

CITY OF GRANDE PRAIRIE
Consolidated Financial Statements
December 31, 2009



CITY OF GRANDE PRAIRIE
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Year Ended December 31, 2009

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AUDITORS' REPORT

To the Mayor and Members of Council of the City of Grande Prairie

We have audited the consolidated statement of financial position of the City of Grande Prairie as at December 31, 2009 and the consolidated statements of financial activities and accumulated surplus, changes in net financial assets and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grande Prairie, Alberta
March 5, 2010

Fletcher Mudryk & Co.
Chartered Accountants

CITY OF GRANDE PRAIRIE
Consolidated Statement of Financial Position
December 31, 2009

	2009	2008 <i>(Restated - Note 25)</i>
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 103,025,215	\$ 88,518,116
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	4,531,568	2,060,624
Trade and other receivables <i>(Note 4)</i>	7,808,985	11,035,491
Agreements receivable <i>(Note 5)</i>	4,455,829	4,745,539
Land held for resale	768,710	768,710
Investments <i>(Note 6)</i>	41,940,025	40,894,592
	<u>162,530,332</u>	<u>148,023,072</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	19,953,035	13,866,025
Due to Aquatera Utilities Inc. <i>(Note 8)</i>	1,595,580	740,185
Deferred revenue <i>(Note 9)</i>	33,144,164	39,084,565
Long-term debt <i>(Note 10)</i>	104,535,681	55,681,003
	<u>159,228,460</u>	<u>109,371,778</u>
NET FINANCIAL ASSETS	<u>3,301,872</u>	<u>38,651,294</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	641,695	590,448
Prepaid expenses	141,577	267,283
Tangible capital assets <i>(Note 12)</i>	402,135,960	314,898,344
	<u>402,919,232</u>	<u>315,756,075</u>
NET ASSETS	<u>\$ 406,221,104</u>	<u>\$ 354,407,369</u>
CONTINGENT LIABILITIES <i>(Note 24)</i>		
MUNICIPAL EQUITY		
ACCUMULATED SURPLUS <i>(Note 13)</i>	<u>\$ 406,221,104</u>	<u>\$ 354,407,369</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Statement of Financial Activities and Accumulated Surplus
Year Ended December 31, 2009

	<i>Budget 2009 (Unaudited)</i>	2009	2008 (Restated - Note 25)
REVENUE			
Net municipal property taxes <i>(Schedule 1)</i>	\$ 73,248,412	\$ 72,371,178	\$ 62,411,889
Government transfers for operating <i>(Schedule 2)</i>	3,667,808	6,785,744	5,455,155
User fees and sales of goods	16,263,853	16,252,626	14,296,947
Transfers from other organizations	4,717,000	3,466,065	2,865,644
Interest and investment income	3,756,443	2,759,414	3,466,615
Penalties and cost of taxes	350,000	939,498	580,439
Development levies	-	1,442,672	1,627,052
Franchise and concession contracts	5,858,177	6,635,273	5,708,868
Fines, rentals, licenses and permits	8,565,541	7,828,575	8,102,268
Other revenue	2,861,108	2,471,244	3,698,809
	<u>119,288,342</u>	<u>120,952,289</u>	<u>108,213,686</u>
EXPENDITURES			
Council and other legislative services	788,776	755,381	880,001
Administrative services	16,421,535	13,097,646	10,421,595
Protective services	26,364,603	26,930,922	24,822,499
Transportation services	27,270,561	33,583,623	29,481,733
Public health and welfare services	2,115,129	2,135,439	1,797,943
Planning and development services	2,636,146	10,938,554	4,292,497
Recreation and cultural services	24,251,678	30,450,331	18,984,144
Other services	-	29,382	201,866
	<u>99,848,428</u>	<u>117,921,278</u>	<u>90,882,278</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	<u>19,439,914</u>	<u>3,031,011</u>	<u>17,331,408</u>
OTHER ITEMS			
Contributed tangible capital assets	-	14,069,138	5,760,470
Government transfers for capital <i>(Schedule 2)</i>	27,568,163	31,921,030	16,736,360
Gain on disposal of tangible capital assets	-	146,836	30,508
Subsidiary operations <i>(Note 18)</i>	-	2,645,720	2,659,390
	<u>27,568,163</u>	<u>48,782,724</u>	<u>25,186,728</u>
EXCESS OF REVENUE OVER EXPENDITURES	47,008,077	51,813,735	42,518,136
ACCUMULATED SURPLUS, BEGINNING	<u>354,407,369</u>	<u>354,407,369</u>	<u>311,889,233</u>
ACCUMULATED SURPLUS, ENDING <i>(Note 13)</i>	<u>\$ 401,415,446</u>	<u>\$ 406,221,104</u>	<u>\$ 354,407,369</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2009

