



Settle down.

THE CORPORATION OF THE CITY OF GRAND FORKS

2018 STATEMENT OF FINANCIAL INFORMATION

THE CORPORATION OF THE CITY OF GRAND FORKS
Statement of Financial Information
Fiscal Year Ended December 31, 2018

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THE CORPORATION OF THE CITY OF GRAND FORKS
Statement of Financial Information
Fiscal Year Ended December 31, 2018

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approve all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

Brian Taylor, Mayor
On behalf of Council

Date: _____

Juliette Rhodes, CPA, CGA
Chief Financial Officer

Date: _____

THE CORPORATION OF THE CITY OF GRAND FORKS
Statement of Financial Information
Fiscal Year Ended December 31, 2018

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and for reviewing and approving the audited financial statements and supplementary schedules contained in this Statement of Financial Information.

The external auditors, KH Burch Kientz Inc., conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of The Corporation of the City of Grand Forks



Juliette Rhodes
Chief Financial Officer

May 10, 2019

Financial Statements of

THE CORPORATION OF THE CITY OF GRAND FORKS

For the Year Ended December 31, 2018

THE CORPORATION OF THE CITY OF GRAND FORKS

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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.

A handwritten signature in dark ink, appearing to read "J Rhodes", is written over a horizontal line.

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

We have audited the financial statements of The Corporation of the City of Grand Forks (the City), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grand Forks, British Columbia
May 10, 2019

KH Burch Kientz Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

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

<i>As at December 31</i>	2018	2017
Financial Assets		
Cash (note 3)	\$ 12,250,656	\$ 11,232,934
Accounts receivable (note 5)	3,914,251	2,581,974
Municipal Finance Authority deposit (note 6)	31,950	31,269
Inventories for resale	41,321	16,127
Land held for resale	211,036	211,036
Lease receivable (note 7)	70,175	92,858
	16,519,389	14,166,198
Liabilities		
Accounts payable and accrued liabilities (note 8)	2,712,519	1,682,291
Employee future benefits (note 9)	329,159	320,381
Deferred revenues (note 10)	686,018	468,036
Temporary loan (note 11)	1,944,280	1,372,794
Development cost charges (note 12)	552,362	526,437
Long-term debt (note 13)	1,873,380	2,158,533
	8,097,718	6,528,472
Net financial assets	8,421,671	7,637,726
Non-financial assets		
Prepaid expenses	264,586	193,428
Inventory of parts and supplies	131,295	112,164
Tangible capital assets (note 14)	29,571,809	28,510,664
	29,967,690	28,816,256
Accumulated surplus (note 15)	\$ 38,389,361	\$ 36,453,982

Juliette Rhodes, CPA, CGA
Chief Financial Officer

Brian Taylor
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>	2018 Budget	2018 Actual	2017 Actual
Revenue			
Property taxation (note 16)	\$ 4,082,792	\$ 4,083,308	\$ 3,974,380
Sales of services (note 17)	7,528,719	7,965,414	7,524,444
Other revenues (note 18)	671,671	1,565,493	428,981
Government transfers (note 19)	5,967,142	2,418,618	2,477,260
Contributions from others	34,000	22,707	159,700
Interest income	171,000	222,628	149,373
Investment income on sinking fund	-	35,676	29,978
Gain on disposal of tangible capital assets	-	59,315	7,200
	18,455,324	16,373,159	14,751,316
Expenses			
General government	1,296,871	1,137,070	1,138,176
Protective services	926,782	881,668	845,992
Disaster response and recovery	-	1,862,326	100,078
Environmental health services	236,145	245,383	218,292
Public health and welfare	84,823	45,435	79,663
Planning and development	445,400	327,647	388,270
Transportation services	1,256,315	1,308,015	1,017,610
Recreation and cultural services	1,075,235	906,579	829,352
Public real estate	315,705	238,414	257,406
Electrical services	4,132,082	4,259,503	4,085,016
Water services	822,067	663,709	720,476
Wastewater services	700,468	702,991	717,674
Debt interest	132,727	134,259	122,894
Amortization	1,867,611	1,724,781	1,775,155
	13,292,231	14,437,780	12,296,054
Annual Surplus	5,163,093	1,935,379	2,455,262
Accumulated surplus, beginning of year	36,453,982	36,453,982	33,998,720
Accumulated surplus, end of year	\$ 41,617,075	\$ 38,389,361	\$ 36,453,982

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>	2018 Budget	2018 Actual	2017 Actual
Annual Surplus	\$ 5,163,093	\$ 1,935,379	\$ 2,455,262
Acquisition of tangible capital assets	(11,197,382)	(2,965,985)	(2,982,952)
Amortization of tangible capital assets	1,867,611	1,724,781	1,775,155
Gain on sale of assets	-	(59,315)	(7,200)
Proceeds from sale of assets	-	239,374	10,700
Net change in prepaid expenses and supplies inventory	-	(90,289)	73,063
Increase in Net Financial Assets	(4,166,678)	783,945	1,324,028
Net Financial Assets, beginning of year	7,637,726	7,637,726	6,313,698
Net Financial Assets, end of year	\$ 3,471,048	\$ 8,421,671	\$ 7,637,726

