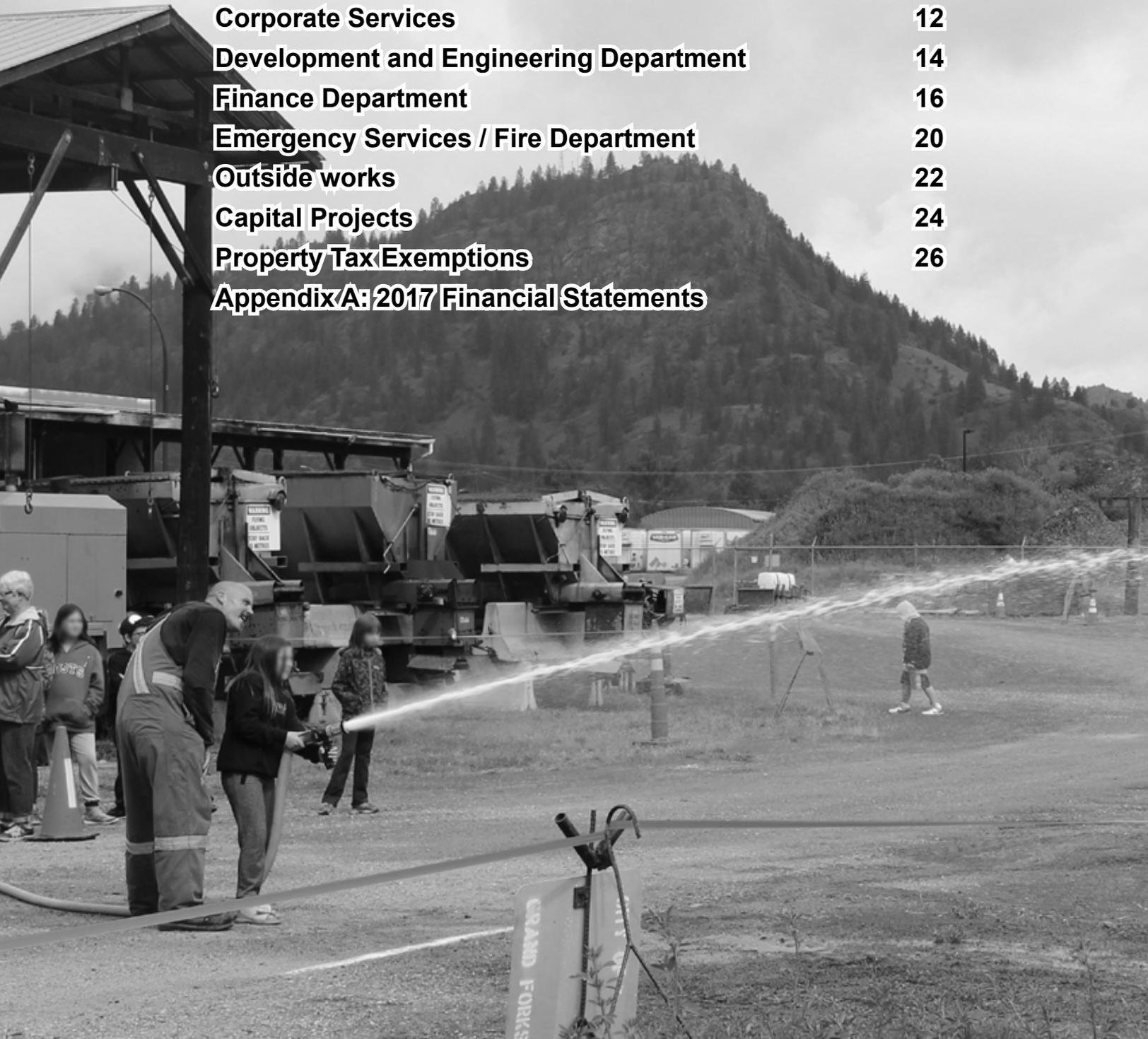




# 2017 ANNUAL REPORT

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# MESSAGE FROM THE MAYOR

2017 was a big year for projects and events. We saw great team work from community groups and staff working on large events like the Park in the Park car show and the exciting Snowbirds Aerial Demonstration, and projects such as the Grand Forks Disc Club and improvements to the Grand Forks Dog Park, giving our furry friends something to wag their tails about. The City spent close to \$3,000,000 on capital works with more than a third of that coming from grants. A big thank you to staff that worked so hard on those grants to save our taxpayers money! Much of that was spent on improving our utility infrastructure with new water lines and the upgrade to the wastewater treatment plant.

It was also impressive to see \$3,700,000 worth of issued building permits flow in. 2017 saw an increase in permit numbers and construction values over 2016, which was already a big increase over 2015 numbers. Grand Forks is growing! All of this has kept our building official, Dave Bruce, hopping. As always we welcome new development and redevelopment, so call us about your next project.

Outside Works kept the City looking sharp and colourful, the drinking water safe and the roads cleared. The Electrical Department planned and implemented two major 2018 projects, the Voltage Conversion and LED Streetlights Upgrade. The first will bring increased reliability to the electrical system downtown and the second a huge energy savings. These guys are the reason why we don't need to think about the water running from our taps or our toilets flushing. They just do.

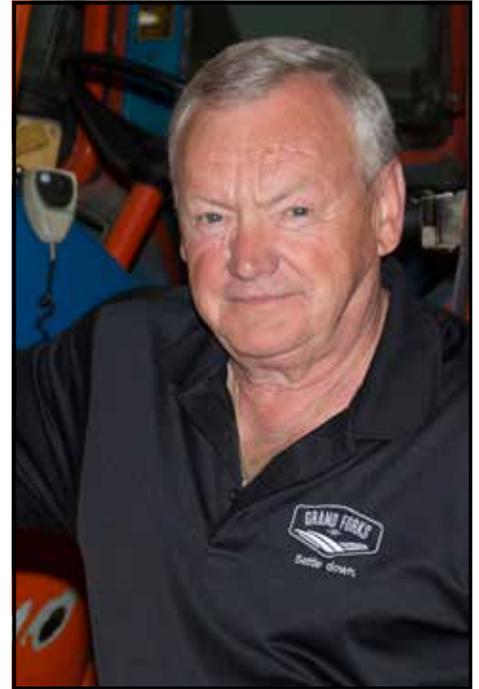
Work also proceeded on environmental planning with the Sensitive Ecosystem Inventory and the Municipal Natural Asset Initiative. Each focussed a different lens on how we manage the City. They also assisted in the drafting of the new Tree Policy that will help guide our urban forest management.

Last but not least, enough cannot be said about how tirelessly and selflessly members of the community and City staff came together to help with the flooding event in May 2017. They worked long hours at the Emergency Operations Centre, assisting our residents who were affected by the flooding. We have a great team that worked hard to support our community during this flood, and I would personally like to thank each and every one who helped our community through a tough time. Thank you.

Grand Forks is a community that pulls together and works as a team and the Annual Report reflects the accomplishments of this team. On behalf of Council and City staff, I thank you for the opportunity to serve you. We will continue to work with and for you, and we invite you to read and enjoy the City of Grand Forks Annual Report 2017.

Sincerely,

Mayor Frank Konrad



Fiscal Accountability



Economic Growth



Community Engagement



Community Liveability

# CITY COUNCIL



From left to right: B. Tripp, N. Krog, C. Thompson, J. Butler, F. Konrad, C. Hammett, C. Ross

# FROM THE CAO



2017 was definitely a year for projects—Grand Forks was fortunate to receive grant funding that allowed our organization to undertake a number of infrastructure initiatives. This annual report shows a snapshot of those projects, but it really doesn't serve justice to the energy invested in our town. In addition, we received funding through the Strategic Priorities Fund where the City developed a Service Sustainability Assessment Tool along with Urban Systems and five other BC communities. Because of the successful work from the group, the Association of Consulting Engineering Companies BC bestowed an Award of Merit to Urban Systems and the City of Grand Forks. We are proud to advise that this tool is now in place for all BC local governments to utilize.

2017 was also a year that presented potential perils to our community. The month of May saw the bulk of our management team in an Emergency Operations Centre addressing flooding issues. We managed to avoid any localized wildfires in which so many other communities were impacted. Climate Change is seemingly becoming the norm as weather patterns shift to wetter springs and hotter summers.

Our management team experienced a significant change in leadership with the previous CAO leaving the organization early on in the year and myself appointed as the Interim CAO. As a new CAO, I was very

fortunate to have a professional, energetic, and knowledgeable management group as well as our super support staff and public works crews to round out our team. Our municipality is very fortunate that we are able to attract cream of the crop talents!

In the reports that follow, you will find a summary of the work from last year and the goals for this year. You should see a clear link between the strategic priorities and the work being performed.

I feel proud and fortunate to have the opportunity to administratively lead our organization and many thanks to our Mayor and Council for providing that opportunity to do so.

Sincerely,

Diane Heinrich, CAO / Corporate Officer



Family Day 2017

# SUSTAINABLE SERVICE ASSESSMENT TOOL

In 2017 the City along with Urban Systems began a project to Measure the Performance of the Municipality. The Sustainable Service Assessment Tool (SSAT) was the outcome of this project for which the City and Urban Systems received the ACEC-BC Award of Merit. The SSAT was completed in the spring of 2018 and departmental staff, the Chief Financial Officer, and Council independently scored the Service Delivery, Finance, and Governance sections for each of the 8 services measured. The overall results for 2017 are below. The Annual Report for 2018 will show the trends as well.

		CURRENT PERFORMANCE	PREPAREDNESS FOR THE FUTURE	OVERALL SUSTAINABILITY	TREND
	Water	59%	56%		
	Wastewater	52%	58%		
	Drainage and Flood Protection	26%	31%		
	Parks and Recreation	51%	44%		
	Civic Facilities	62%	45%		
	Transportation	39%	57%		
	Fire Protection	67%	63%		
	Solid Waste	48%	41%		

A more in depth look into the scoring of each service for Service Delivery (completed by individual departments), Finance (completed by the Chief Financial Officer), and Governance (completed by Council) is shown here for 2017. The City will again report on these services through the SSAT tool in the Annual Report for 2018.



