Resale (written down in prior years)	1	1
	<u>\$30,205</u>	<u>\$54,782</u>
 4. Deferred Revenue		
Prepaid Taxes	\$169,937	\$171,028
Prepaid Utilities	21,097	31,793
Community Works Fund (Schedule 9)	581,597	363,309
Prepaid deposit on property subject to Redemption	18,000	23,163
Library Maintenance Fund	57,770	60,439
Other	7,984	175
	<u>\$856,385</u>	<u>\$649,908</u>
 5. Accounts Payable and Accrued Liabilities:		
General Trade Payables	\$765,443	\$1,058,868
Due to Other Governments	154,755	12,532
Salaries and Wages Payable	96,993	125,151
Contractor Holdbacks Payable	100,264	32,548
Accrued Vacation Pay	242,997	259,335
Accrued Sick and Severance - Union Employees	430,528	424,603
Accrued Sick Leave - Management	312,737	303,551
	<u>2,103,717</u>	<u>2,216,738</u>
Accrued Interest on Sewer Fund Debt	507	884
	<u>\$2,104,224</u>	<u>\$2,217,623</u>

**The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2009**

5. Accounts Payable and Accrued Liabilities (cont'd)

Employees accrue vacation credits, which are charged to operations in the year they are earned. Unused vacation is recorded as a liability. Under Article 14 of the contract between the City and the Canadian Union of Public Employees Local 4728, employees accumulate one and one half days each month of sick leave to a maximum of 150 days. Employees absent for medical reasons have wages charged against, and deducted from, 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 leave based on years of service. 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.

6. Long Term Debt:

Debt principal is reported net of Sinking Fund balances. Sinking fund earnings are combined with debt principal payments to reduce the balance of debt outstanding.

MFA Debenture debt issued and outstanding: (Schedule 2)	<u>2009</u>	<u>2008</u>
	\$621,410	\$130,603
MFA Public Body Leasing Capital Lease	340,177	176,819
	<u>\$961,587</u>	<u>\$307,421</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Road Improvement Debenture	\$ 41,645	\$ 43,311	\$ 45,044	\$ 46,845	\$ 48,719
Sewer Debenture	\$ 9,868	\$ 10,315	\$ 10,781	\$ 11,270	\$ 11,780
Capital Leases	95,944	94,938	66,348	44,548	38,398
	<u>\$105,812</u>	<u>\$105,253</u>	<u>\$77,129</u>	<u>\$55,818</u>	<u>\$50,177</u>

7. Community Works Fund Agreement

The City has entered into a Community Works Fund Agreement administered by the Union of B.C. Municipalities as an agent for the Federal Government under the New Deal Gas Tax Transfer Agreement. Funding is provided based on population and spending of funds received and related interest is limited to approved eligible projects. Unexpended funds are reported as deferred revenue (Note 4) and must be retained until eligible projects are undertaken. See attached to these financial statements shows status of deferred revenue.

8. Debt Reserve Fund:

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, 2009 the total of the Debt Reserve Fund was:

Cash deposits*	<u>2009</u>	<u>2008</u>
General	\$8,225	3,189
Sewer	26,186	-
	9,628	9,534
	<u>\$44,038</u>	<u>\$12,723</u>

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

9. Equity in Capital Assets (Note 16)

Equity in Capital Assets represents the total capital assets less long term debt assumed to acquire those assets. The change in Equity in Capital Assets is as follows:

	<u>2009</u>	<u>2008</u>
Equity in Capital Assets - Beginning of the year		<u>Restated - Note 16</u> \$20,852,844
Add: Capital Expenditures	\$23,387,569	3,808,235
Equipment Amortization adjustment based on Tangible Capital Assets analysis	1,587,709	(1,375,080)
Assets purchase funded by Debt	(1,383,741)	-
Reduction in Long Term Debt	(728,478)	-
	<u>74,312</u>	<u>101,571</u>
	<u>\$22,937,373</u>	<u>\$23,387,569</u>

Equity in Capital Assets in each Capital Fund is stated on Page 2 of Significant Accounting Policies.

10. Annual Budget

The budget figures are based on the adopted Five- Year Financial Plan for the year 2009.

11. Commitments and Contingencies

(a) Contingent Liabilities

(i) The City, as a member of the Regional District of Kootenay Boundary, is jointly and severally liable for the net 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 payments on its 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.

ii) The City is currently involved in certain legal actions. Financial implications of a potential claim against the City, resulting from litigation and not covered by insurance can not be reasonably estimated. As such, such claim will be recognized in the year in which a definite obligation materializes.