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>	2018	2017
Operating transactions		
Annual surplus	\$ 1,935,379	\$ 2,455,262
Adjustment for non-cash items		
Amortization	1,724,781	1,775,155
Gain on disposal of tangible capital assets	(59,315)	(7,200)
(Increase) decrease in prepaid expenses	(71,158)	35,362
(Increase) decrease in supplies inventory	(19,131)	37,701
(Increase) decrease in assets		
Accounts receivable	(1,332,277)	(282,404)
Lease receivable	22,683	21,674
MFA deposits	(681)	(598)
Inventories for resale	(25,194)	24,309
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	1,030,227	364,652
Deferred revenue	217,982	134,692
Employee future benefits	8,778	(18,123)
Deferred development cost charges	25,925	11,037
	<u>3,457,999</u>	<u>4,551,519</u>
Capital transactions		
Acquisition of tangible capital assets	(2,965,985)	(2,982,952)
Proceeds on disposal of tangible capital assets	239,374	10,700
	<u>(2,726,611)</u>	<u>(2,972,252)</u>
Financing transactions		
Proceeds from borrowing	643,739	188,534
Repayment of short-term debt	(72,253)	(62,329)
Repayment of long-term debt	(251,111)	(251,630)
Actuarial adjustments on long term debt	(34,041)	(28,408)
	<u>286,334</u>	<u>(153,833)</u>
Net increase in cash	1,017,722	1,425,434
Cash, beginning of year	<u>11,232,934</u>	<u>9,807,500</u>
Cash, end of year	<u>\$ 12,250,656</u>	<u>\$ 11,232,934</u>

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, 2018

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 Corporation of the City of Grand Forks ("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. 2045 which was adopted on April 9, 2018. 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, 2018

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.

Insurance proceeds are recognized when the amount of recovery is determinable and there is a high degree of certainty with respect to the receipt of funds.

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:

THE CORPORATION OF THE CITY OF GRAND FORKS

Notes to the Financial Statements

For the year ended December 31, 2018

- 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 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:

General Capital Fund	Estimated Useful Life
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
 Electrical System Capital Fund	
Electrical infrastructure	5 - 40 years
 Water System Capital Fund	
Water infrastructure	10 - 50 years
 Wastewater System Capital Fund	
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.

Tangible capital assets that are demolished or destroyed are written off.

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.

THE CORPORATION OF THE CITY OF GRAND FORKS

Notes to the Financial Statements

For the year ended December 31, 2018

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, amounts receivable from insurance, and provisions for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

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.

	2018	2017
Restricted cash		
Statutory Reserves	\$ 6,295,814	\$ 6,637,989
Restricted Revenues (see Note 12)	<u>552,362</u>	<u>526,437</u>
	6,848,176	7,164,426
Unrestricted cash	<u>5,402,480</u>	<u>4,068,508</u>
Total cash	<u>\$ 12,250,656</u>	<u>\$ 11,232,934</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, 2018, the balance outstanding on the operating line of credit was nil (2017 - nil).

5. Accounts Receivable

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

	2018	2017
Property taxes	\$ 736,149	\$ 844,956
Utility accounts receivable	1,538,534	1,373,347
Due from other governments	933,439	308,356
Trade and other receivables	<u>706,129</u>	<u>55,315</u>
	<u>\$ 3,914,251</u>	<u>\$ 2,581,974</u>

6. Municipal Finance Authority Debt Reserve Fund

The Municipal Finance Authority (MFA) 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.

THE CORPORATION OF THE CITY OF GRAND FORKS

Notes to the Financial Statements

For the year ended December 31, 2018

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

	Demand Notes	Cash Deposits	2018	2017
General Fund	\$ 28,501	\$ 7,458	\$ 35,959	\$ 35,800
Wastewater Fund	52,184	24,492	76,676	76,154
	<u>\$ 80,685</u>	<u>\$ 31,950</u>	<u>\$ 112,635</u>	<u>\$ 111,954</u>

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 \$4,318 (2017 - \$5,326) was received during the year.

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities comprise the following:

	2018	2017
Wages and benefits	\$ 516,561	\$ 441,220
Trade payables	2,030,923	1,059,342
Other taxing authorities	154,089	169,149
Accrued interest	<u>10,946</u>	<u>12,580</u>
	<u>\$ 2,712,519</u>	<u>\$1,682,291</u>

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 2018 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, 2018

Deferred Revenues

	Balance, Beginning of Year	Contributions Received/ Returned	Revenue Earned	Balance, End of Year
Prepaid taxes	276,213	310,080	(276,213)	310,080
Prepaid utilities	45,427	52,334	(45,427)	52,334
Library maintenance contract	31,558	13,000	(8,667)	35,891
Grants	35,728	822,825	(575,180)	283,373
Deposits and other	79,110	(54,940)	(19,830)	4,340
	468,036	1,143,299	(925,317)	686,018

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 2.48% 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 2018	Interest Payments 2017
Bylaw 1950	\$ 1,300,000	352,183	(18,536)	70,390	404,037	7,740	5,726
Bylaw 1998	\$ 4,200,000	1,020,611	(53,717)	573,349	1,540,243	22,459	13,627
	\$ 5,500,000	1,372,794	(72,253)	643,739	1,944,280	30,199	19,353

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.

