

COUNTY OF GRANDE PRAIRIE NO. 1
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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County of Grande Prairie No. 1
Consolidated Statement of Financial Position
As at December 31, 2003

ASSETS

	2003	2002
Financial Assets		
Cash and temporary investments (note 2)	\$ 9,927,773	\$ 11,436,763
Taxes and grants in place of taxes receivable (note 3)	753,665	575,573
Trade and other receivables	2,530,659	2,885,698
Loan receivable (note 4)	10,800	14,400
Prepaid expenditures	71,540	296,875
Investments (note 5)	6,618	6,234
Total Financial Assets	13,301,055	15,215,543
Physical Assets (note 6)	30,071,440	25,255,370
	\$ 43,372,495	\$ 40,470,913

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,511,748	\$ 3,019,530
Deposit liabilities (note 7)	625,390	287,876
Trust liabilities (note 8)	45,053	45,319
Deferred revenue (note 9)	326,932	359,239
Long-term debt (note 10)	1,893,264	358,120
Provision for landfill closure and post-closure costs	23,203	14,093
	4,425,590	4,084,177

MUNICIPAL EQUITY

Equity in physical assets	29,143,335	24,551,694
Capital fund (schedule 1)	-	-
	29,143,335	24,551,694
Operating fund (schedule 2)	170,031	159,489
Reserve fund (schedule 3)	9,633,539	11,675,553
	38,946,905	36,386,736
	\$ 43,372,495	\$ 40,470,913

County of Grande Prairie No. 1
Consolidated Statement of Financial Activities and Change in Fund Balance
Year Ended December 31, 2003

	<u>Unaudited Budget</u>	<u>2003</u>	<u>2002</u>
Revenues			
Property taxes	\$ 28,648,413	\$ 28,644,022	\$ 26,280,202
Less: Education requisition	9,690,733	9,690,733	9,076,770
Other requisitions	126,135	126,135	127,143
Net municipal property taxes (schedule 4)	<u>18,831,545</u>	<u>18,827,154</u>	<u>17,076,289</u>
Government transfers (schedule 5)	2,985,521	2,517,933	4,966,660
User fees and sale of goods	1,884,132	2,684,575	2,183,887
Investment income	321,152	427,348	408,482
Penalties and costs of taxes	131,860	177,272	144,981
Oil well drilling taxes	100,000	161,710	161,801
Insurance proceeds	-	52,739	3,165
Proceeds from sale of capital assets	916,249	999,326	3,338,515
Other	2,537,290	2,589,522	1,152,350
Total revenues	<u>27,707,749</u>	<u>28,437,579</u>	<u>29,436,130</u>
Expenditures			
Operating			
Legislative	523,218	471,432	482,025
Administration, Finance/Systems, Assessment	2,230,681	2,241,382	1,974,525
Protective services	2,854,600	2,659,702	1,915,780
Transportation and field services	15,765,872	15,302,206	14,395,114
Water and wastewater services	494,721	506,885	486,911
Solid waste disposal and recycling	820,550	506,611	566,378
Family and community support services	528,194	495,659	527,959
Planning and development	509,075	513,911	324,190
Agriculture services	853,586	891,543	618,040
Economic development	242,304	204,637	152,036
Recreation and park services	616,801	704,700	300,247
Library and other cultural services	272,397	289,817	266,631
Total operating expenditures	<u>25,711,999</u>	<u>24,788,485</u>	<u>22,009,836</u>
Capital expenditures (schedule 1)	6,468,705	6,043,086	6,193,347
Total expenditures (schedule 6)	<u>32,180,704</u>	<u>30,831,571</u>	<u>28,203,183</u>
Excess (deficiency) of revenues over expenditures	(4,472,955)	(2,393,992)	1,232,947
Add: New debt issued	216,440	383,440	-
Less: Debt repayment	(20,920)	(20,920)	(18,774)
Change in fund balance	(4,277,435)	(2,031,472)	1,214,173
Fund balance - beginning	<u>11,835,042</u>	<u>11,835,042</u>	<u>10,620,869</u>
Fund balance - ending	<u>\$ 7,557,607</u>	<u>\$ 9,803,570</u>	<u>\$ 11,835,042</u>

County of Grande Prairie No. 1
Consolidated Statement of Changes in Financial Position
Year Ended December 31, 2003

