

**The Corporation of the City of Grand Forks
2010 Annual Financial Report
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**The Corporation of the City of Grand Forks
Annual Financial Report
for the year ended December 31, 2010**

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.

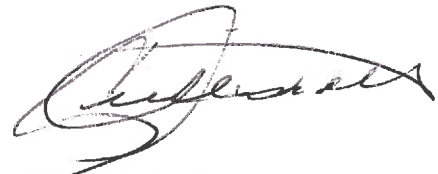
Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded, and reported properly.

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

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 2010, and the consolidated statement of operations, consolidated statement of change in net debt 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 generally accepted accounting principles and in accordance with Section 167 of the Community Charter of BC, 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.

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INDEPENDENT AUDITORS' REPORT (continued)

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

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

Opinion

In our opinion, the 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, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

April 26, 2011

Nelson, B.C.

**The Corporation of the City of Grand Forks
Significant Accounting Policies
for the year ended December 31, 2010**

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, 2010, the fund balances were as follows:

	2010	2009
General Revenue Fund	\$494,718	\$343,854
Water Revenue Fund	430,315	404,691
Electrical Revenue Fund	647,553	470,700
Sewer Revenue Fund	(256,279)	254,223
	1,316,307	1,473,469

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	2,284,340	2,579,614
	\$3,600,647	\$4,053,083

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, 2010**

D. Capital Assets (continued)

	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:

	2010	2009
General Capital Fund	\$ 17,829,315	\$ 15,513,961
Water Capital Fund	3,347,225	3,507,353
Electrical Capital Fund	769,811	810,865
Sewer Capital Fund	3,967,571	3,072,186
	\$ 25,913,922	\$ 22,904,365

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 2010.

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, 2010

	<u>2010</u>	<u>2009</u>
Financial Assets		
Cash (Note 1)	\$5,960,590	\$5,889,430
Investment	100	-
Accounts Receivable (Note 2)	2,308,448	2,206,885
MFA Deposit (Note 3)	9,199	8,225
Inventories for Resale (Note 4)	46,710	30,205
Loan Receivable (Note 5)	225,786	-
	<u>\$8,550,834</u>	<u>\$8,134,744</u>
Liabilities		
Accounts Payable (Note 6)	2,154,632	2,104,224
Due to Trust	1,272	5,206
Deferred Revenues (Note 7)	1,119,172	856,385
Temporary Loan	1,537,426	-
Development Cost Charges (Schedule 7)	334,979	317,645
Restricted Revenues (Schedule 7)	109,629	1,134,687
Long Term Debt (Schedule 2) (Note 8)	1,076,485	961,587
	<u>6,333,595</u>	<u>5,379,734</u>
Net Financial Assets	2,217,239	2,755,010
Non - Financial Assets		
Inventories of Supplies	269,676	223,756
Prepaid Expenses	37,248	112,732
Capital Assets (Schedule 1)	<u>26,990,406</u>	<u>23,865,952</u>
Accumulated Surplus	<u>\$29,514,569</u>	<u>\$26,957,449</u>
Represented by:		
Fund Balances	3,600,647	4,053,083
Equity in Capital Assets (Note 10)	<u>25,913,922</u>	<u>22,904,365</u>
	<u>\$29,514,569</u>	<u>\$26,957,449</u>

The Accompanying Notes form an integral part of these Financial Statements. Contingencies and commitments are described in Note 11.


Lynne Birch
Chief Administrative Officer


M. I. Ceelle Arnott
Chief Financial Officer

The Corporation of the City of Grand Forks
Consolidated Statement of Financial Activities
As at December 31, 2010