	2018	2017
Balance, beginning of year	\$ 526,437	\$ 515,399
Contributions from developers	15,708	4,812
Interest on investments	10,217	6,226
Balance, end of year	\$ 552,362	\$ 526,437

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

For the year ended December 31, 2018

The balance of deferred development cost charges comprises the following:

	2018	2017
Water development cost charges	\$ 198,952	\$ 187,277
Wastewater development cost charges	350,896	336,693
Parkland development cost charges	<u>2,514</u>	<u>2,467</u>
	<u>\$ 552,362</u>	<u>\$526,437</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 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	2018 Interest
General capital fund								
Roads								
Bylaw 1863; MFA Issue #106	4.13%	10 yrs	2019	\$ 116,269	\$ 41,646	\$ 15,349	\$ 59,274	\$ 20,650
Roads - NW 79th								
Bylaw 1887; MFA Issue #112	3.73%	15 yrs	2025	42,389	3,496	\$ 1,105	37,788	\$ 2,611
Sewer capital Fund								
Ruckle Lift Station								
Bylaw 1498; MFA Issue #70	2.30%	20 yrs	2019	28,759	6,495	\$ 7,566	14,698	\$ 4,115
City Park Lift Station								
Bylaw 1873; MFA Issue #126	3.85%	20 yrs	2033	1,506,377	59,000	\$ 10,022	1,437,355	\$ 67,641
Long term loan financing				<u>\$ 1,693,794</u>	<u>\$ 110,637</u>	<u>\$ 34,042</u>	<u>\$ 1,549,115</u>	<u>\$ 95,017</u>
Equipment financing								
2015 Cobra Ladder Truck								
MFA Loan #0001-0	2.48%	5 yrs	2021	\$ 464,739	\$ 140,474	\$ -	\$ 324,265	\$ 9,043
Total Long Term Debt				<u>\$ 2,158,533</u>	<u>\$ 251,111</u>	<u>\$ 34,042</u>	<u>\$ 1,873,380</u>	<u>\$ 104,060</u>

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

For the year ended December 31, 2018

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

	2019	2020	2021	2022	2022
General Fund	\$ 45,141	\$ 3,496	\$ 3,496	\$ 3,496	\$ 3,496
Sewer Fund	65,496	59,000	59,000	59,000	59,000
Equipment Financing	143,000	146,675	34,591	-	-
	<u>\$ 253,637</u>	<u>\$ 209,171</u>	<u>\$ 97,087</u>	<u>\$ 62,496</u>	<u>\$ 62,496</u>

14. Tangible Capital Assets

Tangible capital assets consist of the following:

	Net Book Value 2018	Net Book Value 2017
General Capital Fund		
Land	\$ 1,643,339	\$ 1,672,841
Land improvements	387,590	398,234
Buildings	2,680,522	2,908,463
Machinery and equipment	618,420	766,416
Engineering structures	8,378,989	8,221,448
Storm structures	14,280	15,172
Protective services vehicles	1,137,117	1,221,730
Public works vehicles	1,097,795	792,399
Assets under construction	462,706	552,886
	<u>16,420,758</u>	<u>16,549,589</u>
Water Utility		
Plant and equipment	4,701,436	4,152,066
Assets under construction	90,528	733,418
	<u>4,791,964</u>	<u>4,885,484</u>
Electrical Utility		
Plant and equipment	1,987,284	996,179
Assets under construction	167,509	651,375
	<u>2,154,793</u>	<u>1,647,554</u>
Wastewater Utility		
Plant and equipment	4,156,086	3,903,849
Assets under construction	2,048,208	1,524,188
	<u>6,204,294</u>	<u>5,428,037</u>
Total Tangible Capital Assets	<u>\$ 29,571,809</u>	<u>\$ 28,510,664</u>

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

For the year ended December 31, 2018

15. Accumulated surplus comprises the following:

	2018	2017
Operating Fund	\$ 5,261,329	\$ 5,296,365
Statutory Reserves		
Capital	3,974,336	4,221,839
Community works gas tax	736,243	606,204
Slag sales	718,584	529,716
Equipment replacement	60,153	326,439
Land sales	469,740	250,698
Water capital	269,536	97,645
Electrical capital	1,050,990	50,011
Climate action	30,159	38,959
Wastewater capital	46,562	16,248
Cash in lieu of parking	4,272	4,191
	\$ 7,360,575	\$ 6,141,950
Non-Statutory Reserves		
Election reserve	-	25,000
Fire department - EOC reserve	13,308	11,330
	\$ 13,308	\$ 36,330
Investment in Non-Financial Assets		
Investment in capital assets	25,754,149	24,979,337
	\$ 38,389,361	\$ 36,453,982

16. Property Tax Revenues

Municipal taxation revenues comprise the following:

	2018	2017
Property taxes	\$ 3,805,740	\$ 3,693,713
Parcel and frontage taxes	161,047	161,484
1% utilities tax	99,895	102,534
Grants and payments in lieu of taxes	16,626	16,649
	\$ 4,083,308	\$ 3,974,380

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

For the year ended December 31, 2018

17. Sale of Services

	2018	2017
Electrical utility user fees	\$ 5,606,109	\$5,141,344
Water utility user fees	942,198	910,387
Wastewater utility user fees	897,740	887,342
Slag sales	199,426	215,208
Solid waste collection	230,116	233,845
Cemetery	23,461	36,196
Airport (net of cost of fuel sold)	41,167	28,778
Campground fees	6,717	59,107
Sundry and other	18,480	12,237
	<u>\$ 7,965,414</u>	<u>\$ 7,524,444</u>