(b) Pension Liability

The municipality and its employees contribute to the Municipal Pension Plan (Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the 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 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local government. Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009, with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The City of Grand Forks paid \$214,071 for employer contributions to the plan in fiscal 2009.

(c) 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.

The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

11. Commitments and Contingencies (continued)

(d) Lease Commitments

The City has obligations under long-term, non-cancelable operating leases for office equipment and long-term capital leases for office and public works equipment. Future minimum lease payments for each commitment for each of the five succeeding years are as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operating Leases					
Office Equipment	\$3,491	\$3,257	\$3,163	\$2,880	\$2,255
Capital Leases					
Office Equipment	23,284	22,230	16,243	10,389	7,008
Public Works Equipment	<u>82,015</u>	<u>82,015</u>	<u>55,624</u>	<u>36,773</u>	<u>33,708</u>
	<u>\$ 105,299</u>	<u>\$ 104,244</u>	<u>\$ 71,867</u>	<u>\$ 47,162</u>	<u>\$ 40,716</u>

(e) 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.

(f) Property Held for Development

The City holds real property which it intends to offer for sale in the future under terms compatible with its development plans.

13. Restricted Assets

The City has recorded various recreational buildings and parks which are subject to contractual agreements with the Regional District of Kootenay Boundary and various user groups.

14. Expenses by Object

	2009	2008
Goods and services	\$ 6,187,641	\$ 6,076,083
Salary, wages and benefits	3,062,467	3,027,858
Interest and finance charges	<u>20,085</u>	<u>18,783</u>
	<u>\$ 9,270,194</u>	<u>\$ 9,122,724</u>

15. Funds held in Trust

	2009	2008
Cemetery	\$117,624	\$116,811
Employee Assistance Program	<u>7,296</u>	<u>6,141</u>
	<u>\$124,921</u>	<u>\$122,952</u>

The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

Page 5

16. Prior Period Adjustments

The City has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board handbook which requires governments to record and amortize their tangible capital assets on their financial statements. These adjustments are as follows:

Adjustments to 2008 Annual Surplus

Annual Deficit as previously reported	\$ (1,563,660)
Add: Items previously reported as expenses and transfers	
Capital Expenditures	3,808,235
Supplies inventory change	57,079
Prepaid expense change	24,307
Community Works Fund Transfers	16,091
Less: Items previously reported as revenue and transfers	
Amortization Expense	(1,375,080)
Community Works Fund Transfers	(118,674)
Restricted Interest and Transfers	(6,596)
Annual Surplus as Restated	\$ 841,700

Adjustments to 2008 Accumulated Surplus

Accumulated Surplus as previously stated	\$ 46,374,226
Add:	
MFA Debt reserve fund cash deposit previously not reported	3,189
Other beginning Amortization Adjustment	324
Amortization Recorded against Equity in Capital Asset in 2008	246,668
Less:	
Community Works Fund Transfers previously reported as reserves	(363,309)
Equipment Write Down as at December 31, 2008	(1,568,918)
Amortization Expense 2008	(1,375,080)
Accumulated Amortization Adjustment to December 31, 2008	(16,828,204)
Accumulated Surplus as Restated	\$ 26,488,896

Adjustments to 2008 Equity in Capital Assets

Equity in Capital Assets Beginning of the year as previously stated	\$39,249,643
Less:	
Equipment Historical Cost adjustment based on Tangible Capital Assets analysis	(1,568,918)
Equipment Amortization adjustment based on Tangible Capital Assets analysis	(16,828,204)
Add: Other beginning Amortization Adjustment	324
Beginning Equity in Capital Assets as Restated	\$20,852,844

The Corporation of the City of Grand Forks
Schedule of Capital Assets
as at December 31, 2009

Schedule 1

	2009		Net Book Value
	Historical Cost	Accumulated Amortization	
General Capital Fund			
Land - Infrastructure	\$ 1,431,136	\$ -	\$ 1,431,136
Land - Industrial Development for Resale (Note 10f)	183,607	-	183,607
Buildings	6,136,502	2,139,166	3,997,336
Engineering Structures	14,817,262	7,039,609	7,777,652
Machinery and Equipment	2,710,333	2,041,319	669,013
Equipment Fleet-Emergency	1,081,066	462,747	618,319
Equipment Fleet-Public Works	3,304,060	1,626,985	1,677,075
	29,663,965	13,309,827	16,354,138
Waterworks Capital Fund			
	6,888,072	3,380,719	3,507,353
Electrical Utility Capital Fund			
	2,342,561	1,531,696	810,865
Sanitary Sewer Capital Fund			
	6,166,628	2,973,032	3,193,596
	\$ 45,061,226	\$ 21,195,274	\$ 23,865,952
			\$ 23,694,993