	<u>Budget</u> <u>2010</u>	<u>Actual</u> <u>2010</u>	<u>Actual</u> <u>2009</u>
Revenue			
Taxes (Schedule 3)	\$ 2,579,400	\$ 2,464,571	\$ 2,477,492
Sales of goods and services (Schedule 4)	5,085,600	5,344,020	5,322,483
Other revenues from own sources (Schedule 5)	494,700	492,570	557,160
Senior government grants - Operating (Schedule 6)	540,300	569,823	645,944
Senior government grants - Capital (Schedule 6)	3,100,000	2,820,472	698,554
Other restricted income - Operations Library	-	6,990	2,670
Interest income (Schedule 8)	15,200	51,891	31,177
Investment income on sinking funds (Schedule 8)	-	5,963	3,267
	<u>11,815,200</u>	<u>11,756,301</u>	<u>9,738,747</u>
Expenses			
General government	\$955,600	\$895,097	\$839,618
Public real estate	270,600	284,579	303,831
Protective services	427,900	402,569	490,426
Transportation services	932,650	903,835	868,263
Environmental health services	162,900	157,868	149,207
Public health and welfare	89,750	154,771	100,890
Environmental development	201,000	196,554	253,707
Recreation and cultural services	710,500	674,312	615,662
Distribution based on electrical consumption	-	-	226,391
Utility services	4,514,400	4,116,501	4,017,365
Debt interest	155,200	35,133	20,085
Amortization	1,312,500	1,433,537	1,383,741
(Gain) Loss on disposition	-	(55,573)	1,008
	<u>9,733,000</u>	<u>9,199,181</u>	<u>9,270,194</u>
Annual Surplus	2,082,200	2,557,120	468,553
Accumulated Surplus - Beginning of Year	<u>26,957,449</u>	<u>26,957,449</u>	<u>26,488,896</u>
Accumulated Surplus - End of Year	<u>\$ 29,039,649</u>	<u>\$ 29,514,569</u>	<u>\$ 26,957,449</u>

The Corporation of the City of Grand Forks
Consolidated Statement of Changes in Net Financial Assets
As at December 31, 2010

	<u>2010</u>	<u>2009</u>
Cash Provided By (Used For):		
Operations:		
Annual Surplus	\$2,557,120	\$468,553
Acquisition of Capital Assets	(4,797,666)	(1,587,708)
Amortization of Capital Assets	1,433,537	1,383,741
(Gain) Loss on sale of Capital Assets	(55,573)	1,008
Proceeds from sale of Capital Assets	295,248	32,000
	<u>(567,335)</u>	<u>297,594</u>
Net supply inventory adjustments	(45,921)	21,867
Net prepaid adjustments	75,484	(88,225)
	<u>29,564</u>	<u>(66,358)</u>
Increase (decrease) in net financial assets / net debt	(537,771)	231,235
Net financial assets - beginning of the year	2,755,010	2,523,775
Net financial assets - end of the year	<u>\$2,217,239</u>	<u>\$2,755,010</u>

The Corporation of the City of Grand Forks
Consolidated Statement of Changes in Cash Flows
As at December 31, 2010

	<u>2010</u>	<u>2009</u>
Cash Provided By (Used For):		
Operations:		
Annual Surplus	\$2,557,120	\$468,553
Non-cash items		
Amortization	\$1,433,537	1,383,741
(Increase) Decrease in prepaid expenses	75,484	(\$88,225)
(Increase) Decrease in Supply inventories	(45,921)	\$21,867
Changes to Net Financial Assets/Liabilities		
(Increase) Decrease in Accounts Receivable	(101,563)	66,091
(Increase) in Long Term Receivable	(225,786)	
Decrease in Lease Deposit	-	55,000
(Increase) in MFA Deposit	(975)	(5,035)
(Increase) Decrease in Inventories for Resale	(16,505)	24,577
Increase (Decrease) in Accounts Payable	50,408	(113,398)
Increase (Decrease) in Trust payable	(3,934)	6,161
Increase in Deferred Revenues	262,787	206,477
Increase in Temporary Loan	1,537,426	-
Increase in Development Cost Charges	17,333	6,994
Increase (Decrease) in Restricted Revenues	(1,025,058)	915,570
	<u>4,514,354</u>	<u>2,948,372</u>
Capital Transactions		
Acquisition of Capital Assets	(4,797,666)	(1,587,709)
Proceeds from sale of Capital Assets	295,248	32,000
(Gain) Loss on sale of Capital Assets	(55,573)	1,008
	<u>(4,557,991)</u>	<u>(1,554,701)</u>
Investing:	(100)	-
Financing:		
Debt Principal Reduced	(145,914)	(71,045)
Actuarial Adjustment	(5,963)	(3,267)
Debt Issued	266,775	728,478
	<u>114,898</u>	<u>654,166</u>
Increase (Decrease) in Cash	71,161	2,047,837
Cash - Beginning of Year	<u>5,889,430</u>	<u>3,841,593</u>
Cash - End of Year	<u><u>\$5,960,590</u></u>	<u><u>\$5,889,430</u></u>