	<i>Budget 2009 (Unaudited)</i>	2009	2008 (Restated - Note 25)
EXCESS OF REVENUE OVER EXPENDITURES	\$ 47,008,077	\$ 51,813,735	\$ 42,518,136
Acquisition of tangible capital assets	(81,892,779)	(86,056,794)	(59,752,579)
Contributed tangible capital assets	-	(14,069,138)	(5,760,470)
Amortization of tangible capital assets	-	11,835,754	10,574,099
Proceeds on disposal of tangible capital assets	-	237,799	30,508
Gain on disposal of tangible capital assets	-	(146,836)	(30,508)
Contributions of tangible capital assets to other organizations	-	961,600	-
	(81,892,779)	(87,237,615)	(54,938,950)
	(34,884,702)	(35,423,880)	(12,420,814)
Acquisition of inventory	-	(993,607)	(837,781)
Acquisition of prepaid expenses	-	(1,332,004)	(1,332,115)
Use of inventory	-	942,359	779,486
Use of prepaid expenses	-	1,457,710	1,234,992
	-	74,458	(155,418)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(34,884,702)	(35,349,422)	(12,576,232)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	38,651,294	38,651,294	51,227,526
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,766,592	\$ 3,301,872	\$ 38,651,294

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Statement of Changes in Financial Position
Year Ended December 31, 2009

	2009	2008 <i>(Restated - Note 25)</i>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 51,813,735	\$ 42,518,136
Items not affecting cash:		
Amortization of tangible capital assets	11,835,754	10,574,099
Tangible capital assets received as contributions	(14,069,138)	(5,760,470)
Gain on disposal of tangible capital assets	(146,836)	(30,508)
Contributions of tangible capital assets to other organizations	961,600	-
Subsidiary operations	(2,645,720)	(2,659,390)
	<u>47,749,395</u>	<u>44,641,867</u>
Non-cash charges to operations:		
Taxes and grants in place of taxes receivable	(2,470,944)	(800,942)
Trade and other receivables	3,226,507	14,766,589
Inventory	(51,247)	(58,297)
Land held for resale	-	1
Prepaid expenses	125,706	(97,123)
Accounts payable and accrued liabilities	6,087,008	(3,110,883)
Deferred revenue	(5,940,401)	19,364,811
	<u>976,629</u>	<u>30,064,156</u>
Cash flow from operating activities	<u>48,726,024</u>	<u>74,706,023</u>
CAPITAL ACTIVITY		
Acquisition of tangible capital assets	(86,056,794)	(59,752,579)
Proceeds on disposal of tangible capital assets	237,799	30,508
Agreements receivable advances	-	(2,784,852)
Agreements receivable repayments	289,710	277,644
Dividends declared by Aquatera Utilities Inc.	1,600,287	2,061,678
Cash flow used by capital activity	<u>(83,928,998)</u>	<u>(60,167,601)</u>
FINANCING ACTIVITY		
Due to Aquatera Utilities Inc.	855,395	574,641
Long-term debt issued	52,520,546	16,847,089
Long-term debt repayments	(3,523,290)	(2,663,040)
Capital lease obligation issued	-	770,906
Capital lease obligation repayments	(142,578)	(48,958)
Cash flow from investing activity	<u>49,710,073</u>	<u>15,480,638</u>
INCREASE IN CASH FLOW	<u>14,507,099</u>	<u>30,019,060</u>
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	<u>88,518,116</u>	<u>58,499,056</u>
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	<u>\$ 103,025,215</u>	<u>\$ 88,518,116</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Property and Other Taxes
Year Ended December 31, 2009

(Schedule 1)

	<i>Budget 2009 (Unaudited)</i>	2009	2008 (Restated - Note 25)
Taxation			
Residential	\$ 54,102,404	\$ 54,248,636	\$ 46,764,408
Commercial	22,406,432	22,544,089	19,835,918
Industrial	13,081,654	13,086,854	11,251,409
Farm land	12,524	12,473	8,369
Discounts applied	(25,000)	(69,069)	(35,287)
	89,578,014	89,822,983	77,824,817
Linear	1,454,412	1,464,368	1,295,840
Business revitalization zone	347,512	335,765	304,482
Grants in place of taxes	699,430	705,383	615,118
Local improvement	1,407,402	560,720	1,121,441
	93,486,770	92,889,219	81,161,698
Requisitions			
Alberta School Foundation Fund	17,090,192	17,159,689	15,582,101
Grande Prairie Separate School Division No. 28	2,713,952	2,730,924	2,620,634
Grande Spirit Foundation	214,029	304,428	254,074
Business revitalization zone	220,185	323,000	293,000
	20,238,358	20,518,041	18,749,809
	\$ 73,248,412	\$ 72,371,178	\$ 62,411,889

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Consolidated Government Transfers
Year Ended December 31, 2009

(Schedule 2)

	<i>Budget 2009 (Unaudited)</i>	2009	2008 <i>(Restated - Note 25)</i>
Transfers for operating			
Provincial government	\$ 2,383,766	\$ 5,159,294	\$ 4,077,839
Federal government	420,000	417,860	350,485
Other local governments	864,042	1,208,590	1,026,831
	<u>3,667,808</u>	<u>6,785,744</u>	<u>5,455,155</u>
Transfers for capital			
Provincial government	26,535,000	29,564,947	14,871,588
Federal government	-	1,733,418	1,647,835
Other local governments	1,033,163	622,665	216,937
	<u>27,568,163</u>	<u>31,921,030</u>	<u>16,736,360</u>
	<u>\$ 31,235,971</u>	<u>\$ 38,706,774</u>	<u>\$ 22,191,515</u>

The Provincial government has committed to provide grant funds of \$250,000 under the Centennial Legacies Grants Program for specific capital projects. At year-end, expenditures aggregating \$1,925,696 (2008 - \$535,060) have been incurred in accordance with clause 1 of the grant agreement. At year-end, no amounts had been received nor had any interest been accrued.