Water	Current Performance	Preparedness For The Future
Service Delivery	61%	57%
+ Finance	50%	33%
+ Governance	67%	78%
	<b>59%</b>	<b>56%</b>



Parks & Recreation	Current Performance	Preparedness For The Future
Service Delivery	58%	33%
+ Finance	50%	33%
+ Governance	44%	67%
	<b>51%</b>	<b>44%</b>



Wastewater	Current Performance	Preparedness For The Future
Service Delivery	39%	52%
+ Finance	50%	67%
+ Governance	67%	56%
	<b>52%</b>	<b>58%</b>



Civic Facilities	Current Performance	Preparedness For The Future
Service Delivery	57%	13%
+ Finance	50%	67%
+ Governance	78%	56%
	<b>62%</b>	<b>45%</b>



Drainage and Flood Protection	Current Performance	Preparedness For The Future
Service Delivery	33%	38%
+ Finance	0%	0%
+ Governance	44%	56%
	<b>26%</b>	<b>31%</b>



Transportation	Current Performance	Preparedness For The Future
Service Delivery	33%	38%
+ Finance	50%	67%
+ Governance	33%	67%
	<b>39%</b>	<b>57%</b>



Fire Protection	Current Performance	Preparedness For The Future
Service Delivery	67%	67%
+ Finance	67%	33%
+ Governance	67%	89%
	<b>67%</b>	<b>63%</b>



Solid Waste	Current Performance	Preparedness For The Future
Service Delivery	33%	33%
+ Finance	33%	33%
+ Governance	78%	56%
	<b>48%</b>	<b>41%</b>

# BUILDING INSPECTION AND BYLAW SERVICES



## Bylaw Services

The Bylaw Enforcement Office was very busy in 2017. It was overwhelmed with issues stemming from the transient population. While we are not 'social workers', the resultant effects of this problem invariably fall into a Bylaw category of one sort or another.

With new crime prevention strategies developed in 2017, such as Block Watch, it is certainly our hope this problem will be minimized in 2018.

In addition to the transient concerns, Bylaw Services was busy dealing with many other issues:

- 167 water use violations
- Unsightly property complaints
- Noise complaints
- Vehicle idling complaints
- Deer feeding complaints
- Property use complaints

## Goals

- Develop new bylaws including possible second-hand dealers and abandoned building bylaws, and updated Building Bylaw
- Lead the Municipal Block Watch Initiative
- Continue Facility Management Support
- Proactively educate Building Code and bylaw concerns
- Consistent, uniform bylaw enforcement
- Work closely with provincial partners to End Transient Trespassing on Crown Land

## Building Inspection

The office of Building Inspection Services is responsible for all the building permit applications, construction and compliance with the 2012 British Columbia Building Code. In 2017 the City issued 91 building permits with a construction value of \$3,762,202.

- 9 Single Family Dwellings (On-site Constructed)
- 3 Single Family Homes (Pre-manufactured)
- 4 New Residential Suites/Apartments (6 Residential Units)
- 1 New Duplex (2 Residential Units)
- 27 Residential Renovations/Additions
- 13 Residential Accessory Buildings
- 16 Commercial Renovations/Additions
- 4 New Industrial Buildings
- 2 Industrial Renovations/Additions
- 4 New Institutional Buildings
- 4 Institutional Renovations/Additions
- 3 Demolition Permits
- 1 Permit Renewal



Dog park expansion

# CORPORATE SERVICES

**Chief Administrative Officer / Corporate Officer** – Diane Heinrich

**Deputy Corporate Officer** – Daniel Drexler

**Corporate Administrative Assistant** – Daphne Popoff

Corporate Services prepares the agendas and takes the minutes for Council Meetings and for Committees of Council. This department is also responsible for record keeping for responding to complaints and information requests such as Freedom of Information and Ombudsperson requests. Corporate Services' responsibilities are mainly derived from the statutory requirements as outlined in the Community Charter. The Deputy Corporate Officer also oversees Information Technology services for the organization.

The Community Services Department was established in 2013 and is overseen by the Deputy Corporate Officer. The department focuses on agreements with local non-profit organizations and acts as a liaison for events. In 2018 the events coordination will be transitioned to Public Works.

## Highlights

- Meeting Management Software changes
- Email System and Records Management file structure changes
- Events Coordination

## Goals for 2018

- Continuation of the next level of Records Management- multi -year project (Digitization of relevant bylaws for public and staff access, retention schedule, searchable)
- Transition to Public Works for Events Coordination
- Assistance in Policy and Bylaw review and updates
- Continued relationship development with the provincial and federal governments.
- Marketing and advertising, social media management and programming.
- Information Technology cost sharing agreements with community partners
- Standardization of Fee for Service contracts and other agreements



Fall Fair parade

# DEVELOPMENT & ENGINEERING DEPARTMENT

The Development and Engineering department's primary planning and technical functions are to provide engineering services support to facilities, parks, roads, water, sewer and electrical projects which encompass the Municipality's asset renewal, repair or replacement program both operational and capital. The department also provides development services support for subdivisions and development ensuring compliance with zoning, land use and the visions and guiding principles of the sustainable community plan. The department is committed to providing quality service that enhances and advances quality of life through long term planning for the community, encouraging strategic economic development, promoting tourism and downtown revitalization incentives.

## Highlights

- Managed capital projects and continued to apply for grants to secure funding for infrastructure repair, replacement and renewal
- Asset Management Implementation—long term strategies and policies
- Completed Sensitive Ecosystem Inventory and Municipal Natural Assets Initiative studies
- Continued asset management/GIS software integration
- Implemented WildSafeBC program
- Continued Sustainable Community Plan/Zoning Bylaw review and update
- Climate Action Revenue Incentive Program Reporting
- Finished 5th Street/Priede Bridge water main project: contracting, inspections and review
- Continued Research and Planning for Zoning Bylaw, Tax Incentive and Heritage Guidelines
- Business Licensing and Bylaw Administration



## Goals for 2018

- Asset management – long term implementation strategy and policies
- Tax incentive bylaw investigation for downtown businesses
- Business licencing and bylaw administration
- OCP, Zoning and DCC bylaw revisions and implementation
- Long term planning and design criteria policies for development
- Facilitating pending development and construction activity
- Implementation/co-ordination of strategic local and regional projects
- Continue to promote the City through showcasing development land and “open for business” initiative
- Continue to build GIS mapping and asset inventory to streamline day-to-day operations and identify priority projects through risk management analysis
- Manage capital projects and apply for and administer grants and contracts for infrastructure repair, replacement and renewal
- Continue to support local user groups’ initiatives and projects
- Municipal natural assets/floodplain/climate change initiatives



# FINANCE DEPARTMENT

The Finance Department has six staff members that include the Chief Financial Officer, an Accountant/Comptroller, a Payments Clerk, a Revenue Clerk, an Accounting Clerk, and an Administrative Assistant.

## Financial Services

- Legislative and Internal Financial Reporting
- Financial Plan and Budget Preparation
- Financial Policy and Bylaw Development
- Revenue Billing and Collection
- Property Tax Administration
- Cemetery Administration
- Business Licence Administration
- Accounts Payable
- Payroll
- Reception Services

## 2017 Activities

- Drafted Permissive Tax Exemption policy and revisions to Tangible Capital Asset and Purchasing policies
- Completed water rates review to establish new

## Operating expenditures

- \$1,138,176 in general government services
- \$930,464 in protective services - fire rescue, victim services , building inspection and bylaw enforcement
- \$1,033,216 in transportation services – roads and fleet
- \$829,352 in recreation and culture – parks maintenance and contributions to Gallery 2, Boundary Museum, Chamber of Commerce and Boundary District Arts Council
- \$257,406 in public real estate and facilities
- \$218,292 in environmental health services – solid waste management
- \$79,663 in public health services – cemetery
- \$388,270 in planning and development services
- \$5,523,166 operating expenditures for the electrical, water and sewer utilities

metered rate structure

- Continued with implementation of Worktech Asset Management Software
- Ongoing financial process and reporting efficiencies