**The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2010**

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	<u>2010</u>	<u>2009</u>
1. Cash:		
Cash	\$1,200	\$800
Operating and other bank accounts	1,904,665	2,403,412
Restricted bank accounts	1,150,127	942,810
Reserve fund bank accounts	2,904,598	2,542,407
	<u>\$5,960,590</u>	<u>\$5,889,430</u>
2. Accounts Receivable:		
Property Taxes	\$318,903	\$333,538
Other Governments	879,938	846,642
General	66,674	52,265
Utility Bills Receivable	1,042,933	974,441
	<u>\$2,308,448</u>	<u>\$2,206,885</u>

3. 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, 2010 the total of the Debt Reserve Fund was:

	<u>2010</u>	<u>2009</u>
Cash deposits*	\$9,199	\$8,225
General - Demand Note	28,501	26,186
Sewer - Demand Note	6,433	9,628
	<u>\$44,133</u>	<u>\$44,038</u>

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

4. Inventories for Resale:

Aviation Fuel	\$23,217	\$22,543
Property Subject to Redemption	23,491	7,662
Land Held for Resale (written down in prior years)	1	1
	<u>\$46,710</u>	<u>\$30,205</u>

5. Loan Receivable:

The City has entered into a long term capital lease agreement with the Regional District of Kootenay Boundary in consideration of the sale of a building and lands. The term of the agreement is 12 years commencing August 1, 2010. Annual blended payments are \$27,000.

	<u>2010</u>	<u>2009</u>
Loan Receivable Balance	\$ 225,786	\$ -

**The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2010**

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6. Accounts Payable and Accrued Liabilities:

General Trade Payables	\$532,572	\$737,845
Due to Other Governments	186,247	154,755
Contractor Holdbacks Payable	198,795	123,381
Salaries and Wages Payable	142,267	96,993
Accrued Vacation Pay	282,809	242,997
Accrued Sick and Severance - Union Employees	450,785	430,528
Accrued Sick Leave - Management	322,119	312,737
	2,115,595	2,099,235
Accrued Property Redemption	33,443	-
Accrued Interest on Fund Debt	5,594	4,989
	\$2,154,632	\$2,104,224

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.

7. Deferred Revenue:

Prepaid Taxes	\$203,628	\$169,937
Prepaid Utilities	24,440	21,097
Community Works Fund (Schedule 9)	799,719	581,597
Prepaid deposit on property subject to Redemption	17,000	18,000
Library Maintenance Fund	50,779	57,770
Other	23,607	7,984
	\$1,119,172	\$856,385

8. 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.

	<u>2010</u>	<u>2009</u>
MFA Debenture debt issued and outstanding: (Schedule 2)	\$637,306	\$621,410
MFA Public Body Leasing Capital Lease (Schedule 2)	439,178	340,177
	\$1,076,485	\$961,587

**The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2010**

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8. Long Term Debt: (continued)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Road Improvement Debenture \$	43,311	\$ 45,044	\$ 46,845	\$ 48,719	\$ 50,668
Subdivision Debenture	3,496	3,636	3,781	3,932	4,090
Sewer Debenture	10,315	10,781	11,270	11,780	12,313
Capital Leases	<u>134,948</u>	<u>107,243</u>	<u>85,822</u>	<u>74,519</u>	<u>37,562</u>
	<u>\$ 192,070</u>	<u>\$ 166,703</u>	<u>\$ 147,718</u>	<u>\$ 138,950</u>	<u>\$ 104,633</u>

9. 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 7) and must be retained until eligible projects are undertaken. Schedule 9 attached to these financial statements shows status of deferred revenue.

