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**CORPORATION OF THE CITY OF GRAND FORKS
For the year ended December 31, 2013**

STATEMENT OF FINANCIAL INFORMATION

Financial Statements of

THE CORPORATION OF THE CITY OF GRAND FORKS

December 31, 2013

THE CORPORATION OF THE CITY OF GRAND FORKS
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December 31, 2013

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April 28, 2014

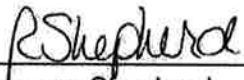
Grand Forks, B.C.

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.



Rokanne 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, 2013, 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

Berg
Lenmann

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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector accounting standards.



Chartered Accountants

April 28, 2014

Nelson, B.C.

Chartered Accountants
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THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2013

| | 2013 | 2012 (Restated - Note 21) |
|---|----------------------|---------------------------------|
| FINANCIAL ASSETS | | |
| Cash (note 2) | \$ 8,225,809 | \$ 8,484,269 |
| Accounts receivable | 2,215,389 | 1,919,562 |
| MFA deposit (note 3) | 28,272 | 9,801 |
| Inventories for resale | 47,978 | 49,310 |
| Lease receivable (note 4) | 173,946 | 192,017 |
| | 10,691,394 | 10,654,959 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 1,645,047 | 1,255,863 |
| Employee future benefits (note 5) | 421,437 | 646,802 |
| Deferred gas tax grants (note 10) | 1,447,251 | 1,238,599 |
| Deferred revenues - grants and other (note 8) | 99,667 | 82,439 |
| Deferred revenues - prepaid taxes | 288,494 | 271,324 |
| Temporary loan | - | 1,537,426 |
| Development cost charges (note 9) | 497,711 | 486,379 |
| Long-term debt and capital lease obligations (note 6) | 2,362,336 | 765,495 |
| | 6,761,943 | 6,284,327 |
| NET FINANCIAL ASSETS | 3,929,451 | 4,370,632 |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses | 62,280 | 48,946 |
| Inventory of supplies | 268,293 | 253,127 |
| Tangible capital assets (note 7) | 26,509,345 | 26,063,779 |
| | 26,839,918 | 26,365,852 |
| ACCUMULATED SURPLUS | \$ 30,769,369 | \$ 30,736,484 |
| Represented by: | | |
| Operating funds equity (note 11) | \$ 3,896,535 | \$ 2,033,014 |
| Reserve funds (note 12) | 2,725,826 | 3,405,187 |
| Equity in tangible capital assets (note 13) | 24,147,008 | 25,298,283 |
| | \$ 30,769,369 | \$ 30,736,484 |

CONTINGENT LIABILITIES (note 20)

SUBSEQUENT EVENT (note 23)


 Chief Financial Officer

THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2013

| | 2013 | 2013 | 2012 |
|---|----------------------|----------------------|-----------------------------------|
| | Budget | Actual | (Restated - Note 21) Actual |
| REVENUE | | | |
| Taxes | \$ 2,954,364 | \$ 3,046,473 | \$ 2,828,294 |
| Sales of goods and services (note 15) | 6,290,550 | 6,420,873 | 6,442,670 |
| Other revenues | 510,099 | 489,947 | 581,582 |
| Senior government grants - operating | 352,846 | 372,573 | 721,201 |
| Senior government grants - capital | 1,760,532 | 136,714 | 33,998 |
| Interest income | 46,500 | 107,277 | 102,187 |
| Investment income on sinking fund | - | 6,281 | 8,542 |
| Insurance proceeds for operating expenditures | - | 125,000 | - |
| Gain on disposition of assets | - | 14,324 | - |
| | 11,914,891 | 10,719,462 | 10,718,474 |
| EXPENDITURES | | | |
| General government | 1,263,626 | 1,058,156 | 853,061 |
| Public real estate | 322,389 | 288,331 | 275,672 |
| Protective service | 486,150 | 445,404 | 472,304 |
| Transportation services | 1,184,516 | 1,255,184 | 1,224,965 |
| Environmental health services | 182,934 | 167,366 | 178,277 |
| Public health and welfare | 124,950 | 74,904 | 89,658 |
| Environmental development | 211,950 | 227,896 | 241,235 |
| Recreation and cultural services | 745,226 | 761,922 | 601,411 |
| Utility services | | | |
| Electrical | 3,716,800 | 3,454,043 | 3,399,709 |
| Water | 817,949 | 739,841 | 695,008 |
| Sewer | 727,362 | 624,622 | 685,043 |
| Debt interest | 140,168 | 51,136 | 35,110 |
| Amortization | 1,355,668 | 1,537,772 | 1,373,762 |
| | 11,279,688 | 10,686,577 | 10,125,215 |
| ANNUAL SURPLUS | 635,203 | 32,885 | 593,259 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 30,736,484 | 30,736,484 | 30,143,225 |
| ACCUMULATED SURPLUS, END OF YEAR | \$ 31,371,687 | \$ 30,769,369 | \$ 30,736,484 |
| RECONCILIATION TO BUDGET (note 19) | | | |