## Goals for 2018

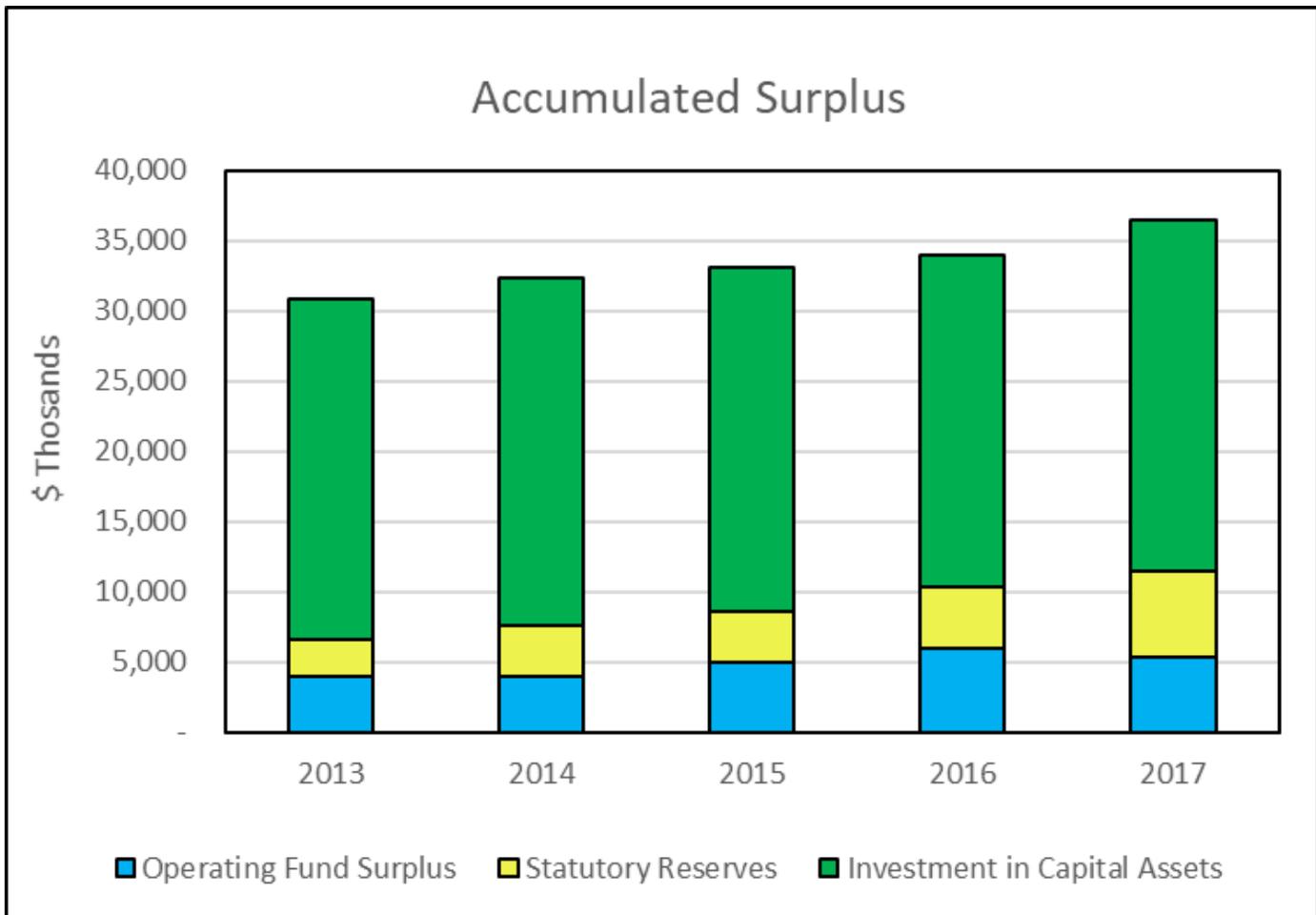
- Develop Utility Billing Bylaw
- Revise Utility Regulations Bylaws
- Implement mock billing for residential water accounts
- Analyse water use with respect to sewer rate setting
- Revise Tangible Capital Asset and Purchasing Policies
- Complete new Permissive Tax Exemption Policy
- Implement procurement activity reporting



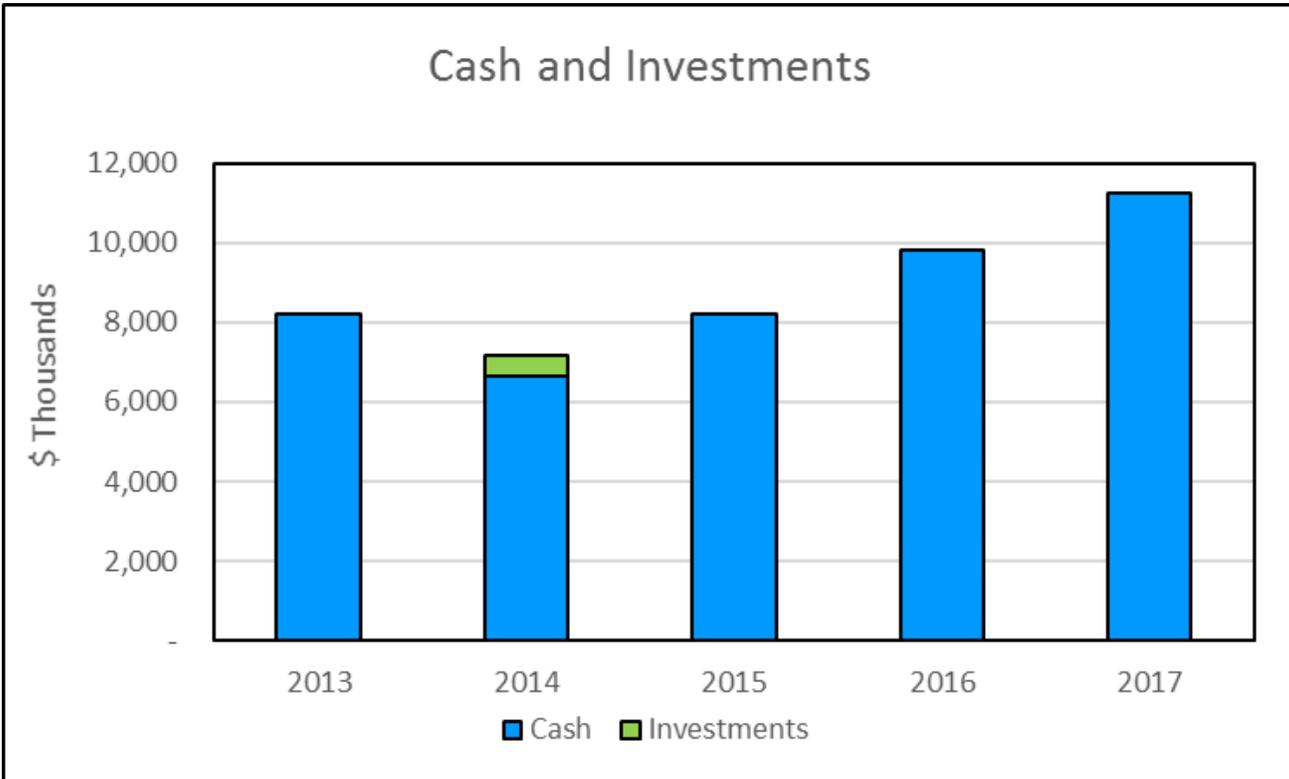
## Financial Highlights

Annual surplus for 2017 was \$2,455,262

Accumulated surplus increased from \$33,998,720 in 2016 to \$36,453,982 at the end of 2017

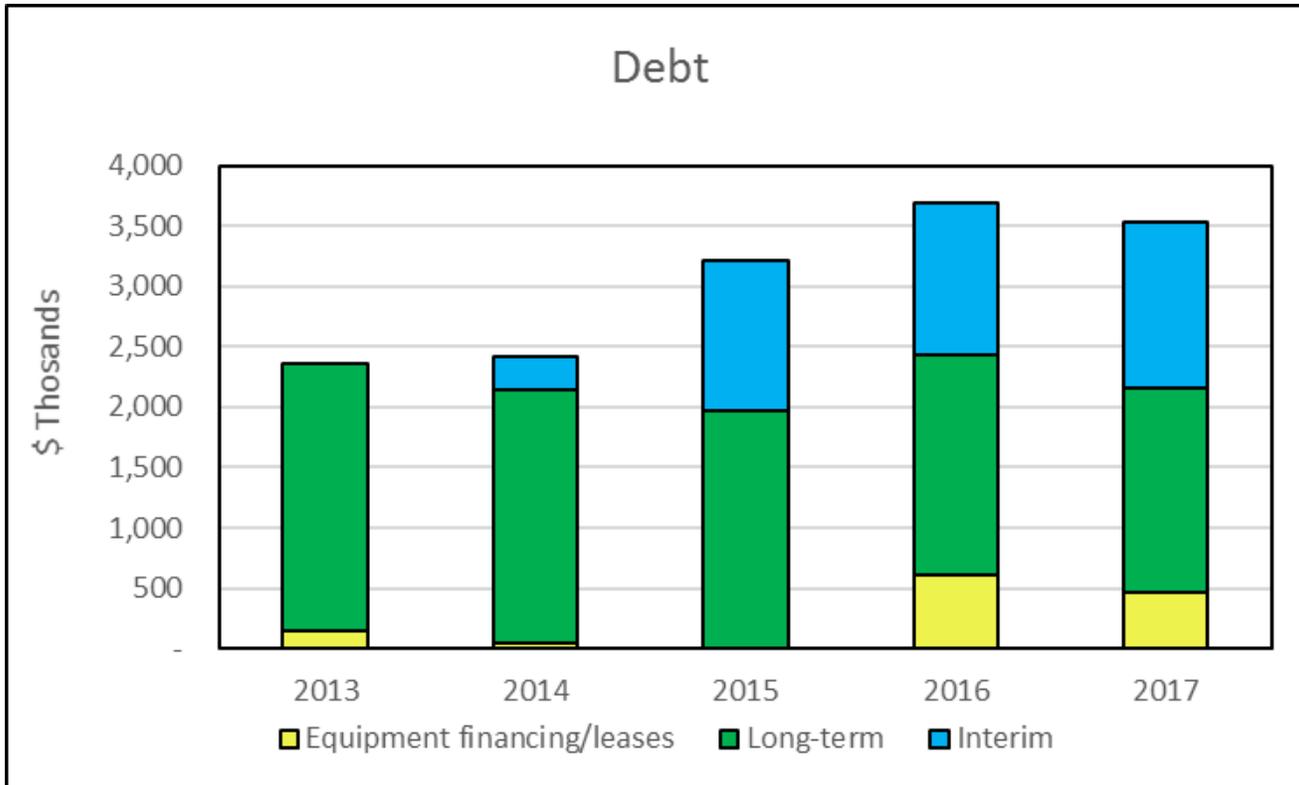


Net financial assets increased from \$6,313,698 in 2016 to \$7,637,726 at the end of 2017  
 Reserve funds increased from \$4,463,951 at the end of 2016 to \$6,141,950 at the end of 2017  
 Cash increased by \$1,425,434 to \$11,232,934 over the year.



Of the total \$2,982,952 capital expenditures for 2017, \$188,534 was funded by debt, \$1,361,820 through grants, and \$1,423,793 from reserves.

Debt, including interim borrowing, was reduced by \$153,833, from \$3,685,160 to \$3,531,327.



# EMERGENCY SERVICES / FIRE DEPARTMENT

The Emergency Services department provides fire and emergency protective services to the City of Grand Forks, and the Regional District of Kootenay Boundary (Area “D”) under contract.

The Chief and Assistant Chief supervise a group of over 50 volunteers who provide firefighting, medical and hazardous material response, and road, high-angle rope, confined space, and swift water rescue services.