10. Equity in Capital Assets:

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>2010</u>	<u>2009</u> <u>Restated</u>
Equity in Capital Assets - Beginning of the year	\$22,904,365	\$23,387,569
Add: Capital Expenditures	4,797,666	1,587,709
Disposition of Capital Asset at NBV	(239,676)	(33,008)
Amortization	(1,433,537)	(1,383,741)
Asset purchases funded by Debt	(266,775)	(728,478)
Reduction in Long Term Debt - Principal	145,914	71,045
- Actuarial Adjustments	<u>5,963</u>	<u>3,267</u>
	<u>\$25,913,922</u>	<u>\$22,904,365</u>

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

11. Annual Budget

The budget figures are based on the adopted Five- Year Financial Plan for the year 2010.

12. 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

**The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2010**

12. Commitments and Contingencies; (continued)

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 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 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, 2009 indicated a surplus of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available in 2013. The actuary does not attribute portions of the surplus to individual employers. The City of Grand Forks paid \$216,276 for employer contributions to the plan in fiscal 2010.

(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.

(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	\$2,837	\$2,743	\$2,460	\$2,255	\$ -
Capital Leases					
Office Equipment	22,510	15,861	10,390	7,008	-
Public Works Equipment	<u>120,444</u>	<u>95,779</u>	<u>78,161</u>	<u>68,968</u>	<u>37,939</u>
	<u>\$ 145,791</u>	<u>\$ 114,382</u>	<u>\$ 91,011</u>	<u>\$ 78,231</u>	<u>\$ 37,939</u>

**The Corporation of the City of Grand Forks
Notes to the Consolidated Financial Statements
for the year ended December 31, 2010**

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12. Commitments and Contingencies; (continued)

(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

	2010	2009
Goods and services	\$ 4,724,866	\$ 4,802,891
Salary, wages and benefits	3,061,218	3,062,469
Interest and finance charges	35,133	20,085
Amortization	1,433,537	1,383,741
(Gain) loss on disposal	(55,573)	1,008
	\$ 9,199,181	\$ 9,270,194

15. Funds held in Trust

	2010	2009
Cemetery	\$123,916	\$117,624
Employee Assistance Program	8,624	7,296
	\$132,540	\$124,921

16. Restatement

Some of the figures for 2009 have been restated for comparative purposes.

Schedule 1

The Corporation of the City of Grand Forks
 Schedule of Capital Assets
 As at December 31, 2010

	2010			2009
	Historical Cost	Accumulated Amortization	Net Book Value	Restated
General Capital Fund				
Land - Infrastructure	\$ 1,374,638	\$ -	\$ 1,374,638	\$ 1,431,136
Land - Industrial Development for Resale (Note 10f)	183,607	-	183,607	183,607
Buildings	5,736,643	2,061,614	3,675,029	3,997,337
Engineering Structures	18,765,800	7,957,142	10,808,658	7,808,257
Machinery and Equipment	1,338,833	847,943	490,890	621,559
Equipment Fleet-Emergency	1,081,066	506,588	574,478	618,319
Equipment Fleet-Public Works	3,517,234	1,828,045	1,689,188	1,693,924
	31,997,819	13,201,332	18,796,487	16,354,138
Waterworks Capital Fund				
	6,888,028	3,540,803	3,347,225	3,507,353
Electrical Utility Capital Fund				
	2,221,015	1,451,204	769,811	810,865
Sanitary Sewer Capital Fund				
	7,138,264	3,061,381	4,076,883	3,193,596
	\$ 48,245,125	\$ 21,254,720	\$ 26,990,406	\$ 23,865,952

The Corporation of the City of Grand Forks
Long Term Debt
for the year ended December 31, 2010