18. Other Revenues

	2018	2017
Insurance recoveries	\$ 1,129,289	\$ -
Penalties and interest	104,165	111,765
Leases and rentals	104,907	105,919
Licences and permits	69,799	58,488
Donations and grants	57,165	58,464
Franchise fees	63,958	54,049
Other recoveries	14,483	29,847
Other revenues	21,727	10,449
	<u>\$ 1,565,493</u>	<u>\$ 428,981</u>

19. Government Transfers

In 2018 the City received and recorded the following transfers from other governments:

	2018	2017
Operating transfers		
Federal	\$ -	\$ 100,000
Provincial	1,202,301	707,615
Regional	282,875	226,179
	<u>\$ 1,485,176</u>	<u>\$ 1,033,794</u>
Capital transfers		
Federal	\$ 284,278	\$ 222,942
Provincial	649,164	1,220,524
	<u>\$ 933,442</u>	<u>\$ 1,443,466</u>
Total government transfers	<u>\$ 2,418,618</u>	<u>\$ 2,477,260</u>

THE CORPORATION OF THE CITY OF GRAND FORKS

Notes to the Financial Statements

For the year ended December 31, 2018

20. Reconciliation to Budget

The following reconciles the balanced statutory budget adopted by Council on April 9, 2018 with the budgeted surplus reported on the statement of operations and accumulated surplus:

Budget surplus as per the statement of operations and accumulated surplus	\$ 5,163,093
Add: Budgeted amortization expense	1,867,611
Budgeted transfer from reserves	3,005,929
Debt proceeds	1,484,854
Subtract: Debt principal repayments	(324,105)
Tangible capital asset expenditures	(11,197,382)
Surplus as per Financial Plan Bylaw No. 2045	<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:

	2018	2017
Fund Balance		
Cemetery Care Fund	\$ 167,472	\$ 160,722
Employee Assistance Program	8,879	8,115
Slag Remediation Trust	<u>20,569</u>	<u>20,185</u>
	<u>\$ 196,920</u>	<u>\$ 189,022</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. 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, 2018

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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 paid \$294,123 (2017 - \$280,464) for employer contributions to the plan in fiscal 2018.

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. Commitments

The City has entered into an agreement with School District No. 51 for the latter to provide technical and operational support for the City's computer and telephone network systems. Under the terms of the agreement, the City has agreed to pay \$65,000 in 2019, and a further \$45,000 per year from 2020 to 2023 for these services.

25. Contingent Assets

The Local Government Act provides the City with the authority to recover outstanding property taxes through a public auction of properties which have three years of unpaid taxes. Properties which do not sell at auction will be transferred to the municipality if not redeemed within one year of the annual tax sale date. In September 2018, the City was declared the purchaser of a property with an assessed land value of \$44,800, which will transfer to the City if redemption is not made prior to October 2019.

The City is in the process of negotiating property rental agreements with two parties which it anticipates will be completed in early 2019. Under these agreements, annual revenues would be in the range of \$60,000 to \$79,000 for each of the next five years.

THE CORPORATION OF THE CITY OF GRAND FORKS

Notes to the Financial Statements

For the year ended December 31, 2018

26. Contractual Rights

The City has entered into property lease and utility franchise and pole agreements in terms ranging from two to twenty years. The City has contractual rights to receive the following estimated payments with respect to these agreements for the next five years:

2019	\$ 124,608
2020	124,428
2021	110,477
2022	110,477
2023	<u>106,427</u>
Total	\$576,417

On November 1, 2006, the City entered into a twenty-five year agreement to provide fire protection services for the Grand Forks Rural Fire Protection District. Under the terms of the agreement, the Fire Protection District will contribute towards a share of the City's operating costs for the municipal fire department. \$240,648 of revenue was recorded in 2018 for the portion of municipal operating costs shared with the district.

The City has entered into funding agreements with the Federal and Provincial governments with respect to various City infrastructure projects. To date, grant revenue of \$1,699.856 has been recognized based on eligible expenditures, leaving \$2,228,310 of revenue to be realized as the remaining expenditures are incurred over the next two years, as follows:

New Building Canada Fund	\$ 258,196
Clean Water and Wastewater Fund	1,745,692
Strategic Priorities Fund	172,628
Community Emergency Preparedness Fund	51,794

The City is also expected to receive approximately \$1,287,000 of grant funding from 2019 to 2023 under the Community Works stream of the Federal Gas Tax Fund Agreement.

27. Future Accounting Changes

PS 3400 - Revenues

This new Section establishes standards on how to account for and report on revenue, specifically with respect to differentiation between revenue arising from transactions that include performance obligations (exchange transactions) and those that do not have performance obligations (unilateral transactions). A performance obligation is an enforceable promise to provide specific goods or services to a specific payor, and can take many forms. This Section applies to fiscal years beginning on or after April 1, 2022, with earlier adoption permitted.