## 2017 Highlights

- Responded to 480 calls – 179 fire-related, 69 rescue, and 239 First Responder (medical).
- Over 10,500 total volunteer hours.
- Organized and hosted BC Volunteer Firefighters Spring Training Weekend.
- Provided fire protection and safety for Snowbirds air show.
- Continued public consultation and plans for consolidating down to two fire halls in the lower Grand Forks valley.
- Completed phase two of Fire Training Ground.
- Reviewed and discussed renewal of fire services contract with RDKB, as in line with council’s strategic plan on encouraging regional relationships.
- Completed Asset Management data collection and will implement after consolidation of RDKB fire halls.
- Continued volunteer firefighter recruitment/retention efforts (8 new volunteers).
- Completed AAP process of consolidating fire halls and replacing RDKB fire truck.
- Completed NFPA 1001 certification for first and second group of firefighters.



## Goals for 2018

- Implement Asset Management data into Asset Management Plan.
- Begin liquidation process for reducing by two fire halls.
- Oversee addition to Carson Fire Hall.
- Initiate RFP process and order new RDKB fire truck.
- Fire Officer certification for fire department officers.
- Fire Service Instructor training.
- Live Fire Instructor training.
- Migrate dispatch services from Trail Regional Fire Service to Kelowna Fire Department.
- Hire Deputy Chief of Training, Operations, and Administration.



# OUTSIDE WORKS

The City of Grand Forks Outside Works Department employs 17 unionized employees and two management personnel. Committed to deliver superior and economically feasible levels of service to the residents of Grand Forks, the Public Works crew manages and maintains:

- The Grand Forks Airport,
- 50 km of roads,
- 20 km of sidewalks,
- 43 km of water mains,
- 36 km of sanitary sewer mains,
- 11 km of storm sewer mains,
- 9 public parks,
- 3 km of trails,
- 22 publicly owned buildings, and
- 75 pieces of various equipment including the Fire Department fleet.

The City of Grand Forks is one of five municipalities in the province that operates its own electrical utility committed to delivering fair and equitable rates to the residents of Grand Forks.



**Works on Observation Mountain**

## 2017 Highlights

- Reduced maintenance costs of the flower program.
- Drafted tree policy to maintain the urban forest.
- Reorganized community event support.
- Reviewed campground model and advertising strategy.
- Ensured compliance with MIA.
- Hired new Powerline Technicians.
- Reviewed BC One Call procedures.
- Ensured regulatory compliance with operating permits.
- Reviewed electrical service delivery model and planned further work for 2018.
- Managed Occupational Health and Safety Program.
- Negotiating pole use agreement.
- Educated about water conservation and participate in the water purveyors group meetings.
- Replaced equipment to gain efficiency.
- Implemented inspection chamber program.

## 2018 Goals

### All departments

- Maintain or improve service levels
- Asset Management (Worktech implementation, data acquisition, street light design)

### Public Works

- Increase accessibility of community trails for maintenance vehicles
- Increase the service efficiency to boulevards
- Draft urban forest plan
- Increase the protection of parks infrastructure
- Implement community event support
- Market and improve campground
- Upgrade Dick Bartlett Park
- Ensure compliance with MIA
- Review facilities and airport management
- Reduce carbon footprint
- Improve irrigation and turf management practices
- Promote airport development

### Water

- Review and update fees and charges
- Review BC One Call procedure
- Increased training
- Audit the well production against the metered quantity
- Educate about water conservation and participate in the water purveyors group meetings
- Improve water supply to airport

### Waste Water

- Asset Management (Worktech implementation, data acquisition of existing sewer infrastructure)
- Replace aging equipment and standardize pumps to gain efficiency
- Continue inspection chamber program
- Continue repairing system in areas with frequent issues
- Legislated safety training and additional certification training
- Commission waste water treatment plant upgrades

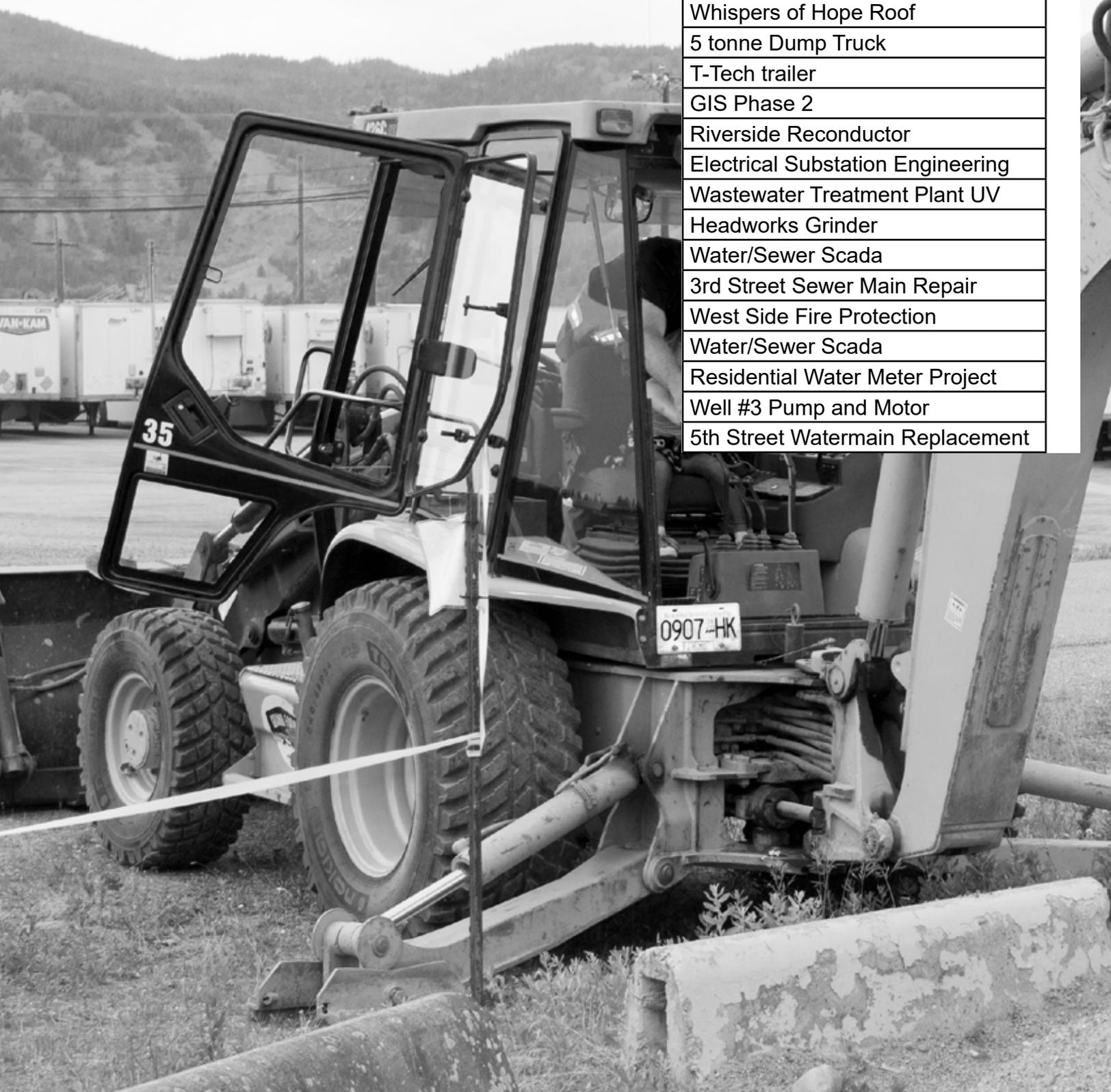
### Electrical

- Audit Electrical service delivery model (currently distribution model)
- Audit the Electrical department
- Manage Occupational Health and Safety program
- Analyze rates
- Negotiate pole use agreement
- Review BC One Call procedure
- BCMEU Safety training
- Return crew to full complement

# CAPITAL P

## 2016 Carry Forward Projects

CAPITAL PROJECT
Silver Kettle Sidewalk
Public Works Fuel Tanks
Whispers of Hope Roof
5 tonne Dump Truck
T-Tech trailer
GIS Phase 2
Riverside Reconstructor
Electrical Substation Engineering
Wastewater Treatment Plant UV
Headworks Grinder
Water/Sewer Scada
3rd Street Sewer Main Repair
West Side Fire Protection
Water/Sewer Scada
Residential Water Meter Project
Well #3 Pump and Motor
5th Street Watermain Replacement



# PROJECTS

## 2017 New Capital Projects

CAPITAL PROJECT
Public Works Upgrades
JD Park Stadium Padding
Service Truck Replacement
PW Photocopier
Expo Sign changes
Library HRV
Public Works - 22nd Street
Wayfaring Signs
LED Lighting
Emergency Repair Fund
Flood Plain Mapping & Dike Restoration
Holder Replacement
Airport AWOS Ugrade
Electrical System Upgrades
Substation Engineering
Electrical Voltage Conversion
Lift Station Equipment
Bio-Solids Land Application Plan
Sewer Main Relining
Wastewater Treatment Plant Upgrades
Sewer Phasing Plan
Water Supply & Conservation
<b>Total all capital projects</b>



# PROPERTY TAX

In accordance with Division 7 of Part 7 of the Community Charter, permissive property tax exemptions by Council in 2017.