A. DEBENTURES	(covered by Debt Reserve Fund - Note 7)	Bylaw	Purpose	Maturity Dates	Original Debt	Debt		Interest paid in 2010	Principal Retirements 2010	Actuarial Adjustments 2010	Long Term Debt December 31, 2010	Interest Rates		
						Outstanding end of 2009	Advanced during 2010							
October 13, 2009	1863	Road System Improvmen	2009 - 2019	\$	500,000	\$	-	\$	41,645	\$	361	\$	457,994	4.13%
June 28, 2010	1887	Subdivision	2010 - 2025		70,000		70,000		-		-		70,000	3.73%
March 24, 1999	1556	Ruckle Sewer Extensioi	1999 - 2019		195,944		-	6,172	6,495	5,602	109,312	4.53%	109,312	4.53%
Total Debenture Debt					765,944		70,000	27,427	48,141	5,963	637,306		637,306	
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		-	317	5,124	-	-		20,347	1.25%
June 9, 2009	n/a	IBM DS3300 Storage A	2009 - 2014		23,983		-	288	4,663	-	-		16,944	1.25%
October 1, 2009	n/a	544K Loader	2009 - 2014		178,145		-	1,906	34,867	-	-		134,646	1.25%
April 19, 2007	n/a	CanCADD Plotter/Print	2007 - 2012		32,073		-	559	6,230	-	-		8,738	5.25%
May 19, 2007	n/a	2007 Sterling with	2007 - 2012		199,785		-	3,432	38,851	-	-		57,712	5.00%
September 19, 2007	n/a	Plitney Bowes Folder In	2007 - 2012		20,089		-	365	3,912	-	-		7,137	5.25%
May 28, 2005	n/a	Xerox Multifunction Cop	2005 - 2010		12,500		-	512	1,006	-	-		-	3.25%
November 25, 2010	n/a	2011 HR42 Terex Elect	2010 -2015		196,775		196,775	328	3,121	-	-		193,654	2.00%
Total Capital Lease and Conditional Sales Agreement Debt					689,699		340,177	7,707	97,774	-	439,178		439,178	
Total Long Term Debt					\$ 1,455,643		\$ 961,587	\$ 35,133	\$ 145,914	\$ 5,963	\$ 1,076,485		\$ 1,076,485	

**The Corporation of the City of Grand Forks
Tax Levies
for the year ended December 31, 2010**

	Budget <u>2010</u>	Actual <u>2010</u>	Actual <u>2009</u>
General levy - municipal taxes	\$2,238,900	\$2,244,096	\$2,238,924
Flat tax - road maintenance	118,000	117,390	117,950
Special assessments and local improvements	200,800	91,831	109,013
Grants in lieu of taxes	<u>21,700</u>	<u>11,253</u>	<u>11,605</u>
Total taxes for municipal purposes	<u>2,579,400</u>	<u>2,464,571</u>	<u>2,477,492</u>
Collections for other governments:			
School District #51	1,522,908	1,522,908	1,552,543
Regional District of Kootenay Boundary	1,126,282	1,126,282	1,073,825
Regional Hospital Districts	115,655	115,655	119,995
Provincial Policing	175,387	175,387	159,128
British Columbia Assessment Authority	47,182	47,182	47,265
Municipal Finance Authority	<u>120</u>	<u>120</u>	<u>122</u>
Total collections for other governments	<u>2,987,533</u>	<u>2,987,533</u>	<u>2,952,877</u>
Real Property, Special Assessments, Grants In Lieu	<u>\$5,566,933</u>	<u>\$5,452,104</u>	<u>\$5,430,369</u>

The Corporation of the City of Grand Forks
Sales of Goods and Services
for the year ended December 31, 2010