PS 3430 - Restructuring Transactions

This new section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities without consideration based primarily on the fair value of the assets and liabilities being transferred. This Section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

THE CORPORATION OF THE CITY OF GRAND FORKS

Notes to the Financial Statements

For the year ended December 31, 2018

PS 2601 - Foreign Currency Translation

This section applies to transactions which are denominated in a currency other than its reporting currency, including those which arise when a government borrows or lends funds for which the amounts payable or receivable are denominated in a foreign currency, or when it becomes party to a contract involving foreign currencies. This section revised and replaces the existing section PS 2600 *Foreign Currency Translation* and applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

PS 3450 - Financial Instruments

This section establishes standards for recognizing and measuring all types of financial instruments, including derivatives. Financial instruments include primary instruments, such as receivables, payables and equity instruments, as well as derivatives such as financial options, futures and forwards, interest rate swaps and currency swaps. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

PS 3041 - Portfolio Investments

This section establishes standards on accounting and reporting for portfolio investments. Portfolio investments are investments in organizations which do not form part of the government reporting entity, such as equity or debt instruments issued by the investee. This section revises and replaces section PS 3040 *Portfolio Investments* and section PS 3030 *Temporary Investments* and applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

PS 1201 - Financial Statement Presentation

This section introduces a new statement of remeasurement gains and losses to report the accumulated and annual impact of:

- unrealized gains and losses for financial instruments in the fair value category unless subject to external restrictions and unrealized foreign currency gains and losses
- amounts reclassified to the statement of operations upon derecognition or settlement
- other comprehensive income from GBEs and GBPs consolidated using the modified equity method.

This new section revises and replaces the existing PS 1200 *Financial Statement Presentation*, and must be adopted at the same time as PS 2601, PS 3041, and PS 3450.

28. Impact of the Boundary Region Floods

On May 10/11, 2018 a major flood event occurred in the Kootenay Boundary Regional District, impacting more than two hundred and fifty properties within the municipal boundaries, and causing considerable damage to several City owned properties and municipal infrastructure.

The City incurred \$558,753 of flood emergency preparedness and response expenses, with \$461,207 of related revenue recoverable from Emergency Management BC. \$91,424 of this amount was received prior to December 31, 2018, with the remaining \$369,783 included in accounts receivable at year end.

During the year, the City completed a substantial amount of building and infrastructure repairs, most of which will be reimbursed by the City's insurance provider and the Government of British Columbia's Disaster Financial Assistance Program. \$1,199,558 of repair and remediation expenses were incurred to December 31, 2018, with \$1,183,855 of associated revenue recognized during the same period. The City received \$548,856 in insurance proceeds during the year.

THE CORPORATION OF THE CITY OF GRAND FORKS

Notes to the Financial Statements

For the year ended December 31, 2018

As a result of the flood, the City wrote off \$19,988 in capital assets and incurred a loss of \$125,719 in municipal utility and campground revenues. \$42,868 of this revenue amount is recoverable through insurance proceeds and therefore has been included in accounts receivable.

In July 2018, the City submitted an Expression of Interest to Infrastructure Canada for grant funding through the Disaster Mitigation and Adaptation Fund to finance flood protection and natural infrastructure projects in the flood impacted areas. Subsequent to year end, the City tendered a full application under this program for \$49.9 million in projects to be undertaken over the five year period from April 2019 to March 2024. As part of the application process, expenses of \$104,016 were incurred in 2018, to be funded by Emergency Management BC. The equivalent amount of revenue and accounts receivable have been included in the 2018 financial results.

29. 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, 2018

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.

30. 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, 2018

	General Fund						Electrical Utility	Water Utility	Wastewater Utility	2018 Total	2017 Total
	General Government Services	Protective Services	Environment and Public Health	Development Services	Public Works & Transportation Services	Recreation Culture & Public Real Estate					
Revenue											
Taxation	4,077,268								6,040	4,083,308	3,974,380
Sale of services	209,540		253,577		41,167	15,083	5,606,109	942,198	897,740	7,965,414	7,524,444
Other revenues	237,907		1,205			1,290,860	26,110	4,667	4,744	1,565,493	782,919
Government transfers	849,813	863,354			97,434				608,017	2,418,618	2,123,322
Contributions from others						22,707				22,707	159,700
Interest income	222,106								522	222,628	149,373
Investment income	16,991								18,685	35,676	29,978
Gain on disposal of assets					(145,682)	224,986	(10,388)		(9,601)	59,315	7,200
	5,613,625	863,354	254,782	-	(7,081)	1,553,636	5,621,831	946,865	1,526,147	16,373,159	14,751,316
Expenses											
Wages & benefits	1,121,985	780,317	32,644	241,100	936,791	406,506	331,371	218,050	238,108	4,306,872	3,877,281
General Services	135,823	70,067	43,678	18,836	41,024	103,311	28,362	13,538	6,910	461,549	397,173
Professional and Contract Services	173,369	311,784	202,130	34,521	234,920	1,253,894	67,616	42,084	48,104	2,368,422	1,186,589
Materials & Supplies	171,068	140,966	1,112	10,764	331,821	126,204	101,648	56,933	42,850	983,366	816,520
Telephone & Utilities	20,299	33,882	29	1,234	40,943	31,400	4,177	3,678	77,299	212,941	233,612
Insurance	11,443	14,074	67		70,086	30,925	6,509	11,474	12,354	156,932	129,912
Allocations	(496,917)	89,331	11,158	21,192	(347,570)	145,971	(18,483)	317,952	277,366	-	-
Purchased for resale							3,738,303			3,738,303	3,438,061
Grants & fee for service						350,355				350,355	318,857
Interest					47,603			11,226	75,430	134,259	122,894
Amortization		84,613			900,749	164,890	54,964	344,000	175,565	1,724,781	1,775,155
	1,137,070	1,525,034	290,818	327,647	2,256,367	2,613,456	4,314,467	1,018,935	953,986	14,437,780	12,296,054
Net surplus (deficit)	4,476,555	(661,680)	(36,036)	(327,647)	(2,263,448)	(1,059,820)	1,307,364	(72,070)	572,161	1,935,379	2,455,262