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, 2013

| | 2013 | 2012 (Restated - Note 21) |
|---|---------------------|---------------------------------|
| ANNUAL SURPLUS | \$ 32,885 | \$ 593,259 |
| Acquisition of tangible capital assets | (2,091,114) | (724,144) |
| Amortization of tangible capital assets | 1,537,772 | 1,373,762 |
| Gain on sale of assets | (14,324) | - |
| Proceeds from sale of assets | 122,100 | - |
| Net change in prepaid expenses and supplies inventory | (28,500) | 18,135 |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | (441,181) | 1,261,012 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 4,370,632 | 3,109,620 |
| NET FINANCIAL ASSETS, END OF YEAR | \$ 3,929,451 | \$ 4,370,632 |

R Shepherd

Chief Financial Officer

THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

| | 2013 | 2012 (Restated - Note 21) |
|--|---------------------|---------------------------------|
| OPERATING TRANSACTIONS | | |
| Annual surplus | \$ 32,885 | \$ 593,259 |
| Non-cash items | | |
| Amortization | 1,537,772 | 1,373,762 |
| Gain on sale of tangible capital assets | (14,324) | - |
| Actuarial adjustment | (6,281) | (8,543) |
| Change in prepaid expenses and supplies inventory | (28,500) | 18,135 |
| Change in Net Financial Assets/Liabilities | | |
| Change in accounts receivable | (295,827) | (266,098) |
| Change in MFA debt deposits | (18,471) | (288) |
| Change in inventories for resale | 1,332 | (22,499) |
| Change in loan receivable | 18,071 | 17,268 |
| Change in accounts payable and accrued liabilities | 389,184 | 113,831 |
| Change in employee future benefits | (225,365) | (173,497) |
| Change in deferred revenues | 243,050 | 253,854 |
| Change in temporary loan | (1,537,426) | - |
| Change in development cost charges | 11,332 | 108,574 |
| Cash Provided by Operating Transactions | 107,432 | 2,007,758 |
| CAPITAL TRANSACTIONS | | |
| Purchase of tangible capital assets | (2,091,114) | (724,144) |
| Proceeds from sale of tangible capital assets | 122,100 | - |
| Cash Applied to Capital Transactions | (1,969,014) | (724,144) |
| FINANCING TRANSACTIONS | | |
| Debt issued | 1,756,920 | 14,683 |
| Repayment of long-term debt | (153,798) | (154,919) |
| Cash Received from Financing Transactions | 1,603,122 | (140,236) |
| INCREASE IN CASH | (258,460) | 1,143,378 |
| CASH, BEGINNING OF YEAR | 8,484,269 | 7,340,891 |
| CASH, END OF YEAR | \$ 8,225,809 | \$ 8,484,269 |

R. Shepherd

Chief Financial Officer

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As At December 31, 2013

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 Consolidated 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.

Inventories

Inventories are recorded at the lower of cost or net realizable value.

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.

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2013

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 2013 approved by council under bylaw 1948 on May 6, 2013.

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, 2013

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

| | 2013 | 2012 |
|-----------------------------------|--------------|--------------|
| Restricted cash | | |
| Statutory Reserves | \$ 2,317,108 | \$ 3,227,077 |
| Deferred Gas Tax Grant funds | 1,447,251 | 1,238,599 |
| Deferred development cost funds | 497,711 | 486,379 |
| | 4,262,070 | 4,952,055 |
| Unrestricted cash and investments | 3,963,739 | 3,532,214 |
| | \$ 8,225,809 | \$ 8,484,269 |

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, 2013 the total of the Debt Reserve Fund was:

| | Demand Notes | Cash Deposits | Balance |
|--------------|--------------|---------------|------------|
| Sewer fund | \$ 52,184 | \$ 21,672 | \$ 73,856 |
| General fund | 28,501 | 6,600 | 35,101 |
| | \$ 80,685 | \$ 28,272 | \$ 108,957 |

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, 2013

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 \$8,929 (2012 - \$9,731) 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 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 unionized 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, 2013, \$401,524 (2012 - \$480,315) 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 181 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, 2013, \$nil (2012 - \$166,487) 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 | \$ 368,841 | \$ - | \$(41,646) | \$(4,040) | \$ 323,155 |
| General #1887 | 62,835 | - | (3,496) | (252) | 59,087 |
| Sewer #1498 | 87,658 | - | (6,495) | (1,989) | 79,174 |
| Sewer #1873 | - | 1,756,920 | - | - | 1,756,920 |
| Total MFA debt | 519,334 | 1,756,920 | (51,637) | (6,281) | 2,218,336 |
| MFA general capital lease obligations | 246,161 | - | (102,161) | - | 144,000 |
| Total | \$ 765,495 | \$1,756,920 | \$(153,798) | \$(6,281) | \$ 2,362,336 |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2013