CITY OF GRANDE PRAIRIE
Consolidated Expenditures by Object
Year Ended December 31, 2009

(Schedule 3)

	<i>Budget 2009 (Unaudited)</i>	2009	2008 (Restated - Note 25)
EXPENDITURES			
Salaries, wages and benefits	\$ 47,454,237	\$ 46,362,722	\$ 42,112,755
Contracted and general services	22,769,882	25,262,468	20,558,919
Materials, goods and utilities	18,252,065	15,646,292	10,851,027
Provision for allowances	49,000	18,877	14,935
Amortization provision	-	11,835,754	10,574,099
Transfers to individuals, local boards and other organizations	6,067,570	15,005,237	4,567,826
Bank charges and short-term interest	125,790	137,406	132,007
Interest on long-term debt	5,129,884	3,479,541	1,989,952
Other expenditures	-	172,981	80,758
	<u>\$ 99,848,428</u>	<u>\$ 117,921,278</u>	<u>\$ 90,882,278</u>

Please see accompanying notes to financial statements



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Grande Prairie are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditure, changes in net assets and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the City and are, therefore, accountable to the City for the administration of their financial affairs and resources. Included within the reporting entity of the City are the following:

Grande Prairie Public Library
Grande Prairie Airport Commission
Arctic Winter Games Host Society

Aquatera Utilities Inc., a subsidiary corporation controlled by the City of Grande Prairie, is accounted for on a modified equity basis, consistent with the Canadian generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise is not consolidated, its accounting policies are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated.

The schedule of taxes levied includes operating requisitions for education, health care and senior foundations that are not part of the City's reporting entity.

Interdepartmental and organizational transactions and balances have been eliminated.

The consolidated financial statements also exclude trust assets that are administered for the benefit of external parties as described in Note 20.

Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be made.

Agreements receivable

Agreements receivable from various organizations are recorded at cost, to the extent that they are recoverable as determined by management.

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CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Portfolio investments are recorded at cost.

Investments in subsidiaries are accounted for as discussed in the Reporting entity section above.

Inventory

Inventories of materials and supplies for consumption consist mainly of central stores and road maintenance materials and are recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing costs and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as capital assets under their respective function. Proceeds from sales of land held for resale are recorded as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be made.

Tangible capital assets

Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

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

Land improvements	15 - 45 years
Engineering structures	5 - 75 years
Buildings	25 - 50 years
Machinery, equipment and vehicles	5 - 25 years

In the year of acquisition, a full year of amortization is applied. Assets under construction are not amortized until the asset is available for productive use.

The City regularly reviews its tangible capital assets for sold or scrapped assets, at which time the cost and the related accumulated amortization are removed from the accounts and any resulting gain or loss on disposal is reflected in income. No amortization is recorded in the year of disposition.

Tangible capital assets received as contributions are recorded at fair market value at the date of receipt and are also recorded as revenue.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

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CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee future benefits

Certain employees of the City are members of the Local Authority Pension Plan (LAPP), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the City does not recognize its share of any plan surplus or deficit.

Qualifying employees of the City are members of the APEX Supplementary Pension Plan (APEX), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Municipal Services Corporation, a subsidiary of the Alberta Urban Municipalities Association and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the City does not recognize its share of any plan surplus or deficit.

Employees of the Grande Prairie Firefighters Association, a department of the City, are members of the Grande Prairie Firefighters Supplementary Pension Plan, a defined benefit pension plan. The plan is administered by a Board of Trustees made up of representatives of the City, the Association and independent trustees.

The City does not provide post-employment benefits, compensated absences or termination benefits to its employees.

Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectible from the property owners for work performed by the City.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

Over-levies and under-levies

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Asset retirement obligations

The City recognizes a liability for the future environmental remediation of certain properties and for future removal and handling costs for contamination. At this time, no asset retirement obligations have been identified and, thus, no liability has been recorded.

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CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reserves for future expenditures

Reserves are established at the discretion of Council to set aside funds for future expenditures and capital projects.

Equity in tangible capital assets

Equity in tangible capital assets represents the City's net investment in tangible capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing, capital leases or other capital liabilities.

Equity in investments

Equity in investments represents the City's net accumulated investment in a subsidiary corporation, Aquatera Utilities Inc. and other miscellaneous long-term investments. The amount consists of the original investment in common and preferred shares, plus the proportionate share of earnings of the subsidiary, less the dividends declared by the subsidiary to the City.