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

December 31, 2018

	Cost				Accumulated Amortization				Net Book Value 2018	Net Book Value 2017
	Opening Balance	Additions	Transfers/ Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance		
General Capital Fund										
Land	\$ 1,672,841	\$ -	\$ (29,502)	\$ 1,643,339	\$ -	\$ -	\$ -	\$ -	\$ 1,643,339	\$ 1,672,841
Land improvements	422,513	9,789	-	432,302	24,279	20,433	-	44,712	387,590	398,234
Buildings	6,003,737	19,486	(119,281)	5,903,942	3,095,274	144,538	(16,392)	3,223,420	2,680,522	2,908,463
Machinery and equipment	2,400,060	13,899	(73,321)	2,340,638	1,633,644	140,815	(52,241)	1,722,218	618,420	766,416
Engineering structures	20,310,454	778,020	-	21,088,474	12,089,006	620,479	-	12,709,485	8,378,989	8,221,448
Storm structures	17,850	-	-	17,850	2,678	892	-	3,570	14,280	15,172
Protective services vehicles	1,838,560	-	-	1,838,560	616,830	84,613	-	701,443	1,137,117	1,221,730
Public works vehicles	3,301,461	450,477	\$ (138,289)	3,613,649	2,509,062	138,481	(131,689)	2,515,854	1,097,795	792,399
Assets under construction	552,886	(90,180)		462,706					462,706	552,886
	<u>36,520,362</u>	<u>1,181,491</u>	<u>(360,393)</u>	<u>37,341,460</u>	<u>19,970,773</u>	<u>1,150,251</u>	<u>(200,322)</u>	<u>20,920,702</u>	<u>16,420,758</u>	<u>16,549,589</u>
Water Utility										
Plant and equipment	9,181,651	893,370	-	10,075,021	5,029,585	344,000	-	5,373,585	4,701,436	4,152,066
Assets under construction	733,418	(642,890)		90,528					90,528	733,418
	<u>9,915,069</u>	<u>250,480</u>	<u>-</u>	<u>10,165,549</u>	<u>5,029,585</u>	<u>344,000</u>	<u>-</u>	<u>5,373,585</u>	<u>4,791,964</u>	<u>4,885,484</u>
Electrical Utility										
Plant and equipment	2,723,840	1,056,457	(20,214)	3,760,083	1,727,661	54,964	(9,826)	1,772,799	1,987,284	996,179
Assets under construction	651,375	(483,866)		167,509					167,509	651,375
	<u>3,375,215</u>	<u>572,591</u>	<u>(20,214)</u>	<u>3,927,592</u>	<u>1,727,661</u>	<u>54,964</u>	<u>(9,826)</u>	<u>1,772,799</u>	<u>2,154,793</u>	<u>1,647,554</u>
Wastewater Utility										
Plant and equipment	8,006,141	437,403	(9,931)	8,433,613	4,102,292	175,566	(331)	4,277,527	4,156,086	3,903,849
Assets under construction	1,524,188	524,020		2,048,208					2,048,208	1,524,188
	<u>9,530,329</u>	<u>961,423</u>	<u>(9,931)</u>	<u>10,481,821</u>	<u>4,102,292</u>	<u>175,566</u>	<u>(331)</u>	<u>4,277,527</u>	<u>6,204,294</u>	<u>5,428,037</u>
	<u>\$ 59,340,975</u>	<u>\$ 2,965,985</u>	<u>\$ (390,538)</u>	<u>\$ 61,916,422</u>	<u>\$ 30,830,311</u>	<u>\$ 1,724,781</u>	<u>\$ (210,479)</u>	<u>\$ 32,344,613</u>	<u>\$ 29,571,809</u>	<u>\$ 28,510,664</u>

THE CORPORATION OF THE CITY OF GRAND FORKS
Statement of Financial Information
Fiscal Year Ended December 31, 2018

STATEMENT OF CHANGES IN FINANCIAL POSITION
CAPITAL FUND

	Actual 2018	Actual 2017
Revenue		
Donations from groups and individuals	\$ 13,732	\$ 150,699
Government transfers	702,236	1,211,121
	<u>715,968</u>	<u>1,361,820</u>
Transfer from Development Cost Charges	-	-
Transfer from Other Restricted Revenues	<u>-</u>	<u>-</u>
	<u>715,968</u>	<u>1,361,820</u>
Expenditures		
General fund	1,181,491	584,694
Utilities	1,784,494	2,398,259
	<u>2,965,985</u>	<u>2,982,953</u>
Net change in financial assets	(2,250,017)	(1,621,133)
Expenditures funded by debt	643,739	188,534
Transfers from operating funds	70,415	10,431
Transfers from reserves	<u>1,535,863</u>	<u>1,422,168</u>
Increase in capital funds	<u>-</u>	<u>-</u>