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 |
|------|--------------------|------------------|------------------|
| 2014 | \$ 45,140 | \$ 68,580 | \$ 113,720 |
| 2015 | \$ 45,140 | \$ 68,580 | \$ 113,720 |
| 2016 | \$ 45,140 | \$ 68,580 | \$ 113,720 |
| 2017 | \$ 45,140 | \$ 68,580 | \$ 113,720 |
| 2018 | \$ 45,140 | \$ 68,580 | \$ 113,720 |

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

| | |
|-----------------------------------|-------------------|
| 2014 | \$ 93,870 |
| 2015 | 49,595 |
| 2016 | <u>2,513</u> |
| Total minimum lease payments | 145,978 |
| Less amount representing interest | <u>1,978</u> |
| | <u>\$ 144,000</u> |

7. TANGIBLE CAPITAL ASSETS

| | 2013 | | | 2012 Net Book Value |
|--|----------------------|-----------------------------|----------------------|---------------------------|
| | Cost | Accumulated Amortization | Net Book Value | |
| General Capital Fund | | | | |
| Land | \$ 1,690,091 | \$ - | \$ 1,690,091 | \$ 1,571,759 |
| Buildings | 6,005,411 | 2,503,378 | 3,502,033 | 3,532,869 |
| Engineering structures | 19,511,965 | 9,611,423 | 9,900,542 | 9,688,361 |
| Machinery and equipment | 1,852,339 | 890,427 | 961,912 | 956,144 |
| Equipment fleet - emergency | 1,081,066 | 640,046 | 441,020 | 484,058 |
| Equipment fleet - public works | 2,957,536 | 1,956,941 | 1,000,595 | 1,036,981 |
| | <u>33,098,408</u> | <u>15,602,215</u> | <u>17,496,193</u> | 17,270,172 |
| Assets under capital lease | <u>441,674</u> | <u>79,055</u> | <u>362,619</u> | <u>390,959</u> |
| | <u>33,540,082</u> | <u>15,681,270</u> | <u>17,858,812</u> | 17,661,131 |
| Waterworks Utility Capital Fund | 7,446,626 | 4,107,855 | 3,338,771 | 3,174,195 |
| Electrical Utility Capital Fund | 2,495,202 | 1,558,009 | 937,193 | 791,127 |
| Sewer Utility Capital Fund | <u>7,798,885</u> | <u>3,424,316</u> | <u>4,374,569</u> | <u>4,437,326</u> |
| Total tangible capital assets | <u>\$ 51,280,795</u> | <u>\$ 24,771,450</u> | <u>\$ 26,509,345</u> | <u>\$ 26,063,779</u> |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2013

8. DEFERRED REVENUE - GRANTS AND OTHER

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

| | Balance, Beginning of Year | Contributions Eligible Received | Expenditures | Balance, End of Year |
|------------------------------|---|--|---------------------|---------------------------------|
| Library maintenance contract | \$ 61,421 | \$ 15,000 | \$ 7,979 | \$ 68,442 |
| Miscellaneous revenue | 7,541 | 10,470 | 7,541 | 10,470 |
| Victim assistance | 13,217 | 35,560 | 34,096 | 14,681 |
| Miscellaneous deposits | 260 | 6,039 | 225 | 6,074 |
| | <u>\$ 82,439</u> | <u>\$ 67,069</u> | <u>\$ 49,841</u> | <u>\$ 99,667</u> |

9. 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.

| | 2013 | 2012 |
|---|-------------------|-------------------|
| Development cost charges - water | \$ 176,356 | \$ 171,630 |
| Development cost charges - sewer | 318,999 | 312,425 |
| Development cost charges - parkland reserve | <u>2,356</u> | <u>2,324</u> |
| | <u>\$ 497,711</u> | <u>\$ 486,379</u> |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2013

10. 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.

| | 2013 | 2012 |
|--|---------------------|---------------------|
| Opening balance | \$ 1,238,599 | \$ 1,011,546 |
| Amount received in the year | 212,622 | 212,698 |
| Interest earned | 17,221 | 14,355 |
| Less amount spent on eligible projects | <u>(21,191)</u> | <u>-</u> |
| Closing balance of unspent funds | <u>\$ 1,447,251</u> | <u>\$ 1,238,599</u> |

11. OPERATING FUND EQUITY

| | 2013 | 2012 |
|-----------------------------------|---------------------|---------------------|
| General operating fund | \$ 1,579,342 | \$ 1,174,465 |
| Electrical utility operating fund | 1,274,917 | 1,284,653 |
| Sewer utility operating fund | 1,029,349 | (756,166) |
| Water utility operating fund | <u>12,927</u> | <u>330,062</u> |
| Operating fund equity at year end | <u>\$ 3,896,535</u> | <u>\$ 2,033,014</u> |