Budget

The budget amounts are presented for information purposes and have not been audited. It should be noted that the budget was prepared in accordance with accounting policies in place prior to transition to accounting for tangible capital assets. Further, capital project budget figures are taken from long-range capital plans and, thus, due to timing delays of certain projects, may contain large variances from the actual figures for the calendar year.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2009</u>	<u>2008</u>
Cash on hand	\$ 34,688	\$ 29,148
Cash in bank	12,827,375	4,590,934
Temporary investments	<u>92,585,472</u>	<u>85,491,790</u>
	105,447,535	90,111,872
Less cash and temporary investments held in trust <i>(Note 20)</i>	<u>(2,422,320)</u>	<u>(1,593,756)</u>
	<u>\$ 103,025,215</u>	<u>\$ 88,518,116</u>

Cash in bank bears interest at a rate of 2.25% per annum on balances up to \$1.5 million and 4.05% per annum on balances greater than \$1.5 million.

Temporary investments are readily convertible to cash, consist of fixed income investments and Canadian treasury bills, bear interest at rates between 3.70% and 6.02% per annum and mature between June, 2010 and April, 2020.

Included in cash are restricted amounts aggregating \$28,333,483 (2008 - \$34,513,962) to be used for specific capital and other projects, as detailed in Note 9.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2009</u>	<u>2008</u>
Current taxes and grants in place of taxes	\$ 3,962,302	\$ 1,936,501
Tax arrears	<u>822,694</u>	<u>377,546</u>
	4,784,996	2,314,047
Less allowance for uncollectible taxes and taxes under appeal	<u>(253,428)</u>	<u>(253,423)</u>
	<u>\$ 4,531,568</u>	<u>\$ 2,060,624</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2009</u>	<u>2008</u>
Trade and other receivables	\$ 4,306,840	\$ 3,830,447
Receivable from other governments	1,521,857	1,175,430
Capital grants receivable	153,245	1,496,501
Accrued investment earnings	1,832,043	2,476,435
Dividend receivable (Note 18)	<u>-</u>	<u>2,061,678</u>
	7,813,985	11,040,491
Less allowance for uncollectible trade and other receivables	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ 7,808,985</u>	<u>\$ 11,035,491</u>

5. AGREEMENTS RECEIVABLE

	<u>2009</u>	<u>2008</u>
Canadian Mental Health Association	\$ 365,375	\$ 384,141
Grande Prairie Gymnastics Society	953,928	1,107,112
RCMP (Note 15)	<u>3,136,526</u>	<u>3,254,286</u>
	4,455,829	4,745,539
Less current portion	<u>(302,311)</u>	<u>(289,710)</u>
	<u>\$ 4,153,518</u>	<u>\$ 4,455,829</u>

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CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

5. AGREEMENTS RECEIVABLE *(continued)*

Estimated principal amounts to be received are as follows:

2010	\$ 302,311
2011	315,469
2012	329,210
2013	343,559
2014	358,545

The Canadian Mental Health Association amount receivable is secured by a general security agreement, bears interest at a rate equal to the corresponding Alberta Capital Finance Authority (ACFA) debenture of 5.6% with repayment to be equal to the annual principal and interest repayments and matures in 2022.

The Grande Prairie Gymnastics Society amount receivable is secured by a general security agreement, bears interest at a rate equal to the corresponding ACFA debenture of 3.8% with repayment to be equal to the annual principal and interest repayments and matures in 2015.

The RCMP amount receivable is for a portion of the costs of the new RCMP facility as agreed to by the parties. The amount is based on a proportion of specific debentures issued by the City to ACFA, is unsecured, bears interest at a weighted average rate equal to the corresponding ACFA debentures of 4.752%, with repayment to be proportionate to the total annual principal and interest repayments on the specific debentures and matures in 2026. The actual amount receivable will be determined annually based on certain criteria established between the parties. Management has determined this estimate based on the best information available at the year-end date. Any change to the estimate will be accounted for as a current transaction in the period the change becomes known.

6. INVESTMENTS

	2009	2008
Alberta Capital Finance Authority shares	\$ 60	\$ 60
Aquatera Utilities Inc. - 73.3% ownership		
Common shares (32,161)	322	322
Preferred shares (41,234)	41,233,563	41,233,563
Cumulative share of earnings	19,321,650	16,675,930
Non-cumulative dividends declared	(18,615,570)	(17,015,283)
	<u>\$ 41,940,025</u>	<u>\$ 40,894,592</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
Trade payables and other accrued liabilities	\$ 9,387,652	\$ 6,759,026
Accrued payroll payable	960,235	804,799
Accrued vacation pay payable	2,045,453	1,748,296
Accrued interest payable	1,360,993	789,633
Accrued tax appeal provision	400,000	400,000
Capital payables	5,798,702	3,364,271
	<u>\$ 19,953,035</u>	<u>\$ 13,866,025</u>



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

8. DUE TO AQUATERA UTILITIES INC.

Amounts due to Aquatera Utilities Inc. are unsecured, non-interest bearing and repayable on demand.