THE CORPORATION OF THE CITY OF GRAND FORKS

Statement of Financial Information

Fiscal Year Ended December 31, 2018

SCHEDULE OF DEBT

	Bylaw	Interest Rate	Maturity	Original Issue	Balance, Dec 31, 2017	Additions	Payments of Principal	Actuarial Adjustment	Balance, Dec 31, 2018
General Fund									
Road System Improvements	1863	4.13%	2019	\$ 500,000	\$ 116,269	\$ -	\$ 41,646	\$ 15,349	\$ 59,274
Roads - NW 79th	1887	3.73%	2025	70,000	42,389	-	3,496	1,105	37,788
Sewer Fund									
Ruckle Lift Station	1498	2.30%	2019	195,944	28,759	-	6,495	7,566	14,698
City Park Lift Station	1873	3.85%	2033	1,756,920	1,506,377	-	59,000	10,022	1,437,355
Total Debenture Debt				<u>\$ 2,522,864</u>	<u>\$ 1,693,794</u>	<u>\$ -</u>	<u>\$ 110,637</u>	<u>\$ 34,042</u>	<u>\$ 1,549,115</u>
Equipment Financing									
2015 Cobra Platform Ladder Truck	n/a	2.80%	2021	\$ 722,518	\$ 464,739	\$ -	\$ 140,474	\$ -	324,265
Total Equipment Financing				<u>\$ 722,518</u>	<u>\$ 464,739</u>	<u>\$ -</u>	<u>\$ 140,474</u>	<u>\$ -</u>	<u>\$ 324,265</u>
Total Long Term Debt				<u>\$ 3,245,382</u>	<u>\$ 2,158,533</u>	<u>\$ -</u>	<u>\$ 251,111</u>	<u>\$ 34,042</u>	<u>\$ 1,873,380</u>

THE CORPORATION OF THE CITY OF GRAND FORKS

Statement of Financial Information

Fiscal Year Ended December 31, 2018

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

The Corporation of the City of Grand Forks has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

THE CORPORATION OF THE CITY OF GRAND FORKS
Statement of Financial Information
Fiscal Year Ended December 31, 2018

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 ended December 31, 2018.

THE CORPORATION OF THE CITY OF GRAND FORKS

Statement of Financial Information

Fiscal Year Ended December 31, 2018

SCHEDULE OF REMUNERATION AND EXPENSES
FOR ELECTED OFFICIALS

Name	Position	Remuneration	Expenses	Benefits	Total
Butler, Julia	Councillor	\$ 15,254	\$ 6,671	\$ 3,064	\$ 24,989
Eburne-Stoodley, Zak	Councillor	2,408	66	-	2,474
Hammett, Chris	Councillor	15,666	5,261	1,243	22,170
Konrad, Frank	Mayor	21,144	328	3,064	24,536
Korolek, Catherine	Councillor	2,445	66	274	2,785
Krog, Neil D.	Councillor	19,793	393	3,338	23,524
Moslin, Chris	Councillor	2,445	66	274	2,785
Ross, Colleen	Councillor	15,666	1,347	1,243	18,256
Taylor, Brian	Mayor	3,196	1,004	-	4,200
Thompson, Christine	Councillor	17,624	4,547	-	22,171
Tripp, Beverley	Councillor	16,079	2,608	3,064	21,751
Zielinski, Rod	Councillor	2,445	66	274	2,785
Total Elected Officials		\$ 134,165	\$ 22,423	\$ 15,838	\$ 172,426

Contracts reported under Section 107 of the Community Charter:

None.

THE CORPORATION OF THE CITY OF GRAND FORKS

Statement of Financial Information

Fiscal Year Ended December 31, 2018

SCHEDULE OF EMPLOYEE REMUNERATION AND EXPENSES

Name	Position	Remuneration	Expenses	Total
Bruce, David	Manager, Building Inspection & Bylaw	\$ 92,741	\$ 2,994	\$ 95,735
Chambers, Steven	Electrical Coordinator	126,081	4,153	130,234
Chapman, Dean	Utilities Coordinator	84,633	387	85,020
Drexler, Daniel	Corporate Officer	96,668	14,977	111,645
Federico, Leonard	Asst. Utilities Coordinator	99,513	3,205	102,718
Feenstra, John	Utilities Operator	81,042	837	81,879
Fofonoff, Rodney	Public Works/Events Coordinator	79,062	-	79,062
Gates, Cavan	Deputy Manager of Operations	99,387	8,973	108,360
Heinrich, Diane	Chief Administrative Officer	147,282	12,379	159,661
Heriot, Dale	Fire Chief	126,931	5,555	132,486
Howard, Steven	Public Works Coordinator	82,569	3,453	86,022
Jalbert, Myles	Electrical Lineman	89,949	5,000	94,949
McKinnon, Kevin	Deputy Corporate Officer	88,277	10,010	98,287
Nielsen, Darryl	Mechanic	86,174	1,444	87,618
Raybould, Sam	Electrical Lineman	85,180	5,000	90,180
Reid, David	Manager Of Operations	129,513	8,531	138,044
Rhodes, Juliette	Chief Financial Officer	106,204	3,284	109,488
Salamandyk, Earl	Public Works/Airport Operator	84,753	1,000	85,753
Sheets, Dolores	Manager of Dev. & Engineering	104,451	3,584	108,035
Sorensen-Lawrence, Benjack	Utilities Operator	88,216	3,653	91,869
Watt, Graham	Recovery Manager	91,149	6,210	97,359
Wey, Roy	Accountant/Comptroller	75,191	-	75,191
Employee remuneration over \$75,000 and expenses		\$ 2,144,966	\$ 104,629	\$ 2,249,595
Consolidated total of other employees with remuneration of \$75,000 or less		\$ 1,344,948	\$ 6,255	\$ 1,351,203
Total Employees		\$ 3,489,914	\$ 110,884	\$ 3,600,798