## Athletic, Charitable or Philanthropic Organizations

Legal Description	Civic Address	Organization	Value of Permissive Exemption
Lot 1, DL. 380, S.D.Y.D. Plan KAP54909	7230 21st St	Grand Forks Curling Rink	\$11,098
Lot 5, Block 10, DL 108, S.D.Y.D., Plan 23	366 Market Ave	Grand Forks Masonic Building	\$499
Lot A, DL 108, S.D.Y.D. Plan 38294	978 72nd Ave	Sunshine Valley Little Peoples Centre	\$1,968
Lot 8, Block 25, Plan 23, DL 108 S.D.Y.D.	686 72nd Ave	Slavonic Senior Citizens Centre	\$634
Lot A, DL 108 S.D.Y.D. Plan 6691	7239 2nd St	Grand Forks Auxiliary to the Boundary Hospital Society	\$2,553
Lots 23, 24, 25, 26 Block 29, DL 108 S.D.Y.D. Plan 121	7353 6th St	Royal Canadian Legion Branch 59	\$3,506
Lots 10 and 17 – 20, Block 18, DL 108, S.D.Y.D. Plan 86	565 71st Ave	Grand Forks Senior Citizens Centre	\$3,948
Parcel B, Block 45, D.L. 108, Plan 72	876 72nd Ave	Phoenix Manor Society	\$3,182
Lot A, Plan 29781, DL 108, Land District 54	7130 9th St	Grand Forks and District Housing Society	\$3,099
Lot 1, DL 108, Plan EPP 32379	7212 Riverside Dr	Whispers of Hope Benevolence Association	\$4,130

# EXEMPTIONS

the following properties in the City of Grand Forks were provided

## Hospital and Public Worship Organizations

Legal Description	Civic Address	Organization	Value of Permissive Exemption
Parcel D, Block 24, DL 108, S.D.Y.D. Plan 23	7252 7th St	Synod of the Diocese of Kootenay	\$280
Lot 1, DL 108, S.D.Y.D., Plan KAP45199	7525 4th St	Grand Forks Christian Centre	\$42
Lots 1 and 2, Block 36, DL 108, S.D.Y.D., Plan 72	920 Central Ave	Trustees of the Congregation of United Church of Canada	\$184
Lots 30, 31, 32, Block 36, DL 108, S.D.Y.D., Plan 72	7249 9th St	Roman Catholic Bishop of Nelson	\$225
Parcel A, Block 16, DL 380, S.D.Y.D., Plan 35	7328 19th St	Christ Lutheran Church of Grand Forks	\$105
Lot G, DL 380, S.D.Y.D., Plan KAP56079	7048 Donaldson Dr	BC Conference of Mennonite Brethren	\$125
Lot 2, DL 520, S.D.Y.D., Plan KAP53800	7680 Donaldson Dr	Jehovah's Witnesses	\$118
Lot 1, DL 520, S.D.Y.D., Plan 8653 except Plan H-17064	2826 75th Ave	Pentecostal Church	\$89
Lot 1, Plan KAP27903, DL 585, S.D.Y.D.	7850 2nd St	Grand Forks Baptist Church	\$666

## Declaration of disqualified council members

There were no disqualified Council members in 2017.



Barbara Ann Park

# **APPENDIX A: 2017 FINANCIAL STATEMENTS**

*Financial Statements of*

**THE CORPORATION OF THE CITY OF GRAND FORKS**

*For the Year Ended December 31, 2017*

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Index to Financial Statements**  
**For the Year Ended December 31, 2017**

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# THE CORPORATION OF THE CITY OF GRAND FORKS

## Management Report

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in note 2 to the financial statements, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

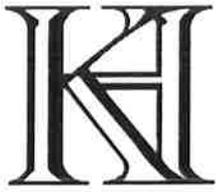
Management has established and maintained a system of internal accounting controls which are designed to provide reasonable assurance that assets are safeguarded, transactions are authorized and recorded properly, and reliable financial information is produced.

The independent external auditors, KH Burch Kientz Inc., have conducted an independent examination in accordance with Canadian auditing standards and expressed their opinion in the accompanying report.



Juliette Rhodes

Chief Financial Officer



# KH BURCH KIENTZ INC.

Chartered Professional Accountants

J.R. (Jim) Burch, FCPA, FCGA  
Sylvia Burch, CPA, CGA  
K. Sarah Kientz, BBA(App), CPA, CGA

T: 250.442.2121  
www.kempharvey.com

STRENGTH IN NUMBERS

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Corporation of the City of Grand Forks, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

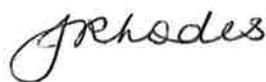
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Grand Forks as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grand Forks, British Columbia  
May 7, 2018

*KH Burch Kientz Inc.*  
CHARTERED PROFESSIONAL ACCOUNTANTS

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Statement of Financial Position**

<b>As at December 31</b>	<b>2017</b>	<b>2016</b>
<b>Financial Assets</b>		
Cash (note 3)	\$ 11,232,934	\$ 9,807,500
Accounts receivable (note 5)	2,581,974	2,299,569
Municipal Finance Authority deposit (note 6)	31,269	30,671
Inventories for resale	16,127	40,435
Land held for resale	211,036	211,036
Lease receivable (note 7)	92,858	114,532
	<u>14,166,198</u>	<u>12,503,743</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 8)	1,682,291	1,317,638
Employee future benefits (note 9)	320,381	338,504
Deferred revenues (note 10)	468,036	333,344
Temporary loan (note 11)	1,372,794	1,246,589
Development cost charges (note 12)	526,437	515,399
Long-term debt (note 13)	2,158,533	2,438,571
	<u>6,528,472</u>	<u>6,190,045</u>
<b>Net financial assets</b>	<b>7,637,726</b>	<b>6,313,698</b>
<b>Non-financial assets</b>		
Prepaid expenses	193,428	228,789
Inventory of parts and supplies	112,164	149,866
Tangible capital assets (note 14)	28,510,664	27,306,367
	<u>28,816,256</u>	<u>27,685,022</u>
<b>Accumulated surplus (note 15)</b>	<b>\$ 36,453,982</b>	<b>\$ 33,998,720</b>



Juliette Rhodes, CPA, CGA  
 Chief Financial Officer



Frank Konrad  
 Mayor, City of Grand Forks

The accompanying notes are an integral part of these financial statements.

**CORPORATION OF THE CITY OF GRAND FORKS**  
**Statement of Operations and Accumulated Surplus**

<i>For the year ended December 31</i>	2017 Budget	2017 Actual	2016 Actual
<b>Revenue</b>			
Property taxation (note 16)	\$ 3,977,813	\$ 3,974,380	\$ 3,772,935
Sales of services (note 17)	7,264,188	7,524,444	6,920,108
Other revenues (note 18)	636,168	782,919	736,055
Government transfers (note 19)	4,845,997	2,123,322	946,450
Contributions from others	55,413	159,700	17,190
Interest income	101,500	149,373	101,376
Investment income on sinking fund	-	29,978	32,060
Gain on disposal of tangible capital assets	-	7,200	239,726
	<u>16,881,079</u>	<u>14,751,316</u>	<u>12,765,900</u>
<b>Expenses</b>			
General government	1,182,590	1,138,176	1,201,042
Protective services	928,111	930,464	789,860
Environmental health services	220,300	218,292	170,029
Public health and welfare	94,202	79,663	60,501
Planning and development	564,333	388,270	392,577
Transportation services	1,196,464	1,033,216	960,103
Recreation and cultural services	1,038,968	829,352	875,316
Public real estate	255,832	257,406	229,447
Electrical services	4,162,066	4,085,016	3,880,431
Water services	814,413	720,476	811,180
Wastewater services	720,547	717,674	644,533
Debt interest	120,786	122,894	120,510
Amortization	1,859,889	1,775,155	1,640,444
	<u>13,158,501</u>	<u>12,296,054</u>	<u>11,775,973</u>
<b>Annual Surplus</b>	3,722,578	2,455,262	989,927
Accumulated surplus, beginning of year	33,998,720	33,998,720	33,008,793
<b>Accumulated surplus, end of year</b>	<u>\$ 37,721,298</u>	<u>\$ 36,453,982</u>	<u>\$ 33,998,720</u>

The accompanying notes are an integral part of these financial statements.

**CORPORATION OF THE CITY OF GRAND FORKS**  
**Statement of Changes in Net Financial Assets**

<i>For the year ended December 31</i>	2017 Budget	2017 Actual	2016 Actual
Annual Surplus	\$ 3,722,578	\$ 2,455,262	\$ 989,927
Acquisition of tangible capital assets	(8,702,250)	(2,982,952)	(1,329,363)
Amortization of tangible capital assets	1,859,889	1,775,155	1,640,444
Gain on sale of assets	-	(7,200)	(239,726)
Proceeds from sale of assets	-	10,700	243,408
Net change in prepaid expenses and supplies inventory	-	73,063	(33,577)
Increase in Net Financial Assets	(3,119,783)	1,324,028	1,271,113
Net Financial Assets, beginning of year	6,313,698	6,313,698	5,042,585
Net Financial Assets, end of year	\$ 3,193,915	\$ 7,637,726	\$ 6,313,698

The accompanying notes are an integral part of these financial statements.

**CORPORATION OF THE CITY OF GRAND FORKS**  
**Statement of Cash Flow**

<i>For the year ended December 31</i>	2017	2016
<b>Operating transactions</b>		
Annual surplus	\$ 2,455,262	\$ 989,927
Adjustment for non-cash items		
Amortization	1,775,155	1,640,444
Gain on disposal of tangible capital assets	(7,200)	(239,726)
Decrease (increase) in prepaid expenses	35,362	(64,134)
Decrease in supplies inventory	37,701	30,556
 (Increase) decrease in assets		
Accounts receivable	(282,404)	246,282
Lease receivable	21,674	20,711
MFA deposits	(598)	(834)
Inventories for resale	24,309	(209,701)
 Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	364,652	(153,765)
Deferred revenue	134,692	(443)
Employee future benefits	(18,123)	(54,507)
Deferred development cost charges	11,037	5,253
	<u>4,551,519</u>	<u>2,210,063</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,982,952)	(1,329,363)
Proceeds on disposal of tangible capital assets	10,700	243,408
	<u>(2,972,252)</u>	<u>(1,085,955)</u>
<b>Financing transactions</b>		
Proceeds from borrowing	188,534	722,518
Repayment of short-term debt	(62,329)	-
Repayment of long-term debt	(251,630)	(230,101)
Actuarial adjustments on long term debt	(28,408)	(22,995)
	<u>(153,833)</u>	<u>469,422</u>
 Net increase in cash	 1,425,434	 1,593,530
Cash, beginning of year	9,807,500	8,213,970
<b>Cash, end of year</b>	<b>\$ 11,232,934</b>	<b>\$ 9,807,500</b>

The accompanying notes are an integral part of these financial statements

# THE CORPORATION OF THE CITY OF GRAND FORKS

## Notes to the Financial Statements

*For the year ended December 31, 2017*

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The notes to the financial statements are an integral part of these statements. They explain the significant accounting and reporting policies and the principles that form the basis of these financial statements, as well as providing supplementary information and explanations which cannot be conveniently integrated into the statements.