	<u>Budget</u> <u>2010</u>	<u>Actual</u> <u>2010</u>	<u>Actual</u> <u>2009</u>
General Revenue Fund:			
Operating			
Garbage	\$162,900	\$164,625	\$149,056
Cemetery	27,400	20,914	35,762
Airport (net of cost of fuel sold)	15,400	24,555	21,146
Transportation Custom Work Orders	-	66,404	59,774
Environmental Development	2,900	2,550	40,016
Campground	-	31,650	33,455
Sundry	-	2,901	5,072
	<u>208,600</u>	<u>313,599</u>	<u>344,281</u>
Reserves			
Slag	-	261,193	249,961
	<u>-</u>	<u>261,193</u>	<u>249,961</u>
Total General Revenue Fund	<u>208,600</u>	<u>574,792</u>	<u>594,242</u>
Water Revenue Fund:			
User Fees	675,900	684,045	662,639
Connection Fees and Custom Work Orders	200	8,692	13,210
Penalties	4,500	4,114	4,463
	<u>680,600</u>	<u>696,852</u>	<u>680,312</u>
Total Water Revenue Fund	<u>680,600</u>	<u>696,852</u>	<u>680,312</u>
Electrical Revenue Fund:			
User Fees	3,483,500	3,333,263	3,255,870
Connection Fees and Custom Work Orders	17,900	32,208	79,301
Penalties	14,000	18,523	19,471
Pole Fees and Sundry	2,700	2,757	2,757
	<u>3,518,100</u>	<u>3,386,751</u>	<u>3,357,398</u>
Total Electrical Revenue Fund	<u>3,518,100</u>	<u>3,386,751</u>	<u>3,357,398</u>
Sewer Revenue Fund:			
User Fees	674,300	672,652	661,115
Connection Fees and Custom Work Orders	-	1,935	17,737
Penalties	4,000	3,839	4,329
Sludge Processing and Sundry	-	7,200	7,350
	<u>678,300</u>	<u>685,626</u>	<u>690,531</u>
Total Sewer Revenue Fund	<u>678,300</u>	<u>685,626</u>	<u>690,531</u>
Total Sales of Goods and Services	<u>\$5,085,600</u>	<u>\$5,344,020</u>	<u>\$5,322,483</u>

**The Corporation of the City of Grand Forks
Other Revenue from Own Sources
for the year ended December 31, 2010**

	<u>Budget</u> <u>2010</u>	<u>Actual</u> <u>2010</u>	<u>Actual</u> <u>2009</u>
General Revenue Fund:			
Operating			
Building permits	\$33,000	\$24,366	\$32,859
Business licenses	31,900	32,350	32,285
Concessions and franchise	89,000	81,481	89,521
Penalties and interest on taxes	48,300	46,322	51,457
Commissions	4,500	4,896	6,327
Provincial Emergency and Fire recoveries	-	2,003	365
Rural Fire recovery	205,000	198,816	201,478
Other recoveries	-	4,468	33,418
Property rentals	83,000	94,683	95,057
	<u>494,700</u>	<u>489,385</u>	<u>542,768</u>
Capital			
Donations from groups or individuals	-	3,185	14,392
	<u>\$494,700</u>	<u>\$492,570</u>	<u>\$557,160</u>

**The Corporation of the City of Grand Forks
Grants
for the year ended December 31, 2010**

	Budget 2010	Actual 2010	Actual 2009
Operating			
General - Small Communities Protection	\$505,300	\$506,815	\$505,300
General - Airshed Management	-	5,000	22,500
General - Integrated Community Sustainability	-	2,363	14,200
General - Tourism Grant	-	8,512	-
General - Community Development	-	7,500	-
General - Victim Assistance	35,000	34,226	37,112
General - Olympic Torch Relay	-	-	8,000
General - One Time Self Care Grant	-	-	700
General - Community Transition Study	-	4,218	40,782
General - Joint Emergency Preparedness Plan	-	-	13,250
General - Solar Energy	-	1,190	4,100
Total Operating Grants	\$ 540,300	\$569,823	\$645,944
Capital			
General - Job Opportunity Fund	\$ -	\$ -	\$ 209,654
General - Cycling Infrastructure Partnership Program	-	-	(2,572)
General - Western Economic Diversification	400,000	363,929	-
General - Province of BC	125,000	310,117	-
General - Local Motion	712,000	635,924	-
General - Granby Dike Reinforcement	-	-	17,186
General - Recreational Infrastructure	712,000	635,923	-
General - Trees for Tomorrow	-	-	43,750
General - Innovative Clean Energy Grant	561,000	466,666	200,000
General - Community Tourism	-	-	30,535
Sewer - Lift Station Infrastructure Grant	590,000	407,913	200,000
Total Capital Grants	\$ 3,100,000	\$2,820,472	\$698,554