	<u>2003</u>	<u>2002</u>
Operating Activities		
Excess (deficiency) of revenues over expenditures	\$ (2,393,992)	\$ 1,232,947
Item not involving a flow of cash		
Amortization of deferred revenue	(895)	(895)
	<u>(2,394,887)</u>	<u>1,232,052</u>
Net increase (decrease) in non-cash working capital		
Taxes and grants in place of taxes receivable	(178,092)	(66,491)
Trade and other receivables	355,039	(1,417,994)
Loan receivable	3,600	3,600
Inventory of materials and supplies	138,091	18,113
Prepaid expenditures	225,335	(262,241)
Accounts payable and accrued liabilities	(1,507,782)	1,941,061
Deposit liabilities	337,514	43,941
Trust liabilities	(266)	-
Deferred revenue	(31,412)	(990,767)
Provision for landfill closure and post-closure	9,110	14,093
	<u>(648,863)</u>	<u>(716,685)</u>
	<u>(3,043,750)</u>	<u>515,367</u>
Financing Activities		
Long term debt issued	1,609,940	178,250
Operating long term debt repayments	(53,876)	(2,562)
Capital long term debt repayments	(20,920)	(18,774)
Net cash used for (from) financing	<u>1,535,144</u>	<u>156,914</u>
Cash flow before investment activities	(1,508,606)	672,281
Investing Activities		
(Increase)/Decrease in investments	(384)	511
Increase in cash	(1,508,990)	672,792
Cash and temporary investments - beginning	11,436,763	10,763,971
Cash and temporary investments - ending	<u>\$ 9,927,773</u>	<u>\$ 11,436,763</u>

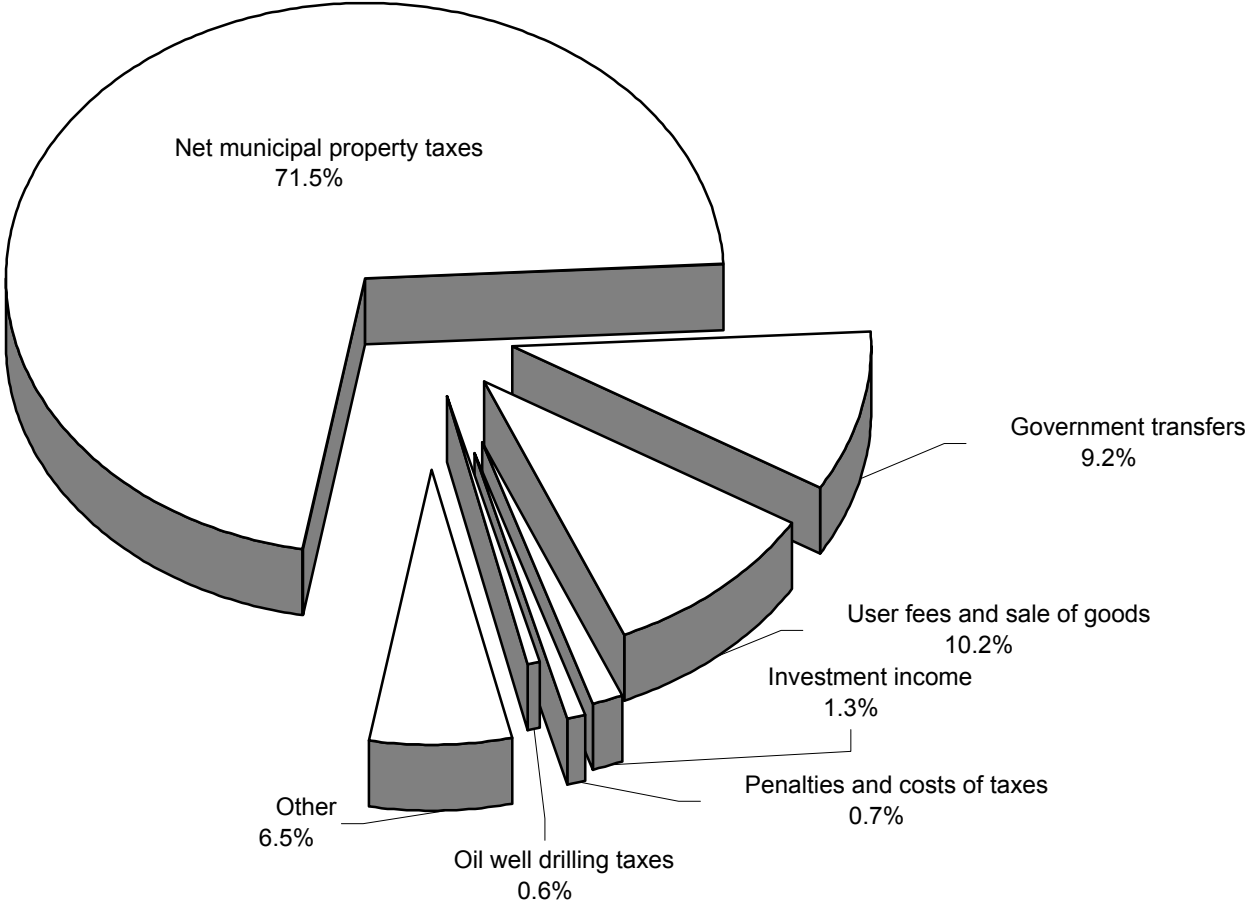
County of Grande Prairie No. 1
Schedule of Fund Activities and Change in Fund Balance - Capital
Year Ended December 31, 2003