### 1. Nature of Entity

The City was incorporated in 1897 under the Municipal Act (now a combination of the Community Charter and the Local Government Act), a statute of the Province of British Columbia. Its principal activities include the provision of local government services to the residents of the incorporated area. These services include protective, community planning, transportation, recreational, solid waste collection, water, wastewater and electrical services.

### 2. Significant Accounting Policies

#### Basis of Presentation

The financial statements are the responsibility of and are prepared by management in accordance with Canadian Public Sector Accounting Standards and prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

The City's operations and resources are segregated into various funds for accounting and financial reporting purposes, with each fund treated as a separate entity with responsibility for the assets allocated to it. Inter-fund transactions and balances have been eliminated in the preparation of these financial statements.

The City's funds are classified as follows:

i) Operating Funds

These funds include the general, electrical, water, and wastewater operations of the City, and are used to record the operating costs associated with providing those services.

ii) Capital Funds

The capital funds record the acquisition costs of various capital assets and financing related to these assets. They include the general, electrical, water, and wastewater capital funds.

iii) Reserve Funds

Under the Community Charter, City Council may, by bylaw, establish reserve funds for specific purposes. Money in a reserve fund and the interest earned thereon must be used only for the purpose for which the fund was established. If the amount in a reserve fund exceeds the amount required, City Council may, by bylaw, transfer all or part of the balance to another reserve.

iv) Trust Funds

These funds hold cash assets that must be used for specific purposes and/or beneficiaries according to agreements or legislated requirements. The City administers trust funds for its Employee Assistance Program, Slag Remediation, and Cemetery Care Fund. In accordance with public sector accounting standards, trust funds administered by the City are not included in the City's financial statements, other than as disclosed in Note 21.

#### Budget Figures

The budget figures are from the 5-Year Financial Plan Bylaw, No. 2036 which was adopted on April 10, 2017. Subsequent budget amendments adopted by Council have not been included in these financial statements.

# THE CORPORATION OF THE CITY OF GRAND FORKS

## Notes to the Financial Statements

*For the year ended December 31, 2017*

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### Revenue Recognition

Taxation revenues are recorded upon issuance of the annual property tax notices in May. Revenues from the sale of services and user fees are recognized when the service or product is provided by the City. Franchise and other revenues are recorded as they are earned and measurable. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the City fulfills its obligations related to the provision of those services.

Transfers from other governments are recognized as revenue in the period that the transfer is authorized, eligibility criteria have been met, and a reasonable estimate of the amount can be made. If transfer agreements contain stipulations that would give rise to obligations which meet the definition of a liability, revenue is deferred and recognized as the stipulations are met.

Investment income is recorded on the accrual basis and recognized when earned.

### Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue. The associated revenue is recognized in the year in which it is used for the specified purpose.

### Expenses

Expenses are generally recognized as they are incurred based upon receipt of the goods and services and/or a legal obligation to pay is established.

### Financial Instruments

The City's financial instruments consist of cash, deposits, accounts receivable, accounts payable and accrued liabilities, and short and long-term debt.

### Inventories for Resale

Inventories for resale consist of aviation fuel which is held at the lower of historical and replacement cost, using a weighted average basis.

### Land Held For Resale

Land held for resale is recorded at cost, including transaction fees directly attributable to the acquisition and improvements to prepare the land for sale. Donated land for resale has been recorded at a nominal value where its historical value is unknown.

### Lease Receivable

Leases receivable are initially recorded at cost. Valuation allowances are made when collection is in doubt. Interest revenue in relation to the lease is recorded at the time it is received..

### Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the City is directly responsible or accepts responsibility, and a reasonable estimate of the amount can be made.

# THE CORPORATION OF THE CITY OF GRAND FORKS

## Notes to the Financial Statements

*For the year ended December 31, 2017*

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The liability includes costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

### Inventory of Parts and Supplies

Inventories held for consumption include materials and repair parts held for use by the electrical utility, fuel for consumption and other items used in operations, and are valued at the lower of cost or net realizable value.

### Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset, but excluding interest. The cost of tangible capital assets is amortized on a straight-line basis over the estimated useful life of the asset as follows:

<b>General Capital Fund</b>	<b>Estimated Useful Life</b>
Land	Not amortized
Land Improvements	20 - 50 years
Buildings	40 - 50 years
Engineering Structures	10 - 50 years
Machinery & Equipment	3 - 25 years
Vehicles	8 - 40 years
<b>Electrical System Capital Fund</b>	
Electrical infrastructure	5 - 40 years
<b>Water System Capital Fund</b>	
Water infrastructure	10 - 50 years
<b>Wastewater System Capital Fund</b>	
Wastewater infrastructure	10 - 50 years

Donated tangible capital assets are recorded at their fair value at the date of receipt.

Work in progress, which represents capital projects under construction but not yet completed, is not amortized until construction is complete and the asset is available for productive use.

### Long-Term Debt

Outstanding long-term debt is reported net of applicable sinking fund balances.

### Debt Charges

Interest on debt is charged to current operations. Interest charges are accrued for the period from the date of the latest interest payment to the end of the year.

### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the financial reporting period. Significant areas requiring the use of estimates include the determination of accrued payroll liabilities and employee future benefits, tangible capital asset useful lives and amortization expense, and provisions 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 the Financial Statements**

*For the year ended December 31, 2017*

**3. Cash**

Cash is comprised of unrestricted cash for operations and restricted cash for reserve funds and deferred development cost charges which are held in segregated accounts.

	2017	2016
Restricted cash		
Statutory Reserves	\$ 6,637,989	\$ 5,449,614
Restricted Revenues (see Note 12)	<u>526,437</u>	<u>515,399</u>
	<b>7,164,426</b>	5,965,013
Unrestricted cash	<u>4,068,508</u>	3,842,487
Total cash	<u><b>\$ 11,232,934</b></u>	<u>\$ 9,807,500</u>

**4. Operating Line of Credit**

The City has an operating line of credit with Grand Forks Credit Union for an authorized amount of \$2,000,000, bearing interest at the base lending rate less 0.5%. At December 31, 2017, the balance outstanding on the operating line of credit was nil (2016 - nil).

**5. Accounts Receivable**

Accounts receivable are recorded net of allowances and comprise the following:

	2017	2016
Property taxes	\$ 844,956	\$ 770,397
Utility accounts receivable	1,373,347	1,342,982
Due from other governments	308,356	36,344
Trade and other receivables	<u>55,315</u>	<u>149,846</u>
	<u><b>\$ 2,581,974</b></u>	<u>\$ 2,299,569</u>

**6. Municipal Finance Authority Debt Reserve Fund**

The Municipal Finance Authority provides capital funding for regional districts and their member municipalities through the issuance of debenture debt. The Debt Reserve Fund established by the Municipal Finance Authority is security held in trust to meet its obligations to debenture holders.

Municipalities sharing in the proceeds of a debt issue are required to contribute certain amounts to the debt reserve fund in the form of cash withheld from the loan proceeds and a non-interest bearing demand note. Monies paid into the Debt Reserve Fund are obligations of the Municipal Finance Authority and are refunded, with interest, upon maturity of the debt.

Only the cash portion of MFA deposits is included as a financial asset. The demand notes are contingent in nature and not reflected in the financial statements.

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

The details of the cash deposits and demand notes at year end are as follows:

	Demand Notes	Cash Deposits	2017	2016
General Fund	\$ 28,501	\$ 7,299	\$ <b>35,800</b>	\$ 35,660
Wastewater Fund	52,184	23,970	<b>76,154</b>	75,697
	\$ 80,685	\$ 31,269	\$ <b>111,954</b>	\$ 111,357

**7. 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, with annual payments of \$27,000 including interest at 4.65%. Interest of \$5,326 (2016 - \$6,289) was received during the year.

**8. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities comprise the following:

	2017	2016
Wages and benefits	\$ <b>441,220</b>	\$ 465,942
Trade payables	<b>1,059,342</b>	762,655
Other taxing authorities	<b>169,149</b>	74,891
Accrued interest	<b>12,580</b>	14,150
	<b>\$ 1,682,291</b>	\$1,317,638

**9. Employee Future Benefits**

The City provides sick leave and certain other benefits to its unionized employees upon retirement. The liabilities and expenses for post-employment sick leave benefits are recognized in the financial statements in the period in which they are earned, and as at the end of 2017 are fully accrued to the level of the employees' current accumulated entitlement. These amounts will require funding in future accounting periods as cash payments are made to employees retiring from service.

Expenses for management sick time are not accrued, but recognized at the time they are paid.

**10. Deferred Revenues**

The City records deferred revenue for funds received in advance of services being rendered. These amounts are shown as liabilities until the services are rendered or related costs are incurred.

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

**Deferred Revenues**

	Balance, Beginning of Year	Contributions Received	Revenue Earned	Balance, End of Year
Prepaid taxes	257,890	276,213	(257,890)	<b>276,213</b>
Prepaid utilities	36,697	45,427	(36,697)	<b>45,427</b>
Library maintenance contract	27,735	13,000	(9,177)	<b>31,558</b>
Victim assistance	-	16,657	(16,657)	-
Grants	-	2,116,213	(2,080,485)	<b>35,728</b>
Deposits and other	11,022	69,060	(972)	<b>79,110</b>
	<b>333,344</b>	<b>2,536,570</b>	<b>(2,401,878)</b>	<b>468,036</b>

**11. Temporary Loan**

In 2012, the City completed the approval process for two long-term loans of up to \$1,300,000 and \$4,200,000 with the Municipal Finance Authority for the capital funding of emergency water supply for fire flow protection and renewal of road, water, and wastewater infrastructure.