9. DEFERRED REVENUE

	<u>2009</u>	<u>2008</u>
Deferred sales and user charges	\$ 4,810,681	\$ 4,570,603
Deferred capital grants	22,917,465	30,723,929
Deferred operating grants	<u>5,416,018</u>	<u>3,790,033</u>
	<u>\$ 33,144,164</u>	<u>\$ 39,084,565</u>

Deferred sales and user charges consist of amounts received which are taken into revenue in the period in which they are earned and corresponding expenditures incurred.

Deferred capital grants consist of restricted amounts for specific capital projects, as follows:

Capital transportation projects	\$ 14,839,039	\$ 15,075,951
Emergency services projects	440,779	462,369
Affordable housing initiatives	399,947	6,580,808
Aquatics and Wellness Multiplex project	662,653	5,935,773
Other restricted funds not allocated to specific capital projects	<u>6,575,047</u>	<u>2,669,028</u>
	<u>\$ 22,917,465</u>	<u>\$ 30,723,929</u>

Deferred operating grants consist of restricted amounts for specific affordable housing and homelessness initiatives.

Unexpended funds related to deferred grants are fully supported by cash and temporary investments held exclusively for these projects.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

10. LONG-TERM DEBT

	<u>2009</u>	<u>2008</u>
Alberta Capital Finance Authority - long-term debentures	\$ 103,703,437	\$ 54,695,626
Canada Mortgage and Housing Corporation - long-term debentures	252,874	263,429
Royal Bank of Canada - capital lease obligation	579,370	721,948
	<u>104,535,681</u>	<u>55,681,003</u>
Amounts payable within one year	<u>(5,230,469)</u>	<u>(3,268,687)</u>
	<u>\$ 99,305,212</u>	<u>\$ 52,412,316</u>

Estimated principal and interest repayments to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 5,230,469	\$ 5,006,993	\$ 10,237,462
2011	5,450,401	4,771,624	10,222,025
2012	5,331,554	4,526,574	9,858,128
2013	5,264,836	4,275,885	9,540,721
2014	5,076,909	4,017,949	9,094,858
Thereafter	78,181,512	28,546,704	106,728,216

Debenture debt is issued on the credit and security of the City of Grande Prairie at large, bears interest at rates ranging from 3.80% to 8.25% per annum and mature between 2010 and 2034.

Included in the Alberta Capital Finance Authority balance are long-term debentures issued for non-capital purposes aggregating \$2,568,402 (2008 - \$3,204,787).

Royal Bank of Canada capital lease obligations are secured by machinery and equipment with a carrying value of \$616,725 (2008 - \$693,815).

Total cash payments for interest during the year were \$3,016,872 (2008 - \$1,981,293).



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

11. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the City of Grande Prairie be disclosed as follows:

	2009	2008
Total debt limit	\$ 184,395,525	\$ 162,428,529
Total debt	<u>(104,535,681)</u>	<u>(55,681,003)</u>
Total debt limit remaining	<u>\$ 79,859,844</u>	<u>\$ 106,747,526</u>
Debt servicing limit	\$ 30,388,100	\$ 27,071,422
Debt servicing	<u>(10,237,462)</u>	<u>(5,980,335)</u>
Service on debt limit remaining	<u>\$ 20,150,638</u>	<u>\$ 21,091,087</u>

The debt limit is calculated as 1.5 times revenue of the City and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the City. Rather, the consolidated financial statements must be interpreted as a whole.

12. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
				<i>(Restated - Note 25)</i>
Land	\$ 46,735,542	\$ -	\$ 46,735,542	\$ 43,276,080
Land improvements	10,401,867	4,567,176	5,834,691	3,192,633
Engineering structures	250,900,667	85,375,207	165,525,460	162,135,783
Buildings	113,901,542	21,539,865	92,361,677	62,716,691
Machinery and equipment	24,802,904	11,091,420	13,711,484	10,907,000
Assets under construction	77,967,106	-	77,967,106	32,670,157
	<u>\$ 524,709,628</u>	<u>\$ 122,573,668</u>	<u>\$ 402,135,960</u>	<u>\$ 314,898,344</u>

Included in machinery and equipment are assets under capital lease with a net book value of \$616,725 (2008 - \$693,815).

During the year, land with a carrying cost of \$961,900 was donated to a third party external organization for purposes of an affordable housing initiative. The donation of the land has been recorded as a transfer to local boards and organizations at its carrying amount, which approximates fair market value.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

13. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2009	2008 <i>(Restated - Note 25)</i>
Unrestricted surplus	\$ 5,269,852	\$ 6,154,422
Restricted surplus reserves <i>(Note 14)</i>	55,706,020	41,681,941
Equity in tangible capital assets <i>(Note 15)</i>	303,305,207	265,676,414
Equity in investments <i>(Note 6)</i>	41,940,025	40,894,592
	\$ 406,221,104	\$ 354,407,369

14. RESERVES

Council has set aside funds as an internal allocation of accumulated surplus as follows:

	Balance Beginning	Additions	Reductions	Balance Closing
Aquatics Centre	\$ 3,270,035	\$ 181,676	\$ 1,133,222	\$ 2,318,489
Cemetery Perpetual Care	682,468	168,045	-	850,513
Engineering	429,135	177,599	222,478	384,256
Facility Depreciation	3,222,928	5,922,327	4,310,157	4,835,098
Financial Stabilization	4,718,845	1,461,116	290,311	5,889,650
Fire Department Equipment Replacement	333,775	356,332	16,936	673,171
Fleet Management System	4,686,301	2,620,378	2,008,122	5,298,557
Future Capital Expenditures	495,338	16,975,729	6,333,828	11,137,239
Geographic Information Systems	215,688	43,106	70,000	188,794
Information Technology	2,804,473	3,145,613	1,840,580	4,109,506
Land Equalization	399,468	149,628	145,230	403,866
Public	1,443,997	430,251	444,000	1,430,248
Public Housing Commission	215,931	12,628	11,842	216,717
RCMP Detachment	486,205	28,701	-	514,906
Transportation System Levies	11,928,303	4,875,600	6,843,484	9,960,419
Transit	2,436,688	2,408,585	1,285,687	3,559,586
Urban Park	230,868	68,106	110,339	188,635
Winter Stabilization	2,252,027	132,938	-	2,384,965
Library	761,961	1,305,302	705,858	1,361,405
Airport	667,507	-	667,507	-
	\$ 41,681,941	\$ 40,463,660	\$ 26,439,581	\$ 55,706,020



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	2009	2008 <i>(Restated - Note 25)</i>
Tangible capital assets <i>(Note 12)</i>	\$ 402,135,960	\$ 314,898,344
Long-term debentures issued for capital purposes <i>(Note 10)</i>	(101,387,909)	(51,754,268)
Capital lease obligations <i>(Note 10)</i>	(579,370)	(721,948)
Capital agreements receivable <i>(Note 5)</i>	3,136,526	3,254,286
	<u>\$ 303,305,207</u>	<u>\$ 265,676,414</u>

16. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/00 is as follows:

	Salary (1)	Benefits and Allowances (2)	2009	2008
<u>Mayor:</u>				
D. Logan	\$ 88,591	\$ 2,504	\$ 91,095	\$ 83,477
<u>Aldermen:</u>				
G. Blackmore	31,412	2,470	33,882	32,830
E. Deimert	34,712	-	34,712	33,200
B. Given	34,412	998	35,410	36,865
A. Gustafson	33,312	-	33,312	31,100
Y. Minhas	31,912	2,470	34,382	34,266
L. Radbourne	32,012	2,470	34,482	35,069
H. Rice	37,212	995	38,207	34,844
D. Wong	34,516	2,470	36,986	34,739
<u>City Manager:</u>				
Past	-	-	-	128,340
Present	185,655	21,967	207,622	94,620

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition and mileage and subsistence.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

17. EMPLOYEE FUTURE BENEFITS

(a) Local Authorities Pension Plan

Employees of the City of Grande Prairie participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 190,000 people and 411 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The City is required to make current service contributions to the Plan of 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 11.66% on the excess. Employees of the City of Grande Prairie are required to make current service contributions of 7.46% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.66% on the excess.

Total current service contributions by the City to the Local Authorities Pension Plan in 2009 were \$2,539,758 (2008 - \$2,067,524). Total current service contributions by the employees of the City to the Local Authorities Pension Plan in 2009 were \$2,272,452 (2008 - \$1,832,197).

At December 31, 2008, the Plan disclosed an actuarial deficiency of \$4.4 billion (2007 - \$1.1 billion).

LAPP has announced that member contribution rates will increase in 2010 to 8.06% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension plan and 11.53% on the excess and employer contribution rates will increase in 2010 to 9.06% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% on the excess.

(b) APEX Supplementary Pension Plan

Eligible employees may also elect to participate in the voluntary APEX Supplementary Pension Plan offered through the Alberta Urban Municipalities Association, which is covered by the Public Sector Pension Plans Act. The plan serves about 415 people and 30 employers. It is funded by employer and employee contributions and investment earnings on the APEX fund.

The City is required to make current service contributions to the plan of 3.0% of pensionable payroll above the LAPP maximum pensionable earnings up to the year's maximum pensionable earnings of \$122,222 (2008 - \$116,667) for those employees who have elected to participate in the Plan. No contributions are required on earnings above the maximum threshold.

Employees of the City electing to participate in the Plan are required to make current service contributions of 2.5% of pensionable payroll above the LAPP maximum pensionable earnings up to the year's maximum pensionable earnings of \$122,222, with no contributions on earnings above the maximum threshold.

Total current and past service contributions made by the City to APEX in 2009 were \$152,052 (2008 - \$148,023). The current and past service contributions by employees of the City to APEX in 2009 were \$126,815 (2008 - \$123,353).

At December 31, 2008, the Plan disclosed an actuarial deficiency of \$1,027,705 (2007 - surplus of \$1,090,862).

(continues)



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

17. EMPLOYEE FUTURE BENEFITS *(continued)*

(c) Grande Prairie Firefighters Supplementary Pension Plan

Effective January 1, 2004, the City initiated a defined benefit pension plan on behalf of employees of the Grande Prairie Firefighters Association, a City department.