	Unaudited Budget	2003	2002
Revenues			
Government transfers	\$ 219,810	\$ 84,174	\$ 310,871
Investment income	25,052	84,798	27,465
Insurance proceeds	-	52,739	3,165
Proceeds from sale of capital assets	916,249	999,326	3,338,515
Other	707,000	893,290	596,775
	<u>1,868,111</u>	<u>2,114,327</u>	<u>4,276,791</u>
Expenditures			
Administration	1,752,220	1,808,548	2,810,557
Protective services	436,500	420,932	412,403
Transportation and field services	2,720,045	2,500,713	1,918,908
Water and wastewater services	840,000	571,756	789,372
Solid waste disposal and recycling	592,940	635,336	87,849
Agriculture services	75,000	56,515	35,949
Recreation and park services	52,000	49,286	138,309
	<u>6,468,705</u>	<u>6,043,086</u>	<u>6,193,347</u>
Excess (deficiency) of revenues over expenditures	<u>(4,600,594)</u>	<u>(3,928,759)</u>	<u>(1,916,556)</u>
Net interfund transfers			
From operating	628,559	685,401	1,960,137
From (to) reserves	3,755,595	2,859,918	(43,581)
Debt issued	216,440	383,440	-
	<u>4,600,594</u>	<u>3,928,759</u>	<u>1,916,556</u>
Change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

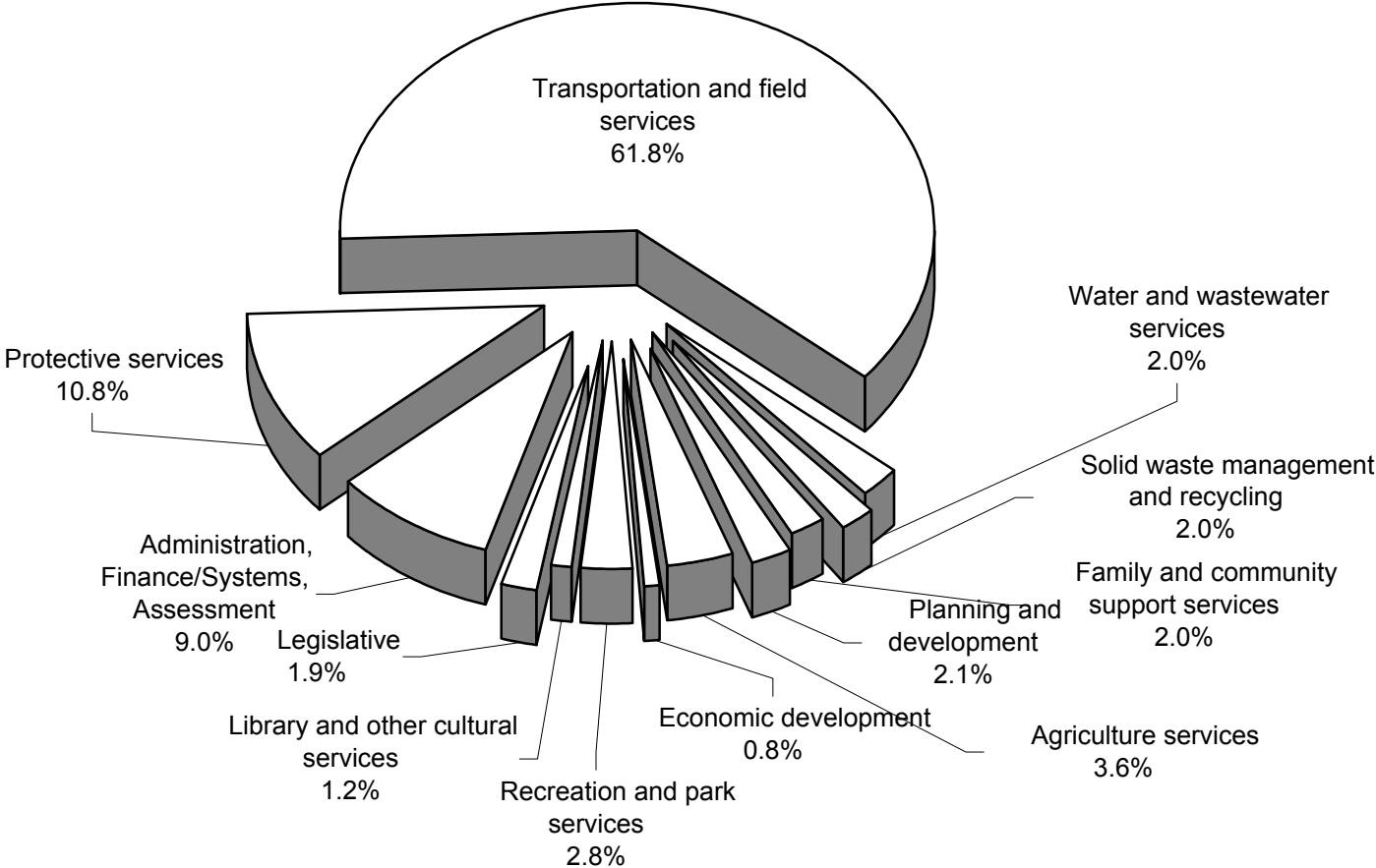
County of Grande Prairie No. 1
Schedule of Fund Activities and Change in Fund Balance - Operating
Year Ended December 31, 2003