The Corporation of the City of Grand Forks
 Long Term Debt
 for the year ended December 31, 2009

Date of Issue	Bylaw	Purpose	Maturity Dates	Debt		Debt advanced during 2009	Interest paid in 2009	Principal Retirements 2009	Long Term Debt December 31, 2009	Interest Rates
				Original Debenture Debt	Outstanding end of 2008					
A. DEBENTURES (covered by Debt Reserve Fund - Note 7)										
October 13, 2009		1863 Road System Improvements	2009 - 2019	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -	\$ 500,000	4.13%
March 24, 1999		1556 Ruckle Sewer Extension	1999 - 2019	195,944	130,603	-	8,465	9,193	121,410	5.50%
Total Debenture Debt				695,944	130,603	500,000	8,465	9,193	621,410	
B. CAPITAL LEASES AND CONDITIONAL SALES AGREEMENT TO FUND EQUIPMENT ACQUISITIONS										
<i>General Capital Fund</i>										
October 2, 2009	n/a	OM Photocopiers	2009 - 2014	26,349	-	26,349	28	878	25,471	1.25%
June 9, 2009	n/a	IBM DS3300 Storage Array Dual	2009 - 2014	23,983	-	23,984	99	2,376	21,607	1.25%
October 1, 2009	n/a	544K Loader	2009 - 2014	178,145	-	178,145	562	8,632	169,513	1.25%
April 19, 2007	n/a	CanCADD Plotter/Printer/Copier	2007 - 2012	32,073	21,382	-	849	6,415	14,967	5.25%
May 19, 2007	n/a	2007 Sterling with Elgin Sweeper	2007 - 2012	198,785	136,520	-	5,285	39,957	96,562	5.00%
September 19, 2007	n/a	Pitney Bowes Folder Inserter	2007 - 2012	20,069	15,067	-	559	4,018	11,049	5.25%
May 28, 2005	n/a	Xerox Multifunction Copier/Fax/Scanner	2005 - 2010	12,500	3,850	-	134	2,844	1,006	3.25%
Total Capital Lease and Conditional Sales Agreement Debt				492,924	176,819	228,478	7,516	65,119	340,177	
Total Long Term Debt				\$ 1,188,868	\$ 307,421	\$ 728,478	\$ 15,981	\$ 74,312	\$ 961,587	

**The Corporation of the City of Grand Forks
Tax Levies
for the year ended December 31, 2009**

	<u>Actual 2009</u>	<u>Budget 2009</u>	<u>Actual 2008</u>
General levy - municipal taxes	\$2,238,924	\$2,255,200	\$2,311,306
Flat tax - road maintenance	117,950	116,700	116,730
Special assessments and local improvements	109,013	104,000	103,995
Grants in lieu of taxes	11,605	21,300	21,558
Total taxes for municipal purposes	<u>2,477,492</u>	<u>2,497,200</u>	<u>2,553,589</u>
Collections for other governments:			
School District #51	1,552,543	1,622,300	1,633,768
Regional District of Kootenay Boundary	1,073,825	1,062,300	1,025,730
Regional Hospital Districts	119,995	212,900	205,295
Provincial Policing	159,128	166,800	160,917
British Columbia Assessment Authority	47,265	48,900	46,975
Municipal Finance Authority	122	100	96
Total collections for other governments	<u>2,952,877</u>	<u>3,113,300</u>	<u>3,072,781</u>
Real Property, Special Assessments, Grants In Lieu	<u><u>\$5,430,369</u></u>	<u><u>\$5,610,500</u></u>	<u><u>\$5,393,790</u></u>