The City is required to make current service contributions to the Plan of 2.97% of pensionable payroll, with no annual maximum limit. Plan members are required to make current service contributions of 2.44% of pensionable payroll with no annual maximum limit, and are responsible for 100% of past service contributions.

Total current service contributions made by the City to the Firefighters Supplementary Pension Plan in 2009 were \$153,552 (2008 - \$115,710). Total current and past service contributions by the employees of the City to the Plan in 2009 were \$138,113 (2008 - \$121,615).

At December 31, 2008, the Plan disclosed an actuarial deficiency of \$189,623 (2007 - \$64,583). The City and the plan members have agreed to share the cost of future service and future additional unfunded liabilities 55% by the City and 45% by plan members. It is management's opinion that the City's proportionate share of any such unfunded liability as at December 31, 2009 would not have a significant impact on the financial position of the City.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

18. SUBSIDIARY OPERATIONS

Aquatera Utilities Inc. was established in 2003 by the City of Grande Prairie to provide water, wastewater and solid waste management services to the City, other Municipalities and commercial users.

The following is condensed financial information related to the City's proportionate share in Aquatera Utilities Inc. for the year ended December 31, 2009:

	<u>2009</u>	<u>2008</u>
Financial position:		
Financial assets	\$ 13,038,233	\$ 11,550,939
Physical assets	<u>53,166,924</u>	<u>51,061,676</u>
Total assets	<u>66,205,157</u>	<u>62,612,615</u>
Current liabilities, including callable debt	22,188,703	21,495,670
Landfill closure and post-closure liabilities	<u>2,934,779</u>	<u>1,209,281</u>
Total liabilities	<u>25,123,482</u>	<u>22,704,951</u>
Net assets	<u>\$ 41,081,675</u>	<u>\$ 39,907,664</u>
Results of operations:		
Revenue	\$ 23,782,591	\$ 21,780,616
Amortization provision	1,454,045	1,381,485
Interest expense	790,080	719,401
Operating expenses	<u>18,892,746</u>	<u>17,020,340</u>
Net earnings	<u>\$ 2,645,720</u>	<u>\$ 2,659,390</u>

Non-cumulative annual dividends calculated at 5% of the redemption amount of preferred shares held by the City not issued on account of stock dividends were declared in the year in the amount of \$1,600,287 (2008 - \$2,061,678). At year-end, all of the dividends declared had been received (2008 - dividends receivable of \$2,061,678) (Note 4).



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

19. RELATED PARTY TRANSACTIONS

The following is a summary of transactions and balances with related and other parties for the year ended December 31, 2009:

	2009	2008
Aquatera Utilities Inc. <i>(a government business enterprise controlled by the City)</i>		
Franchise fee revenue, including amounts in lieu of taxes	\$ 1,861,962	\$ 1,749,327
General administrative charge revenue and other recoveries	2,736,828	3,576,742
Utility and other expenses	759,167	448,425
Trade accounts receivable	42,032	301,777
Trade accounts payable	579,117	127,071
County of Grande Prairie No. 1 <i>(regional municipality)</i>		
Recreation agreement revenue	\$ 217,064	\$ 209,972
Fire protection agreement revenue	1,600,000	665,231
Tax revenue sharing	450,100	402,079
Town of Sexsmith <i>(regional municipality)</i>		
Tax revenue sharing	\$ 26,760	\$ 8,904

Transactions and balances with Aquatera Utilities Inc. are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The summary of specific transactions with regional municipalities is not intended to be representative of all transactions undertaken with these or other municipalities, but is intended to identify only specific transactions that management has identified as relevant to the users of these consolidated financial statements.

20. FUNDS HELD IN TRUST

The City administers the following trusts on behalf of third parties. As related trust assets are not owned by the City, the trusts have been excluded from the consolidated financial statements. The following table provides a summary of the transactions within these trusts during the year:

	Beginning Balance	Receipts	Disbursements	Ending Balance
Facility deposits and registrations	\$ 225,683	\$ 615,602	\$ (497,828)	\$ 343,457
Community funds and endowments	968,637	2,425,765	(2,160,001)	1,234,401
Advance ticket sales	399,436	2,889,008	(2,443,982)	844,462
	\$ 1,593,756	\$ 5,930,375	\$ (5,101,811)	\$ 2,422,320



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

21. FINANCIAL INSTRUMENTS

(a) Credit Risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The City is exposed to credit risk from its customers. In order to reduce this risk, the City conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based on factors surrounding the credit risk of specific accounts, historical trends and other information.

The two most significant revenue sources for the City are property taxes and government transfers. The City has a significant number of taxpayers which minimizes concentration of credit risk. No one taxpayer makes up a significant portion of such revenue. The majority of government transfers are received from the provincial and federal government agencies. Due to the nature of these payors, the City is not exposed to significant credit risk on such transactions.

(b) Interest Rate

The City is not exposed to significant interest rate risk as a result of fixed-rate investments held, as outlined in Note 2 and the issuance of fixed-rate debentures, as outlined in Note 10.

(c) Unused Bank Credit Lines

The City has an available bank line of credit in the amount of \$2,000,000, all of which is unused at December 31, 2009.