	Unaudited Budget	2003	2002
Revenues			
Net municipal property taxes (schedule 4)	\$ 18,831,545	\$ 18,827,154	\$ 17,076,289
Government transfers	2,765,711	2,433,759	4,655,789
User fees and sale of goods	1,884,132	2,684,575	2,183,887
Investment income	296,100	342,550	381,017
Penalties and costs of taxes	131,860	177,272	144,981
Oil well drilling taxes	100,000	161,710	161,801
Other	1,830,290	1,696,232	555,575
	<u>25,839,638</u>	<u>26,323,252</u>	<u>25,159,339</u>
Expenditures			
Legislative	523,218	471,432	482,025
Administration, Finance/Systems, Assessment	2,230,681	2,241,382	1,974,525
Protective services	2,854,600	2,659,702	1,915,780
Transportation and field services	15,765,872	15,302,206	14,395,114
Water and wastewater services	494,721	506,885	486,911
Solid waste management and recycling	820,550	506,611	566,378
Family and community support services	528,194	495,659	527,959
Planning and development	509,075	513,911	324,190
Agriculture services	853,586	891,543	618,040
Economic development	242,304	204,637	152,036
Recreation and park services	616,801	704,700	300,247
Library and other cultural services	272,397	289,817	266,631
	<u>25,711,999</u>	<u>24,788,485</u>	<u>22,009,836</u>
Excess of revenues over expenditures	127,639	1,534,767	3,149,503
Net interfund transfers			
Transfers to capital fund	(628,559)	(685,401)	(1,960,137)
Net transfers from (to) reserves	521,840	(817,904)	(1,166,395)
Debt repayment	(20,920)	(20,920)	(18,774)
Change in fund balance	-	10,542	4,197
Fund balance - beginning	159,489	159,489	155,292
Fund balance - ending	<u>\$ 159,489</u>	<u>\$ 170,031</u>	<u>\$ 159,489</u>