12. RESERVE FUND CONTINUITY

| | Balance Beginning of Year | Transfers (to) from Other Funds | Sales | Interest Earned | Balance End of Year |
|-------------------------|---------------------------------|---------------------------------------|-------------------|--------------------|---------------------------|
| Capital reserve | \$ 286,384 | \$ 85,213 | \$ - | \$ 3,867 | \$ 375,464 |
| Equipment replacement | 716,181 | (136,560) | - | 7,644 | 587,265 |
| Land sale | 729,216 | (249,999) | - | 9,641 | 488,858 |
| Tax sale land | 60,870 | - | - | 823 | 61,693 |
| Cash in lieu of parking | 16,897 | - | - | 229 | 17,126 |
| Slag sale | 1,595,639 | (670,176) | 247,284 | 22,673 | 1,195,420 |
| | <u>\$ 3,405,187</u> | <u>\$(971,522)</u> | <u>\$ 247,284</u> | <u>\$ 44,877</u> | <u>\$ 2,725,826</u> |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2013

13. 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:

| | 2013 | 2012 |
|----------------------------------|-----------------------------|-----------------------------|
| Equity in TCA, beginning of year | \$ 25,304,424 | \$ 25,799,123 |
| Add: | | |
| Capital acquisitions | 2,091,114 | 724,144 |
| Debt principal repayments | 149,236 | 154,919 |
| Actuarial adjustment | - | - |
| Gain on dispositions of assets | 14,324 | - |
| Less: | | |
| Proceeds from issue of debt | (1,756,920) | - |
| Proceeds on sale | (122,100) | - |
| Amortization | <u>(1,537,772)</u> | <u>(1,373,762)</u> |
| Equity in TCA, end of year | <u>\$ 24,142,306</u> | <u>\$ 25,304,424</u> |
| Represented by: | | |
| General capital fund | \$ 17,332,568 | \$ 16,983,294 |
| Electrical utility capital fund | 937,194 | 791,127 |
| Sewer utility capital fund | 2,538,475 | 4,349,667 |
| Water utility capital fund | <u>3,338,771</u> | <u>3,174,195</u> |
| Capital fund equity at year end | <u>\$ 24,147,008</u> | <u>\$ 25,298,283</u> |

14. 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 179,000 active members and approximately 71,000 retired members.

The most recent valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Corporation of the City of Grand Forks paid \$271,258 (2012 - \$266,919) for employer contributions to the Plan in fiscal 2013.

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2013

15. SALE OF SERVICES

| | 2013 | 2012 |
|---|---------------------|---------------------|
| Garbage collection and RDKB landfill contract | \$ 200,109 | \$ 176,332 |
| Cemetery | 28,912 | 33,585 |
| Airport (net of cost of fuel sold) | 25,988 | 24,044 |
| Transportation custom work orders | 8,554 | 79,483 |
| Environmental development | 5,000 | 10,981 |
| Campground | 40,865 | 34,558 |
| Sundry | 4,474 | 2,589 |
| Slag | 247,284 | 258,585 |
| Electrical utility user and connection fees | 4,287,692 | 4,327,593 |
| Sewer utility user and connection fees | 782,864 | 734,859 |
| Waterworks utility user and connection fees | 789,131 | 760,061 |
| | <u>\$ 6,420,873</u> | <u>\$ 6,442,670</u> |

16. EXPENDITURES BY OBJECT

| | 2013 | 2012 |
|------------------------------|----------------------|----------------------|
| Goods and services | \$ 6,570,674 | \$ 5,447,087 |
| Interest and finance charges | 51,136 | 35,110 |
| Salaries, wages and benefits | 2,526,995 | 3,269,256 |
| Amortization | 1,537,772 | 1,373,762 |
| | <u>\$ 10,686,577</u> | <u>\$ 10,125,215</u> |

17. 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.

| | 2013 | 2012 |
|---|---------------------|---------------------|
| Provincial Government - School Taxes | \$ 1,610,542 | \$ 1,589,318 |
| Provincial Government - Police Tax Levy | 208,138 | 191,737 |
| British Columbia Assessment Authority | 48,016 | 47,715 |
| Regional Hospital Districts | 219,994 | 149,764 |
| Regional District of Kootenay Boundary | 1,375,293 | 1,318,018 |
| | <u>\$ 3,461,983</u> | <u>\$ 3,296,552</u> |

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2013

18. TRUST FUNDS

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

| | 2013 | 2012 |
|--|-------------------|-------------------|
| Assets | | |
| Cash | \$ 151,939 | \$ 146,069 |
| Due from (to) the General Operating Fund | (979) | 445 |
| | \$ 150,960 | \$ 146,514 |
| Trust Fund Balances | | |
| Cemetery care | \$ 140,009 | \$ 135,562 |
| Employee assistance program | 10,951 | 10,952 |
| | \$ 150,960 | \$ 146,514 |

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

19. RECONCILIATION TO BUDGET

The following reconciles the budgeted surplus as shown on the consolidated statement of operations to the budget as presented in bylaw 1948 adopted on May 6, 2013.

| | 2013 | 2012 |
|--|------------------|------------------|
| Annual budgeted surplus per consolidated statement of operations | \$ 635,203 | \$(814,900) |
| Debt principal repayments | (180,568) | (236,200) |
| Purchase of tangible capital assets other than by debt | (6,735,127) | (2,958,000) |
| Budgeted transfer from reserve/accumulated surplus | 1,651,797 | 962,700 |
| Non-cash item - amortization | 1,355,668 | 1,345,400 |
| Debt proceeds | 3,273,027 | 1,701,000 |
| | \$ - | \$ - |

20. 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.