(d) Currency Risk

Currency risk is the risk to the City's surplus that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The City of Grande Prairie is not exposed to foreign currency exchange risk on cash and temporary investments, accounts receivable and accounts payable as no significant amounts are held in foreign dollars.

(e) Fair Value

The City's carrying value of cash and temporary investments, taxes and grants in place of taxes receivable, trade and other receivables and accounts payable and accrued liabilities approximates fair value due to the immediate or short-term liquidity of these instruments.

The carrying value of agreements receivable and long-term debt approximates fair value as the interest rates are consistent with the current rates available for instruments with similar terms.

The fair value of amounts due to Aquatera Utilities Inc. are less than carrying value, as the amounts are non-interest bearing. As the amount has no terms of repayment, the fair value cannot be determined with any degree of certainty.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

22. MEASUREMENT UNCERTAINTY

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Significant estimates made by management in these consolidated financial statements include the accruals for tax appeals, the provision for amortization of tangible capital assets, the fair value of contributed tangible capital assets and provisions for uncollectible accounts receivable.

23. COMMITMENTS

a) Leases and other agreements

The City has entered into various leases and other agreements as part of its ongoing operations. It is the opinion of management that there are no commitments that will have a materially adverse effect on the financial position of the City.

b) Completion of capital projects

- Aquatics and Wellness Multiplex

The City is committed to the completion of the Aquatics and Wellness Multiplex as follows:

	Project expenditures to date	Total project budget
Expenditures		
Project expenditures	\$ 51,169,918	\$ 109,682,000
Funding		
Debentures	\$ 22,964,674	\$ 61,568,000
Special tax levies	10,118,837	15,579,000
Government transfers	11,036,000	22,400,000
Other	7,050,407	10,135,000
	<u>\$ 51,169,918</u>	<u>\$ 109,682,000</u>

- Other capital projects

The City is also committed to various other capital projects at year-end. Funding for all capital projects is established and approved by Council in the Capital Plan prior to the commencement of a project.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

24. CONTINGENT LIABILITIES

The City of Grande Prairie has been named defendant in various lawsuits as at December 31, 2009. While it is not possible to estimate the ultimate liability with respect to pending litigation, based on evaluation and correspondence with the City's various legal counsel, management indicates that it is unlikely that there will be a material adverse effect on the financial position of the City. The ultimate settlement of these lawsuits, if any, will be recorded in the period the details become known.

The City of Grande Prairie is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the program. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

25. PRIOR PERIOD ADJUSTMENTS

The City has restated its consolidated financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which required governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are summarized as follows:

	<u>2008</u>
Adjustments to opening accumulated surplus:	
As previously reported	\$ 484,679,311
Adjustment to net book value of tangible capital assets	(130,586,525)
Adjustments to other expenditures	<u>314,583</u>
As restated	<u>\$ 354,407,369</u>
 Adjustments to excess (deficiency) of revenue over expenditures:	
As previously reported	\$ (12,071,737)
Tangible capital assets recorded but previously expensed	59,034,240
Adjustments related to recognition of capital lease obligation	54,679
Contributed capital assets not previously reported	5,760,470
Amortization provision	(10,574,099)
Adjustments to other expenditures	<u>314,583</u>
As restated	<u>\$ 42,518,136</u>
 Adjustments to tangible capital assets:	
As previously reported	\$ 442,961,364
Adjustment to historical cost of tangible capital assets	(16,439,603)
Accumulated amortization recorded	<u>(111,623,417)</u>
As restated	<u>\$ 314,898,344</u>

26. PRIOR YEAR COMPARATIVES

In addition to prior period adjustments, certain amounts have been regrouped to conform to the current year's presentation.



CITY OF GRANDE PRAIRIE
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

27. RECONCILIATION OF OPERATING RESULTS TO PREVIOUS BUDGETING SYSTEM

During the year, the City adopted new accounting standards as disclosed in Note 25. However, the 2009 budget was prepared based on the previous accounting standards which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	<i>Unaudited budget</i>		
	2009	2009	2008
Excess of revenue over expenditures, per financial statements	\$ 47,008,077	\$ 51,813,735	\$ 42,518,136
Add back:			
Amortization expense	-	11,835,754	10,574,099
Capital transfers to other organizations	3,100,000	10,904,689	345,000
Net transfers (to) from reserves	(3,419,460)	5,535,568	4,802,300
Net transfers (to) from capital projects	1,929,172	(13,206,126)	(17,067,548)
Deduct:			
Gain on disposal of tangible capital assets	-	(146,836)	(30,508)
Contributed assets revenue	-	(14,069,138)	(5,760,470)
Government transfers for capital	(27,568,163)	(31,921,030)	(16,736,360)
Special tax levies for capital	(13,103,614)	(13,103,614)	(10,733,655)
Development levies for capital	-	(1,442,672)	(1,627,052)
Other capital revenues	(5,935,000)	(3,616,462)	(4,130,993)
Results of operations - previous methods	\$ 2,011,012	\$ 2,583,868	\$ 2,152,949