The City passed temporary borrowing bylaws for these loans, authorizing interim financing with the Municipal Financing Authority up to the total amount of the loans. These interim loans are demand, non-revolving loans, bearing daily interest at a floating rate which is currently at approximately 1.9% per annum. As security, the City has issued promissory notes which require the repayment of principal by September 30, 2019, should the interim loans not be converted to long-term debt prior to that date.

	Authorized Amount	Balance, Beginning of Year	Principal Repayment	Additional Drawdown	Balance End of Year	Interest Payments	
						2017	2016
Bylaw 1950	\$ 1,300,000	370,719	(18,536)	-	<b>352,183</b>	5,726	5,146
Bylaw 1998	\$ 4,200,000	875,870	(43,793)	188,534	<b>1,020,611</b>	13,627	12,160
	<b>\$ 5,500,000</b>	<b>1,246,589</b>	<b>(62,329)</b>	<b>188,534</b>	<b>1,372,794</b>	<b>19,353</b>	<b>17,306</b>

**12. Deferred Development Cost Charges (DCCs)**

Pursuant to the provisions of the Local Government Act, development cost charges are held in separate reserve funds for the purpose for which the charges have been imposed. When the related costs are incurred, the DCCs are recognized as revenue. Due to the restrictive nature of these funds, they are shown as liabilities.

	2017	2016
Balance, beginning of year	<b>\$ 515,399</b>	\$ 510,146
Contributions from developers	<b>4,812</b>	-
Interest on investments	<b>6,226</b>	5,253
Balance, end of year	<b>\$ 526,437</b>	\$ 515,399

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

The balance of deferred development cost charges comprises the following:

	2017	2016
Water development cost charges	\$ 187,277	\$ 182,628
Wastewater development cost charges	336,693	330,333
Parkland development cost charges	<u>2,467</u>	<u>2,438</u>
	<u>\$ 526,437</u>	<u>\$515,399</u>

**13. Long-Term Debt**

The City has financed certain capital expenditures by means of long-term debenture debt obtained from the Municipal Finance Authority (MFA) through the Regional District of Kootenay Boundary. These loans range in term from ten to twenty years, with maturity dates from 2019 to 2033. The terms of the loan agreement require the City to provide security in the form of demand notes payable to the MFA and to deposit cash representing 1% of the gross proceeds into a debt reserve fund (see note 6).

The City has also funded the purchase of assets through the MFA's equipment financing program, which takes the place of the former MFA leasing program. This debt consists of a five-year loan payable in monthly installments at a variable interest rate based on the monthly Canadian Dealer Offered Rate. The City has signed a promissory note payable to the MFA as security for this loan.

	Current Interest Rate	Term	Maturity	Balance, Beginning of Year	Payments of Principal	Actuarial Adjustment	Balance, End of Year
<b>General capital fund</b>							
Roads							
Bylaw 1863; MFA Issue #106	4.13%	10 yrs	2019	\$ 171,072	\$ 41,646	\$ 13,157	\$ 116,269
Roads - NW 79th							
Bylaw 1887; MFA Issue #112	3.73%	15 yrs	2025	46,812	3,496	\$ 927	42,389
<b>Sewer capital Fund</b>							
Ruckle Lift Station							
Bylaw 1498; MFA Issue #70	2.30%	20 yrs	2019	42,211	6,495	\$ 6,957	28,759
City Park Lift Station							
Bylaw 1873; MFA Issue #126	3.85%	20 yrs	2033	1,572,744	59,000	\$ 7,367	1,506,377
<b>Long term loan financing</b>				<u>\$ 1,832,839</u>	<u>\$ 110,637</u>	<u>\$ 28,408</u>	<u>\$ 1,693,794</u>
<b>Equipment financing</b>							
2015 Cobra Ladder Truck							
MFA Loan #0001-0	1.94%	5 yrs	2021	\$ 605,732	\$ 140,993	\$ -	464,739
<b>Total Long Term Debt</b>				<u>\$ 2,438,571</u>	<u>\$ 251,630</u>	<u>\$ 28,408</u>	<u>\$ 2,158,533</u>

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

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

	2018	2019	2020	2021	2022
General Fund	\$ 45,141	\$ 45,141	\$ 3,496	\$ 3,496	\$ 3,496
Sewer Fund	65,495	65,495	59,000	59,000	59,000
Equipment Financing	141,068	144,030	147,118	32,523	-
	<b>\$ 251,704</b>	<b>\$ 254,666</b>	<b>\$ 209,614</b>	<b>\$ 95,019</b>	<b>\$ 62,496</b>

**14. Tangible Capital Assets**

Tangible capital assets consist of the following:

	Net Book Value 2017	Net Book Value 2016
<b>General Capital Fund</b>		
Land	\$ 1,672,841	\$ 1,672,841
Land improvements	398,234	418,423
Buildings	2,908,463	3,055,348
Machinery and equipment	766,416	949,867
Engineering structures	8,221,448	8,828,623
Storm structures	15,172	16,065
Protective services vehicles	1,221,730	1,306,343
Public works vehicles	792,399	917,820
Assets under construction	552,886	13,506
	<b>16,549,589</b>	<b>17,178,836</b>
<b>Water Utility</b>		
Plant and equipment	4,152,066	3,976,967
Assets under construction	733,418	819,807
	<b>4,885,484</b>	<b>4,796,774</b>
<b>Electrical Utility</b>		
Plant and equipment	996,179	830,950
Assets under construction	651,375	323,731
	<b>1,647,554</b>	<b>1,154,681</b>
<b>Wastewater Utility</b>		
Plant and equipment	3,903,849	4,069,060
Assets under construction	1,524,188	107,016
	<b>5,428,037</b>	<b>4,176,076</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 28,510,664</b>	<b>\$ 27,306,367</b>

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

**15. Accumulated surplus comprises the following:**

	2017	2016
<b>Operating Fund</b>	<b>\$ 5,296,365</b>	<b>\$ 5,902,648</b>
<b>Statutory Reserves</b>		
Capital	4,221,839	2,507,400
Community works gas tax	606,204	396,407
Slag sales	529,716	594,737
Equipment replacement	326,439	482,242
Land sales	250,698	262,894
Water capital	97,645	98,000
Electrical capital	50,011	56,622
Climate action	38,959	31,505
Wastewater capital	16,248	30,000
Cash in lieu of parking	4,191	4,144
	<b>\$ 6,141,950</b>	<b>\$ 4,463,951</b>
<b>Non-Statutory Reserves</b>		
Election reserve	25,000	5,000
Fire department - EOC reserve	11,330	5,913
	<b>\$ 36,330</b>	<b>\$ 10,913</b>
<b>Investment in Non-Financial Assets</b>		
Investment in capital assets	24,979,337	23,621,208
	<b>\$ 36,453,982</b>	<b>\$ 33,998,720</b>

**16. Property Tax Revenues**

Municipal taxation revenues comprise the following:

	2017	2016
Property taxes	\$ 3,693,713	\$ 3,411,083
Parcel and frontage taxes	161,484	240,762
1% utilities tax	102,534	106,223
Grants and payments in lieu of taxes	16,649	14,867
	<b>\$ 3,974,380</b>	<b>\$ 3,772,935</b>

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

**17. Sale of Services**

	2017	2016
Electrical utility user fees	\$ 5,141,344	\$4,619,292
Water utility user fees	910,387	892,888
Wastewater utility user fees	887,342	870,526
Slag sales	215,208	208,964
Solid waste collection	233,845	206,550
Campground fees	59,107	60,491
Cemetery	36,196	20,314
Airport (net of cost of fuel sold)	28,778	31,511
Sundry and other	12,237	9,572
	<u>\$ 7,524,444</u>	<u>\$ 6,920,108</u>

**18. Other Revenues**

	2017	2016
Fire district recoveries	\$ 226,179	\$ 226,650
Provincial fire and emergency recoveries	127,759	-
Penalties and interest	111,765	102,935
Leases and rentals	105,919	120,834
Donations and grants	58,464	70,300
Licences and permits	58,488	53,287
Franchise fees	54,049	60,963
Other recoveries	29,847	70,400
Other revenues	10,449	30,686
	<u>\$ 782,919</u>	<u>\$ 736,055</u>

**19. Government Transfers**

In 2017 the City received and recorded the following transfers from other governments:

	2017	2016
<b>Operating transfers</b>		
Federal	\$ 100,000	\$ 97,475
Provincial	579,856	540,667
	<u>\$ 679,856</u>	<u>\$ 638,142</u>
<b>Capital transfers</b>		
Federal	\$ 222,942	\$ 253,210
Provincial	1,220,524	55,098
	<u>\$ 1,443,466</u>	<u>\$ 308,308</u>
<b>Total government transfers</b>	<u>\$ 2,123,322</u>	<u>\$ 946,450</u>

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

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**20. Reconciliation to Budget**

The following reconciles the balanced statutory budget adopted by Council on April 10, 2017 with the budgeted surplus reported on the statement of operations and accumulated surplus:

Budget surplus as per the statement of operations and accumulated surplus		\$ 3,722,578
Add:	Budgeted amortization expense	1,859,889
	Budgeted transfer from reserves	2,005,788
	Debt proceeds	1,428,784
Subtract:	Debt principal repayments	(314,789)
	Tangible capital asset expenditures	(8,702,250)
		<hr/>
Surplus as per Financial Plan Bylaw No. 2036		<u>\$ -</u>

**21. Trust Funds**

Funds held in trust and administered by The City, which are not included in these consolidated financial statements, include the following:

	2017	2016
<b>Fund Balance</b>		
Cemetery Care Fund	\$ 160,722	\$ 152,673
Employee Assistance Program	8,115	8,825
Slag Remediation Trust	<u>20,185</u>	<u>9,907</u>
	<u>\$ 189,022</u>	<u>\$ 171,405</u>

**22. Liability for Contaminated Sites**

Management has prepared an inventory of sites that are no longer in productive use. These sites have been evaluated by management to be at low risk of contamination exceeding applicable environmental standards which would require remediation. Therefore, no liability has been recognized and included in these financial statements.