**The Corporation of the City of Grand Forks
Other Revenue from Own Sources
for the year ended December 31, 2009**

	<u>Actual 2009</u>	<u>Budget 2009</u>	<u>Actual 2008</u>
General Revenue Fund:			
Operating			
Building permits	\$32,859	\$32,400	\$32,520
Business licenses	32,285	31,900	31,865
Concessions and franchise	89,521	82,300	82,333
Penalties and interest on taxes	51,457	48,300	46,988
Commissions	6,327	4,500	4,733
Donations	-	5,500	2,350
Provincial Emergency and Fire recoveries	365	-	6,683
Rural Fire recovery	201,478	205,900	188,381
Other recoveries	33,418	7,500	32,155
Property rentals	95,057	83,000	73,938
	<u>542,768</u>	<u>501,300</u>	<u>501,945</u>
Reserves			
Land Sales & Rental Income (Schedule 12)	-	-	67,500
Capital			
Donations from groups or individuals	14,392	-	62,238
Other Proceeds	-	1,510,500	-
	<u>14,392</u>	<u>1,510,500</u>	<u>129,738</u>
	<u>\$557,160</u>	<u>\$2,011,800</u>	<u>\$631,683</u>

**The Corporation of the City of Grand Forks
Grants
for the year ended December 31, 2009**

	Actual <u>2009</u>	Budget <u>2009</u>	Actual <u>2008</u>
Operating			
General - Small Communities Protection	\$505,300	\$505,300	\$445,259
General - Airshed Management	22,500	38,800	35,428
General - Integrated Community Sustainability	14,200	-	70,139
General - UBCM	-	-	1,117
General - Boundary Museum	-	30,000	-
General - Police Tax Implementation	-	-	250
General - Victim Assistance	37,112	35,000	29,575
General - Olympic Torch Relay	8,000	-	-
General - One Time Self Care Grant	700	-	-
General - Community Transition Study	40,782	-	-
General - Joint Emergency Preparedness Plan	13,250	-	-
General - Solar Energy	4,100	-	-
Total Operating Grants	<u>\$645,944</u>	<u>\$609,100</u>	<u>\$581,768</u>
Capital			
General - Job Opportunity Fund	\$ 209,654	\$ -	\$ 112,821
General - Cycling Infrastructure Partnership Program	(2,572)	-	250,000
General - Southern Interior Development Trust	-	-	75,000
General - Green Cities Grant	-	-	25,000
General - Granby Dike Reinforcement	17,186	-	185,216
General - Towns for Tomorrow	-	-	400,000
General - Trees for Tomorrow	43,750	-	-
General - Innovative Clean Energy Grant	200,000	-	-
General - Community Tourism	30,535	-	-
Sewer - Lift Station Infrastructure Grant	200,000	-	-
Total Capital Grants	<u>\$698,554</u>	<u>\$ -</u>	<u>\$1,048,037</u>

The Corporation of the City of Grand Forks
Sales of Goods and Services
for the year ended December 31, 2009

	<u>Actual 2009</u>	<u>Budget 2009</u>	<u>Actual 2008</u>
General Revenue Fund:			
Operating			
Garbage	\$149,056	\$148,800	\$149,050
Cemetery	35,762	27,000	27,574
Airport (net of cost of fuel sold)	21,146	32,100	21,173
Transportation Custom Work Orders	59,774	11,800	10,585
Environmental Development	40,016	9,300	8,761
Campground	33,455	32,200	32,155
Sundry	5,072	5,000	5,627
	<u>344,281</u>	<u>266,200</u>	<u>254,925</u>
Reserves			
Slag	249,961	298,500	298,320
	<u>249,961</u>	<u>298,500</u>	<u>298,320</u>
Total General Revenue Fund	<u>594,242</u>	<u>564,700</u>	<u>553,245</u>
Water Revenue Fund:			
User Fees	662,639	750,000	646,932
Connection Fees and Custom Work Orders	13,210	25,000	11,530
Penalties	4,463	2,300	3,707
	<u>680,312</u>	<u>777,300</u>	<u>662,169</u>
Total Water Revenue Fund	<u>680,312</u>	<u>777,300</u>	<u>662,169</u>
Electrical Revenue Fund:			
User Fees	3,255,870	3,174,500	3,026,030
Connection Fees and Custom Work Orders	79,301	37,100	41,197
Penalties	19,471	14,000	19,306
Pole Fees and Sundry	2,757	2,700	2,704
	<u>3,357,398</u>	<u>3,228,300</u>	<u>3,089,237</u>
Total Electrical Revenue Fund	<u>3,357,398</u>	<u>3,228,300</u>	<u>3,089,237</u>
Sewer Revenue Fund:			
User Fees	661,115	750,000	648,522
Connection Fees and Custom Work Orders	17,737	6,300	5,676
Penalties	4,329	2,400	3,680
Sludge Processing and Sundry	7,350	10,200	11,708
	<u>690,531</u>	<u>768,900</u>	<u>669,586</u>
Total Sewer Revenue Fund	<u>690,531</u>	<u>768,900</u>	<u>669,586</u>
Total Sales of Goods and Services	<u>\$5,322,483</u>	<u>\$5,339,200</u>	<u>\$4,974,237</u>