Reconciliation

Total remuneration - elected officials	\$ 134,165
Total remuneration - other employees	3,489,914
Subtotal	3,624,079
Reconciling items	
Employer CPP, EI and Worksafe premiums	212,814
Pension and group benefits	443,773
Labour and benefits charged to capital accounts	(73,829)
Accruals	78,095
Other adjustments	21,940
Wages and benefits per Financial Statements	\$ 4,306,872

THE CORPORATION OF THE CITY OF GRAND FORKS**Statement of Financial Information****Fiscal Year Ended December 31, 2018****SCHEDULE OF SUPPLIER PAYMENTS**

Supplier Name	Amount
Aardvark Pavement Marking Services	\$ 37,973
Arctic Powerline Group Ltd.	311,424
Argosy Construction Group Inc.	887,276
B.C. Assessment Authority	38,659
Boundary Electric (1985) Ltd.	43,070
Boundary Excavating	237,233
Capri Insurance CMW	115,158
Caro Analytical Services	28,090
Castle Fuels (2008) Inc.	117,403
City Of Nelson	139,747
Coastal Environmental Systems	29,670
Collabria	75,312
Corix Water Products Ltd	25,793
Corix Control Solutions LP	26,772
Cu Credit C/O Cuets	106,775
Cumming Construction Ltd	36,441
Cupe Local 4728	44,237
Eecol Electric Corp.	29,384
Falcon Equipment Ltd.	231,386
Fortis BC Inc.	4,110,461
Fred Surridge Ltd.	39,448
Grand Forks Janitorial Services	44,825
Grand Forks Volunteer Firefighters Association	64,000
Hydraclean Disaster Resoration	490,685
Image Inspection Services Ltd.	44,366
KH Burch Kientz Inc.	26,681
Keystone Appraisals Inc.	48,786
Lambourne Environmental Ltd.	63,828
Lil Hoe Contracting	35,775
Lime Creek Logging Ltd.	128,628
Martech Electrical Systems	118,908
Minister of Finance (BCMSP)	25,388
Minister of Finance (PST)	127,683
Minister of Finance (School Tax)	373,630
MSC Enterprises Ltd.	26,190

THE CORPORATION OF THE CITY OF GRAND FORKS**Statement of Financial Information****Fiscal Year Ended December 31, 2018****SCHEDULE OF SUPPLIER PAYMENTS**

Supplier Name	Amount
Municipal Finance Authority	\$ 273,108
Municipal Pension Plan	544,747
Pacific Blue Cross	207,448
Petro Value Products Canada Inc.	97,555
Pica Engineering	76,433
Pieralisi North America	315,367
Receiver General for Canada	984,186
Redi Electric Ltd.	27,036
Regional District of Kootenay Boundary	1,899,144
RS Line Construction	108,670
School District #51 (Boundary)	122,899
Sky Fire Energy	34,125
Summit Valve and Controls BC Inc.	36,313
Telus Communications (B.C) Inc.	33,486
Tool Time Supplies Ltd.	31,053
Trydor Industries (Canada) Ltd.	26,120
Urban Systems Ltd.	404,926
Vadim Computer Management Group Ltd.	54,823
West Kootenay Boundary Regional Hospital	190,741
WorkSafeBC	46,872
Worktech Inc.	48,367
Young Anderson Barristers & Solicitors	44,681
Supplier payments greater than \$25,000	\$ 13,939,185
Supplier payments less than or equal to \$25,000	1,427,583
Total Supplier Payments	\$ 15,366,768

SCHEDULE OF GRANT PAYMENTS

Supplier Name	Amount
Grand Forks Art Gallery Society	\$ 149,800
Boundary Museum Society	105,000
Grant payments greater than \$25,000	\$ 254,800

THE CORPORATION OF THE CITY OF GRAND FORKS

Statement of Financial Information

Fiscal Year Ended December 31, 2018

RECONCILIATION OF SUPPLIER PAYMENTS

Supplier payments greater than \$25,000	\$ 13,939,185
Supplier payments less than or equal to \$25,000	1,427,583
Grant payments greater than \$25,000	254,800
Subtotal	<u>15,621,568</u>
Reconciling items	
Employee remuneration and expenses	3,757,386
Amortization of tangible capital assets	1,724,781
Employee payroll withholdings	(882,540)
Payments to other taxing authorities	(2,036,925)
Capital expenditures	(2,965,985)
GST rebates and input tax credits	(499,139)
PST collected on revenues	(107,105)
Debt principal payments	(323,364)
Change in inventories and prepaid expenses	(115,483)
Accruals and other adjustments*	264,586
Total expenses per Statement of Operations	<u>\$ 14,437,780</u>

* The financial statements are prepared on an accrual basis, whereas the schedule of payments made to suppliers represents amounts paid on the cash basis. Additionally, payments made to suppliers include GST which is recoverable, and thus not included in expenses.