The Corporation of the City of Grand Forks
Continuity Schedule of Development Cost Charges and Restricted Revenues
for the year ended December 31, 2010

	<u>Balance</u> <u>December 31, 2009</u>	<u>Interest</u> <u>Earned</u>	<u>Collections</u>	<u>Expenditures</u>	<u>Balance</u> <u>December 31, 2010</u>
Development Cost Charges					
Water	\$ 88,645	\$ 833	\$ 7,305	\$ -	\$ 96,783
Sewer	229,000	2,064	7,131	-	238,195
Total Development Cost Charges	\$ 317,645	\$ 2,897	\$ 14,436	\$ -	\$ 334,979
Special Museum Relocation	\$ 28,569	\$ 33	-	\$ 28,602	-
RDKB Community Centre Operations	12,147	-	-	-	12,147
Community Transition	4,218	-	-	4,218	-
Solar Days	-	-	-	1,190	1,310
Aquifer	2,072	-	2,500	-	2,072
Victim Assistance Program	7,550	-	35,420	34,226	8,744
Localmotion	712,000	9,280	-	635,924	85,356
Small Communities	368,131	-	138,684	506,815	-
Total Restricted Revenues	\$ 1,134,687	\$ 9,314	\$ 176,604	\$ 1,210,975	\$ 109,629

**The Corporation of the City of Grand Forks
Interest and Investment Income
for the year ended December 31, 2010**

	<u>Budget 2010</u>	<u>Actual 2010</u>	<u>Actual 2009</u>
Income from sources requiring restriction or deferment			
Reserves:			
Capital Reserve	\$ -	\$ 2,472	\$ 967
Equipment Reserve	-	3,786	2,238
Tax Land Sale Reserve	-	518	406
Cash in Lieu of Parking Reserve	-	144	113
Land Sales Reserve	-	9,788	2,071
Slag Sales Reserve	-	14,237	7,739
	<u>-</u>	<u>30,945</u>	<u>13,534</u>
Income available for general use			
Cemetery Account	1,000	1,067	813
General Account	14,200	19,879	16,830
	<u>15,200</u>	<u>20,946</u>	<u>17,643</u>
	<u>\$15,200</u>	<u>\$51,891</u>	<u>\$31,177</u>
Investment income on sinking funds			
Sewer Fund (applied against debenture debt)	<u>\$0</u>	<u>\$5,963</u>	<u>\$3,267</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, 2010

	<u>Balance</u> <u>December 31, 2009</u>	<u>Transfers in</u> <u>Current Year</u>	<u>Interest Earned</u> <u>on Unexpended</u>	<u>Expenditures</u>	<u>Balance</u> <u>December 31, 2010</u>
Community Works Fund Transfers	\$581,597	\$212,717	\$5,405	\$ -	\$799,719

The Corporation of the City of Grand Forks
 Continuity Schedule of Reserves
 for the year ended December 31, 2010

	<u>Balance December 31, 2009</u>	<u>Interest Earned</u>	<u>Transfer from Operating Funds</u>	<u>Sales</u>	<u>Appropriations</u>	<u>Balance December 31, 2010</u>
Equipment Replacement Reserve	\$ 423,662	\$ 3,786	\$ 73,711	\$ -	\$ 3,959	\$ 497,201
Land Sale Reserve	338,296	9,788	-	50,019	(4,815)	402,918
Tax Sale Lands Reserve	58,733	518	-	-	-	59,251
Cash-In-Lieu of Parking Reserve	16,304	144	-	-	-	16,447
Slag Sale Reserve	1,466,304	14,237	-	261,193	712,000	1,029,734
Capital Reserve	276,316	2,472	-	-	-	278,788
	<u>\$ 2,579,614</u>	<u>\$ 30,945</u>	<u>\$ 73,711</u>	<u>\$ 311,212</u>	<u>\$ 711,144</u>	<u>\$ 2,284,340</u>