THE CORPORATION OF THE CITY OF GRAND FORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2013

20. 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.

21. PRIOR PERIOD ADJUSTMENT

The City has determined that the electrical receivable calculated in 2012 was understated. As a result, the accumulated surplus as at January 1, 2013 has been increased by \$197,486 and the 2012 financial statements have been restated. The revenue from sales of goods and services in the 2012 consolidated statement of operations has been increased by \$197,486 representing the understated electrical receivable and the annual surplus has increased by \$197,486. Accounts receivable as at December 31, 2012 has been increased by \$197,486.

22. COMPARATIVE FIGURES

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

23. SUBSEQUENT EVENT

Subsequent to year end the City received \$377,499 in insurance proceeds for repair to fire damage at the City Hall. Management believes the City's insurance coverage is sufficient for all damages.

THE CORPORATION OF THE CITY OF GRAND FORKS
SCHEDULE - SEGMENTED INFORMATION
For the Year Ended December 31, 2013

| REVENUE | General and Reserve | Electrical Utility | Water Utility | Sewer Utility | Total 2013 | Total 2012 |
|---------------------------------|------------------------|-----------------------|---------------------|--------------------|-------------------|-------------------|
| Property taxes | \$ 3,040,432 | \$ - | \$ - | \$ 6,041 | \$ 3,046,473 | \$ 2,828,294 |
| User fees and charges | - | 4,287,692 | 789,131 | 782,864 | 5,859,687 | 5,822,514 |
| Other revenue | 1,287,330 | - | - | 2,361 | 1,289,691 | 1,312,467 |
| Grants - operating | 372,573 | - | - | - | 372,573 | 721,201 |
| Grants - capital | 136,714 | - | - | - | 136,714 | 33,998 |
| Gain on disposal | 17,165 | (2,841) | - | - | 14,324 | - |
| | 4,854,214 | 4,284,851 | 789,131 | 791,266 | 10,719,462 | 10,718,474 |
| EXPENSES | | | | | | |
| Salaries and benefits | 1,581,872 | 314,893 | 340,246 | 289,984 | 2,526,995 | 3,269,256 |
| Goods and services | 2,686,129 | 147,084 | 405,186 | 340,209 | 3,578,608 | 2,625,276 |
| Purchased services | - | 2,992,066 | - | - | 2,992,066 | 2,821,811 |
| Debt interest | 27,026 | - | - | 24,110 | 51,136 | 35,110 |
| Amortization | 1,139,394 | 39,479 | 196,257 | 162,642 | 1,537,772 | 1,373,762 |
| Interfund transfers | (655,000) | 655,000 | - | - | - | - |
| | 4,779,421 | 4,148,522 | 941,689 | 816,945 | 10,686,577 | 10,125,215 |
| ANNUAL SURPLUS (DEFICIT) | \$ 74,793 | \$ 136,329 | \$(152,558) | \$(25,679) | \$ 32,885 | \$ 593,259 |

**THE CORPORATION OF THE CITY OF GRAND FORKS
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
As At December 31, 2013**

| | Land | Buildings | Machinery and Equipment | Engineering Structures | Infrastructure | | | 2013 | 2012 |
|--|---------------------|---------------------|----------------------------|---------------------------|--------------------|-----------------------|---------------------|----------------------|----------------------|
| | | | | | Electrical Utility | Waterworks Utility | Sewer Utility | | |
| Historical Cost: | | | | | | | | | |
| Opening balance | \$ 1,571,759 | \$ 5,084,456 | \$ 6,492,746 | \$ 18,700,365 | \$ 2,309,657 | \$ 7,085,793 | \$ 7,698,999 | \$ 49,743,775 | \$ 49,034,667 |
| Additions | 118,332 | 120,954 | 393,963 | 811,600 | 185,545 | 360,833 | 99,886 | 2,091,114 | 724,144 |
| Disposals and write downs | | | (554,093) | | | | | (554,093) | (15,036) |
| Closing balance, Dec. 31 | \$ 1,690,091 | \$ 6,005,410 | \$ 6,332,616 | \$ 19,511,965 | \$ 2,495,202 | \$ 7,446,626 | \$ 7,798,885 | \$ 51,280,795 | \$ 49,743,775 |
| Accumulated Amortization: | | | | | | | | | |
| Opening balance | \$ - | \$ 2,351,587 | \$ 3,624,604 | \$ 9,012,004 | \$ 1,518,530 | \$ 3,911,598 | \$ 3,261,673 | \$ 23,679,996 | \$ 22,321,271 |
| Amortization Expense | - | 151,791 | 388,183 | 599,419 | 39,479 | 196,257 | 162,643 | 1,537,771 | 1,373,761 |
| Effect of disposals and write downs | - | | (446,317) | | | | | (446,317) | (15,036) |
| Closing balance, Dec. 31 | \$ - | \$ 2,503,378 | \$ 3,566,470 | \$ 9,611,423 | \$ 1,558,009 | \$ 4,107,855 | \$ 3,424,316 | \$ 24,771,450 | \$ 23,679,996 |
| Net Book Value for Year Ended December 31, 2013 | \$ 1,690,091 | \$ 3,502,033 | \$ 2,766,146 | \$ 9,900,542 | \$ 937,193 | \$ 3,338,771 | \$ 4,374,569 | \$ 26,509,345 | \$ 26,063,779 |