The Corporation of the City of Grand Forks
Continuity Schedule of Development Cost Charges and Restricted Revenues
for the year ended December 31, 2009

	<u>Balance</u> <u>December 31, 2008</u>	<u>Interest</u> <u>Earned</u>	<u>Collections</u>	<u>Expenditures</u>	<u>Balance</u> <u>December 31, 2009</u>
Development Cost Charges					
Water	\$ 85,604	\$ 606	\$ 2,435	\$ -	\$ 88,645
Sewer	225,047	1,577	2,377	-	229,001
Total Development Cost Charges	\$ 310,651	\$ 2,182	\$ 4,812	\$ -	\$ 317,645
Granby Dyking	\$ 2,451	-	-	\$ 2,451	-
Community Tourism Initiatives	30,535	-	-	30,535	-
Special Museum Relocation	28,372	197	-	-	28,569
RDKB Community Centre Operations	12,147	-	-	-	12,147
Community Transition	45,000	-	-	40,782	4,218
Job Opportunity Fund	87,179	-	-	87,179	-
Air Quality	2,072	-	-	-	2,072
Victim Assistance Program	11,361	-	-	3,811	7,550
Localmotion	-	-	712,000	-	712,000
Small Communities	-	-	873,431	505,300	368,131
Total Restricted Revenues	\$ 219,117	\$ 197	\$ 1,585,431	\$ 670,058	\$ 1,134,687

**The Corporation of the City of Grand Forks
Interest and Investment Income
for the year ended December 31, 2009**

	<u>Actual 2009</u>	<u>Budget 2009</u>	<u>Actual 2008</u>
Income from sources requiring restriction or deferment			
Reserves: (Schedule 12)			
Capital Reserve	\$ 967	\$ -	\$ 308
Equipment Reserve	2,238	-	6,289
Tax Land Sale Reserve	406	-	1,764
Cash in Lieu of Parking Reserve	113	-	471
Land Sales Reserve	2,071	-	27,964
Slag Sales Reserve	7,739	-	44,797
	<u>13,534</u>	<u>50,600</u>	<u>81,593</u>
Income available for general use			
Cemetery Account	813	3,500	3,533
General Account	13,896	70,200	71,064
	<u>14,709</u>	<u>73,700</u>	<u>74,597</u>
	<u>\$31,177</u>	<u>\$124,300</u>	<u>\$156,190</u>
Investment income on sinking funds			
Sewer Fund (applied against debenture debt)	<u>\$ 3,267</u>	<u>\$ -</u>	<u>\$ 2,829</u>

Schedule 9

The Corporation of the City of Grand Forks
 Continuity Schedule of Community Works Fund (Federal Gas Tax New Deal Transfers)
 for the year ended December 31, 2009

	<u>Balance December 31, 2008</u>	<u>Transfers in Current Year</u>	<u>Interest Earned on Unexpended</u>	<u>Expenditures</u>	<u>Balance December 31, 2009</u>
Community Works Fund Transfers	\$363,309	\$215,250	\$3,037	\$	\$581,597

The Corporation of the City of Grand Forks
 Continuity Schedule of Reserves
 for the year ended December 31, 2009

	<u>Balance December 31, 2008</u>	<u>Interest Earned</u>	<u>Transfer from Operating Funds</u>	<u>Collections</u>	<u>Appropriations</u>	<u>Balance December 31, 2009</u>
Equipment Replacement Reserve	\$ 321,560	\$ 2,238	\$ 99,865	-	-	\$ 423,663
Land Sale Reserve	662,134	2,071	82,251	-	408,160	338,296
Tax Sale Lands Reserve	58,327	406	-	-	-	58,733
Cash-In-Lieu of Parking Reserve	16,191	113	-	-	-	16,304
Slag Sale Reserve	1,198,471	7,739	10,132	249,961	-	1,466,303
Capital Reserve	275,349	967	-	-	-	276,316
	<u>\$ 2,532,032</u>	<u>\$ 13,534</u>	<u>\$ 192,248</u>	<u>\$ 249,961</u>	<u>\$ 408,160</u>	<u>\$ 2,579,614</u>