**23. Contingent Liabilities**

**Regional District of Kootenay Boundary**

Under the provisions of the *Local Government Act*, Regional District debt is a direct, joint and several liability of the Regional District and each member municipality including the City of Grand Forks. The loan agreements with the Municipal Finance Authority provide that if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligation with respect to such borrowing, the resulting deficiency becomes the liability of the member municipalities.

**Legal Actions**

The City is currently engaged in certain legal actions, the outcome of which is not determinable at this time. Accordingly, no provision has been made in the accounts for these actions. The amount of loss, if any, arising from these actions will be recorded in the accounts in the period in which the loss is realized.

# THE CORPORATION OF THE CITY OF GRAND FORKS

## Notes to the Financial Statements

*For the year ended December 31, 2017*

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### **Pension Liability**

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The City of Grand Forks paid \$280,464 (2016 - \$274,612) for employer contributions to the plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

## **24. Future Accounting Changes**

### **PS 2200 - Related Party Disclosures**

This new section defines a related party and establishes disclosure requirements for related party transactions. Disclosure of information about related party transactions and their underlying relationship is required when such transactions have occurred at a value other than that which would have taken place with unrelated parties. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

### **PS 3210 - Assets**

This new section provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

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**PS 3320 - Contingent Assets**

This section defines and establishes disclosure standards for contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty, which will ultimately be resolved when one or more future events, not wholly within the public sector entity's control, occur or fail to occur. Resolution of the uncertainty will confirm the existence or non-existence of the asset. This standard applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

**PS 3380 - Contractual Rights**

Contractual rights are rights to economic resources arising from contracts or agreements that will result in a future asset and revenue. They may include contractual rights to receive payments under shared cost agreements or lease payments. Disclosure of information about contractual rights under this section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

**25. Segmented Information**

The City's operations and activities are organized into various funds and departments for management reporting. The costs related to the provision of services within a particular department or fund are disclosed in the segmented information presented below.

The General Fund includes services provided by the City such as general government services, protective services, development services, recreation and culture, transportation services and public works, and environmental health and public health services. The utility operations are comprised of the water, electrical and wastewater utilities, each accounting for its own operations and programs within their own funds.

Revenues within the General Fund have been allocated to the various activities where they are directly attributable to that department. Taxation and other revenues which are not directly related to a particular activity are reported under General Government Services and have not been apportioned to the other departments within the General Fund.

**General Government Services**

General government operations are primarily funded by property taxation. The expenses within the department include those for legislative, general administration, finance, and communications.

**Protective Services**

Protective services are comprised of fire protection services, building inspection, bylaw enforcement, and victim services. Grand Forks Fire/Rescue provides fire and emergency services to both the City and rural area through a contract for services with the Regional District of Kootenay Boundary.

**Environmental and Public Health Services**

Environmental Health services include solid and yard waste collection services contracted through agreement between the City and the Regional District Of Kootenay Boundary.

Public Health services relate to operation and maintenance of the cemetery.

**THE CORPORATION OF THE CITY OF GRAND FORKS**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

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**Planning and Development Services**

The Planning and Development services department provides engineering services support to facilities, parks, roads, water, wastewater and electrical for Infrastructure projects, as well as planning support for subdivisions and development, ensuring compliance with zoning and land use provisions of the community plan.

**Transportation Services and Public Works**

The transportation and Public Works segment includes costs for the maintenance of city streets and sidewalks, snow removal services, airport operations, maintenance and operation of the vehicle fleet, and general administrative costs for Public Works.

**Recreation and Cultural Services**

This segment includes costs related to the maintenance and repair of publicly owned buildings, in addition to costs for operation of parks and the City campground, and for community events support and fee for service agreements.

**Electrical Utility**

This segment includes all of the operating activities related to the provision of electrical services to the majority of properties within the city boundaries. Electricity is purchased from the FortisBC Inc. electrical utility for resale to the City's customers, while services are provided by the City's own electrical crews.

**Water Utility**

This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.

**Wastewater Utility**

This segment includes all of the operating activities related to the collection and treatment of wastewater throughout the City.

**26. Comparative Figures**

Certain of the comparative figures have been restated to conform to the current year's presentation.

**CORPORATION OF THE CITY OF GRAND FORKS**  
**Schedule of Segmented Information**

December 31, 2017

	General Fund							2016 Total				
	General Government Services	Protective Services	Environment and Public Health	Development Services	Public Works & Transportation Services	Recreation Culture & Public Real Estate	Electrical Utility		Water Utility	Wastewater Utility		
<b>Revenue</b>												
Taxation	3,968,339								6,041		3,974,380	3,772,935
Sale of services	227,445		270,041		28,778	59,107	5,141,344	910,387	887,342		7,524,444	6,920,108
Other revenues	209,621	353,938	1,308			164,383	30,647	17,225	5,797		782,919	736,055
Government transfers	817,624	16,657		61,480	145,314	700	159,000		1,082,247		2,123,322	946,450
Contributions from others											159,000	17,190
Interest income	148,915								458		149,373	101,376
Investment income	14,601				7,200				15,377		29,978	32,060
Gain on disposal of assets											7,200	239,726
	5,386,545	370,595	271,349	61,480	181,292	224,190	5,330,991	927,612	1,997,262		14,751,316	12,765,900
<b>Expenses</b>												
Wages & benefits	601,809	566,312	58,187	216,239	638,881	312,275	537,249	473,723	472,606		3,877,281	3,856,078
General Services	89,394	69,300	42,183	51,818	54,584	40,700	14,439	20,666	14,089		397,173	464,176
Professional and Contract Services	308,029	117,608	177,023	105,791	125,733	151,194	120,070	54,290	26,851		1,186,589	1,086,678
Materials & Supplies	105,532	84,570	5,590	13,136	278,646	92,221	147,635	45,583	43,607		816,520	642,525
Telephone & Utilities	23,335	28,760	71	1,286	48,412	35,728	3,346	6,138	86,536		233,612	235,429
Insurance	10,077	11,910	55		42,906	25,832	6,750	12,611	19,771		129,912	209,481
Allocations		52,004	14,846		(155,946)	109,951	(182,534)	107,465	54,214		-	-
Purchased for resale							3,438,061				3,438,061	3,236,433
Grants & fee for service					41,869			7,497			318,857	284,219
Interest		84,613			958,753	167,074	45,906	339,495	73,528		122,894	120,510
Amortization	1,138,176	1,015,077	297,955	388,270	2,033,838	1,253,832	4,130,922	1,067,468	970,516		1,775,155	1,640,444
	4,248,369	(644,482)	(26,606)	(326,790)	(1,852,546)	(1,029,642)	1,200,069	(139,856)	1,026,746		2,455,262	989,927
<b>Net surplus (deficit)</b>												

**THE CORPORATION OF THE CITY OF GRAND FORKS  
Schedule of Tangible Capital Assets**

**December 31, 2017**

	Cost			Accumulated Amortization			Net			
	Opening Balance	Additions	Transfers/ Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	Book Value 2017	Net Book Value 2016
<b>General Capital Fund</b>										
Land	\$ 1,672,841	\$ -	-	\$ 1,672,841	\$ -	\$ -	-	\$ -	\$ 1,672,841	\$ 1,672,841
Land improvements	422,513	-	-	422,513	4,090	20,189	-	24,279	398,234	418,423
Buildings	6,003,737	-	-	6,003,737	2,948,389	146,885	-	3,095,274	2,908,463	3,055,348
Machinery and equipment	2,388,530	24,335	(12,805)	2,400,060	1,438,684	207,785	(12,805)	1,633,644	766,416	949,867
Engineering structures	20,291,829	18,625	-	20,310,454	11,463,206	625,800	-	12,089,006	8,221,448	8,828,623
Storm structures	17,850	-	-	17,850	1,785	893	-	2,678	15,172	16,065
Protective services vehicles	1,838,560	-	-	1,838,560	532,217	84,613	-	616,830	1,221,730	1,306,343
Public works vehicles	3,400,322	2,354	(101,215)	3,301,461	2,482,502	124,275	(97,715)	2,509,062	792,399	917,820
Assets under construction	13,506	539,380	-	552,886	-	-	-	-	552,886	13,506
	36,049,688	584,694	(114,020)	36,520,362	18,870,853	1,210,440	(110,520)	19,970,773	16,549,589	17,178,836
<b>Water Utility</b>										
Plant and equipment	8,667,057	514,594	-	9,181,651	4,690,090	339,495	-	5,029,585	4,152,066	3,976,967
Assets under construction	819,807	(86,389)	-	733,418	-	-	-	-	733,418	819,807
	9,486,864	428,205	-	9,915,069	4,690,090	339,495	-	5,029,585	4,885,484	4,796,774
<b>Electrical Utility</b>										
Plant and equipment	2,512,705	211,135	-	2,723,840	1,681,755	45,906	-	1,727,661	996,179	830,950
Assets under construction	323,731	327,644	-	651,375	-	-	-	-	651,375	323,731
	2,836,436	538,779	-	3,375,215	1,681,755	45,906	-	1,727,661	1,647,554	1,154,681
<b>Wastewater Utility</b>										
Plant and equipment	7,992,038	14,103	-	8,006,141	3,922,978	179,314	-	4,102,292	3,903,849	4,069,060
Assets under construction	107,016	1,417,172	-	1,524,188	-	-	-	-	1,524,188	107,016
	8,099,054	1,431,275	-	9,530,329	3,922,978	179,314	-	4,102,292	5,428,037	4,176,076
	\$ 56,472,042	\$ 2,982,953	\$ (114,020)	\$ 59,340,975	\$ 29,165,676	\$ 1,775,155	\$ (110,520)	\$ 30,830,311	\$ 28,510,664	\$ 27,306,367