The Corporation of the City of Grand Forks
Long Term Debt
for the year ended December 31, 2013

SCHEDULE 2

| A. DEBENTURES | | | | Original | Debt | Debt | Interest | Principal | Actuarial | Long Term |
|---|--------------|---------------------------------------|-----------------------|---------------------|--------------------|---------------------|------------------|--------------------|--------------------|--------------------------|
| Date of Issue | Bylaw | Purpose | Maturity Dates | Debt | Outstanding | Advanced | paid in | Retirements | Adjustments | Debt |
| | | | | Debt | end of | during | 2013 | 2013 | 2013 | December 31, 2013 |
| | | | | 2012 | 2012 | 2013 | 2013 | 2013 | 2013 | 2013 |
| June 10, 2013 | 1873 | Sewer | | \$ 1,756,920 | \$ - | \$ 1,756,920 | \$ - | \$ - | | \$ 1,756,920 |
| October 13, 2009 | 1863 | Road System Improvements | 2009 - 2019 | \$ 500,000 | \$ 368,841 | \$ - | \$ 20,650 | \$ 41,645 | \$ 4,040 | \$ 323,156 |
| June 28, 2010 | 1887 | Subdivision | 2010 - 2025 | 70,000 | 62,835 | | 2,611 | 3,496 | 252 | 59,087 |
| March 24, 1999 | 1556 | Ruckle Sewer Extension | 1999 - 2019 | 195,944 | 87,657 | | 6,172 | 6,495 | 1,989 | 79,173 |
| Total Debenture Debt | | | | 2,522,864 | 519,333 | 1,756,920 | 29,433 | 51,637 | 6,281 | 2,218,335 |
| 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 | 10,791 | | 155 | 5,886 | | 4,905 |
| June 9, 2009 | n/a | IBM DS3300 Storage Array Dual | 2009 - 2014 | 23,983 | 8,055 | | 108 | 5,275 | | 2,780 |
| October 1, 2009 | n/a | 544K Loader | 2009 - 2014 | 178,145 | 69,561 | | 987 | 39,645 | | 29,916 |
| April 19, 2007 | n/a | CanCADD Plotter/Printer/Copier | 2007 - 2012 | 29,975 | - | | | | | |
| May 19, 2007 | n/a | 2007 Sterling with Elgin Sweeper | 2007 - 2012 | 186,715 | - | | | | | |
| September 19, 2007 | n/a | Pitney Bowes Folder Inserter | 2007 - 2012 | 18,775 | - | | | | | |
| November 25, 2010 | n/a | 2011 HR42 Terex Electrical Line Truck | 2010 - 2015 | 196,775 | 124,840 | | 1,982 | 41,579 | | 83,261 |
| February 24, 2011 | n/a | 2010 Dodge Caravan | 2011 - 2016 | 21,200 | 14,586 | | 235 | 4,458 | | 10,128 |
| April 28, 2011 | n/a | IBM APPV Server | 2011 - 2016 | 15,346 | 11,092 | | 180 | 3,217 | | 7,875 |
| April 28, 2011 | n/a | IBM Backup Server | 2011 - 2016 | 10,010 | 7,235 | | 117 | 2,099 | | 5,136 |
| Total Capital Lease and Conditional Sales Agreement Debt | | | | 707,273 | 246,160 | - | 3,765 | 102,160 | - | 144,000 |
| Total Long Term Debt | | | | \$ 3,230,137 | \$ 765,493 | \$ 1,756,920 | \$ 33,198 | \$ 153,797 | \$ 6,281 | \$ 2,362,335 |

The Corporation of the City of Grand Forks
Schedule showing the remuneration and expenses paid to or on behalf of each employee
for the year ended December 31, 2013
Financial Information Regulation (Sections 1(1)e, 6(2)a to 6(6))

| 1. Elected Officials | | Remuneration | Expenses | Total |
|--|--|---------------------|------------------|---------------------|
| <u>Name</u> | <u>Position</u> | | | |
| KENDEL, ROBERT | COUNCIL | 17,061.44 | 4,974.89 | 22,036.33 |
| KROG, NEIL | COUNCIL | 16,275.45 | 1,039.33 | 17,314.78 |
| ODOHERTY, PATRICK | COUNCIL | 16,275.45 | 2,927.15 | 19,202.60 |
| SMITH, GARY | COUNCIL | 16,275.45 | 7,556.25 | 23,831.70 |
| TAYLOR, BRIAN | MAYOR | 21,700.60 | 6,765.47 | 28,466.07 |
| WIRISCHAGIN, MICHAEL | COUNCIL | 16,308.46 | 4,650.28 | 20,958.74 |
| WYERS, CHERYLE | COUNCIL | 16,308.46 | 3,719.87 | 20,028.33 |
| Total: Elected Officials | | 120,205.32 | 31,633.24 | 151,838.56 |
| 2. Other Employees | | Remuneration | Expenses | Total |
| <u>Name</u> | <u>Position</u> | | | |
| ALLIN, DOUG | CHIEF ADMINISTRATIVE OFFICER | 131,176.85 | 11,818.19 | 142,995.04 |
| BIRD, SASHA | MANAGER OF TECHNICAL SERVICES | 100,697.41 | 3,306.37 | 104,003.78 |
| CHAPMAN, DEAN | SW COORDINATOR | 82,545.30 | 181.70 | 82,727.00 |
| FEDERICO, LEN | SW UTILITIES OP LEVEL 2 | 85,488.05 | 443.88 | 85,931.93 |
| HEINRICH, DIANE | CORPORATE OFFICER | 97,899.95 | 4,015.28 | 101,915.23 |
| HERIOT, DALE | FIRE CHIEF | 93,938.68 | 3,041.02 | 96,979.70 |
| KOPAN, WAYNE | MANAGER OF ENVIRONMENT & BUILDING CONSTRUCTION : | 97,524.43 | 599.50 | 98,123.93 |
| REID, DAVID | ROADS, AIRPORT & EQUIPMENT COORDINATOR | 75,187.08 | 1,822.74 | 77,009.82 |
| SHEPHERD, ROXANNE | CHIEF FINANCIAL OFFICER | 95,828.01 | 1,580.76 | 97,408.77 |
| WEBER, RICK | ELECTRICAL LINEMAN | 101,346.18 | 129.95 | 101,476.13 |
| WRIGHT, HAL | MANAGER OF OPERATIONS | 111,759.50 | 137.50 | 111,897.00 |
| ZIELINSKI, ROD | ELECTRICAL DISTRIBUTION COORDINATOR | 106,625.84 | 1,453.32 | 108,079.16 |
| Other 44 employees (Under \$75,000) | | 1,890,406.90 | 27,412.14 | 1,917,819.04 |
| Total: Other Employees | | 3,070,424.18 | 55,942.35 | 3,126,366.53 |
| Subtotal: All Remuneration | | 3,190,629 | | |
| 3 Reconciliation | | | | |
| Total Remuneration | | 2,526,995 | | |
| Reconciling Items: (Employer paid benefits and timing of accruals) | | 616,177 | | |
| Wages and employee benefits - Capital | | 47,457 | | |
| Total Remuneration | | 3,190,629 | | |

The Corporation of the City of Grand Forks
Schedule of suppliers of goods and services
for the year ended December 31, 2013
Financial Information Regulation (Section 1 (1) f & 7)

1. Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

Supplier name

As Attached 10,556,071 (A)

2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less 1,342,599 (B)

3. Payments to suppliers for grants and contributions exceeding \$25,000 200,000 (C)

Net payments for goods, services, grants and contributions 12,098,670

Total per Statement of Revenue and Expenditure 10,686,577

Variance 1,412,093

Variance due to:

collections for other Governments
GST & HST included in payments to suppliers
acquisition of capital assets
non cash expenses such as amortization
changes in accruals

The Corporation of the City of Grand Forks
Alphabetical list of suppliers who received aggregate payments exceeding \$25,000
for the year ended December 31, 2013
Financial Information Regulation (Section 1 (1) f & 7)

| | |
|---|---------------|
| AARDVARK PAVEMENT MARKING SERVICES 647354 BC LTD. | 33,520.01 |
| A.M. FORD SALES LTD. | 56,155.59 |
| ARGOSY CONSTRUCTION GROUP INC. | 426,114.39 |
| AVENUE MACHINERY | 32,389.00 |
| B.C. ASSESSMENT AUTHORITY | 48,209.81 |
| BRITISH COLUMBIA LIFE & CASUALTY COMPANY | 59,322.12 |
| BERG NAQVI LEHMANN | 37,275.00 |
| BOUNDARY HOME BUILDING CENTRE | 28,825.52 |
| BOUNDARY MUSEUM | 25,000.00 |
| CANADA REVENUE AGENCY | 85,839.69 |
| CANCADD IMAGING SOLUTIONS LTD. | 41,461.58 |
| CITY OF NELSON | 58,190.89 |
| CU CREDIT c/o CUETS | 94,197.65 |
| CUPE LOCAL 4728 | 32,736.94 |
| DAVE DALE INSURANCE LTD. | 86,511.00 |
| INNOV8DS - DIGITAL SOLUTIONS | 25,187.93 |
| DOMINO HOLDINGS INC. | 37,348.54 |
| DREXLER COMPUTER SYSTEMS LTD. | 66,110.47 |
| FORTIS BC | 3,148,617.99 |
| FORTIS BC INC | 119,435.92 |
| FRONTIER EQUIPMENT LTD | 103,258.89 |
| GRAND FORKS ART GALLERY | 5,630.00 |
| GRAND FORKS CONCRETE & GRAVEL LTD. | 29,173.32 |
| GRAND FORKS JANITORIAL SERVICES | 46,565.92 |
| GRAND FORKS VOLUNTEER FIREFIGHTERS ASSOCIATION | 66,300.00 |
| GRAYCON GROUP | 29,294.90 |
| HABITAT SYSTEMS INC | 32,048.80 |
| INSURANCE CORP. OF B.C. | 29,317.00 |
| JAN ENNS COMMUNICATIONS | 43,281.15 |
| MCEWAN & CO LAW CORP | 237,003.78 |
| REVENUE SERVICES OF BRITISH COLUMBIA | 46,864.00 |
| MINISTRY OF FINANCE REAL PROPERTY TAXATION BRANCH | 561,663.05 |
| MUNICIPAL FINANCE AUTH. | 120,997.31 |
| MUNICIPAL INSURANCE | 31,859.00 |
| MUNICIPAL PENSION PLAN | 483,587.92 |
| PACIFIC BLUE CROSS | 126,943.60 |
| PETRO VALUE PRODUCTS CANADA INC. | 48,040.41 |
| PHOENIX MARINE SERVICES INC. | 38,535.00 |
| PITEAU ASSOCIATES | 49,543.00 |
| POWER PAVING LTD. | 123,938.17 |
| RECEIVER GENERAL CANADA | 849,362.84 |
| REG.DIST. KOOTENAY BOUNDARY | 1,738,179.70 |
| SCHOOL DISTRICT #51 (BOUNDARY) | 80,620.55 |
| SEAL TEC INDUSTRIES LTD. | 73,901.56 |
| SIGNCORP | 65,940.00 |
| SOFTCHOICE CORPORATION | 43,106.98 |
| SOURCE OFFICE FURNITURE | 42,759.02 |
| SPRING FUEL DISTRIBUTORS INC | 105,175.64 |
| TELUS COMMUNICATIONS (B.C) INC. | 46,564.11 |
| URBAN SYSTEMS LTD. | 413,600.39 |
| WESTERRA EQUIPMENT LP | 32,088.00 |
| WEST KOOTENAY BOUNDARY REGIONAL HOSPITAL | 220,631.61 |
| WORKERS COMPENSATION BOARD | 47,845.04 |
| | 10,556,070.70 |

The Corporation of the City of Grand Forks
Consolidated Statement of Changes in Capital Fund Balances
for the year ended December 31, 2013
Financial Information Regulation (Section 3 (4))

| | Actual 2013 | Actual 2012 |
|---|------------------------|------------------------|
| Revenue | | |
| Donations from groups and individuals | \$ - | \$ - |
| Senior government grants - Capital | 136,714 | 33,998 |
| | <u>136,714</u> | <u>33,998</u> |
| Transfer from Development Cost Charges | - | - |
| Transfer from Other Restricted Revenues | - | - |
| | <u>136,714</u> | <u>33,998</u> |
| Expenditures | | |
| General government | 1,444,849 | 128,767 |
| Utility services | 646,265 | 595,376 |
| | <u>2,091,114</u> | <u>724,143</u> |
| Change in Financial Assets | (1,954,400) | (690,145) |
| Capital Funding from Reserves | - | - |
| Expenditures funded by Debt or Operating Surplus | (1,954,400) | (690,145) |
| Capital loan debt incurred | 1,756,920 | 14,683 |
| Transfers from (to) Surplus | 197,480 | 675,462 |
| Increase (Decrease) in Capital Fund Balances | - | - |
| Capital Fund Balances - Beginning of Year | - | - |
| Capital Fund Balances (Due to Operating Funds) - End of Year | <u>\$ -</u> | <u>\$ -</u> |

The Corporation of the City of Grand Forks

Statement of Severance Agreements

There were **no** severance agreements made between The Corporation of the City of Grand Forks and its non-unionized employees during the fiscal year 2013.

** Prepared under the Financial Information Regulation, Schedule 1, subsection 6(8)*