OPERATING FUND REVENUE



OPERATING FUND EXPENSES



Schedule 3

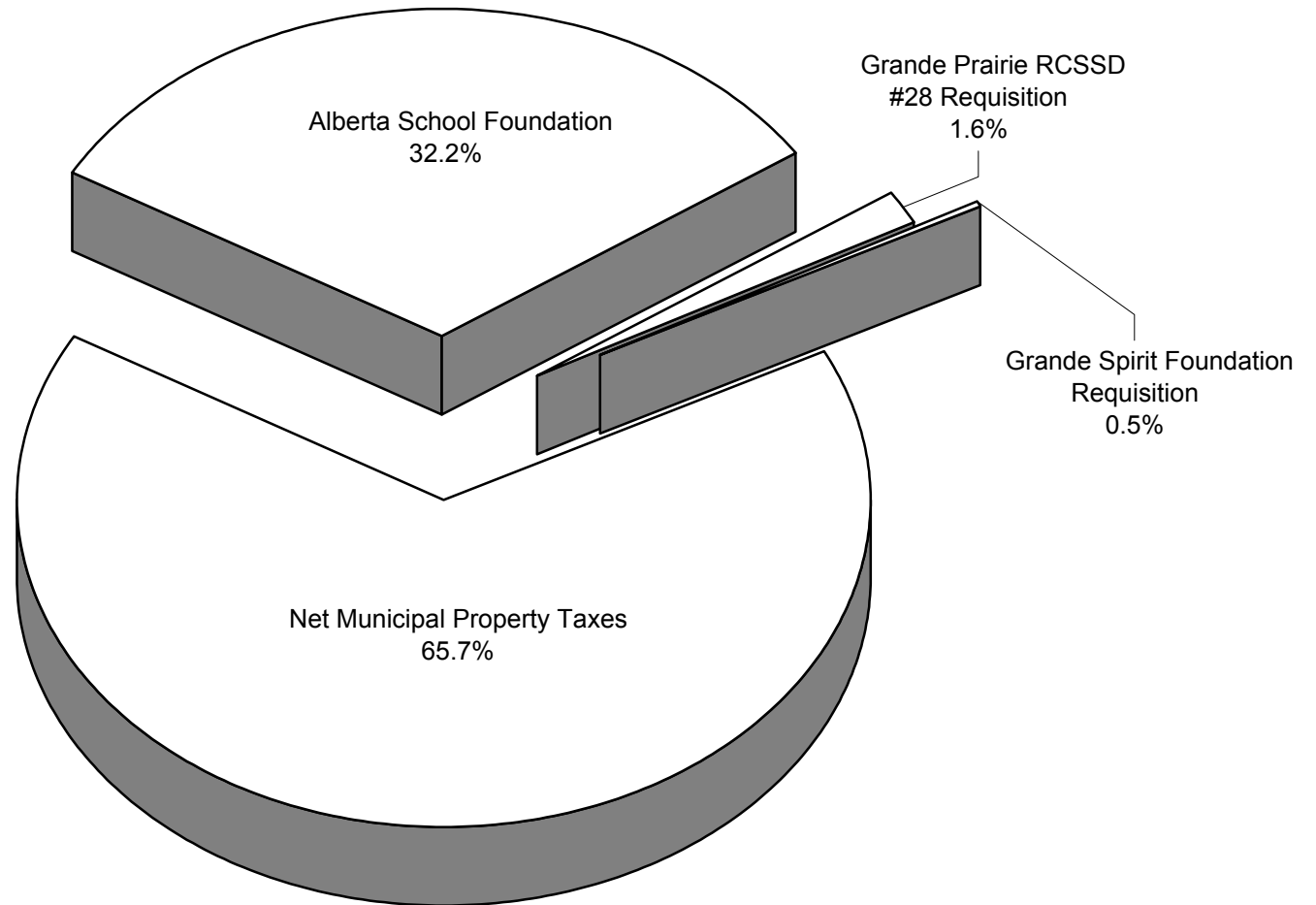
**County of Grande Prairie No. 1
Schedule of Change in Fund Balance - Reserves
Year Ended December 31, 2003**

	<u>Unaudited Budget</u>	<u>2003</u>	<u>2002</u>
Fund balance - beginning	<u>\$ 11,675,553</u>	<u>\$ 11,675,553</u>	<u>\$ 10,465,577</u>
Add/(deduct):			
Net transfer (to) from operating fund	(521,840)	817,904	1,166,395
Net transfer (to) from capital fund	<u>(3,755,595)</u>	<u>(2,859,918)</u>	<u>43,581</u>
Change in fund balance	<u>(4,277,435)</u>	<u>(2,042,014)</u>	<u>1,209,976</u>
Fund balance - ending (note 12)	<u><u>\$ 7,398,118</u></u>	<u><u>\$ 9,633,539</u></u>	<u><u>\$ 11,675,553</u></u>

**County of Grande Prairie No. 1
Schedule of Property Taxes Levied
Year Ended December 31, 2003**

	Unaudited Budget	2003	2002
Taxation			
Real property taxes	\$ 18,221,042	\$ 18,449,123	\$ 16,314,340
Linear property taxes	10,342,760	10,110,282	9,883,261
Government grants in place of property taxes	66,171	66,170	71,077
Local improvement taxes	18,440	18,447	11,524
	<u>28,648,413</u>	<u>28,644,022</u>	<u>26,280,202</u>
Deduct Requisitions			
Alberta School Foundation	9,235,439	9,235,439	8,664,182
GP Roman Catholic Seperate School District No. 28	455,294	455,294	412,588
Grande Spirit Foundation	126,135	126,135	127,143
	<u>9,816,868</u>	<u>9,816,868</u>	<u>9,203,913</u>
Net municipal property taxes	<u>\$ 18,831,545</u>	<u>\$ 18,827,154</u>	<u>\$ 17,076,289</u>

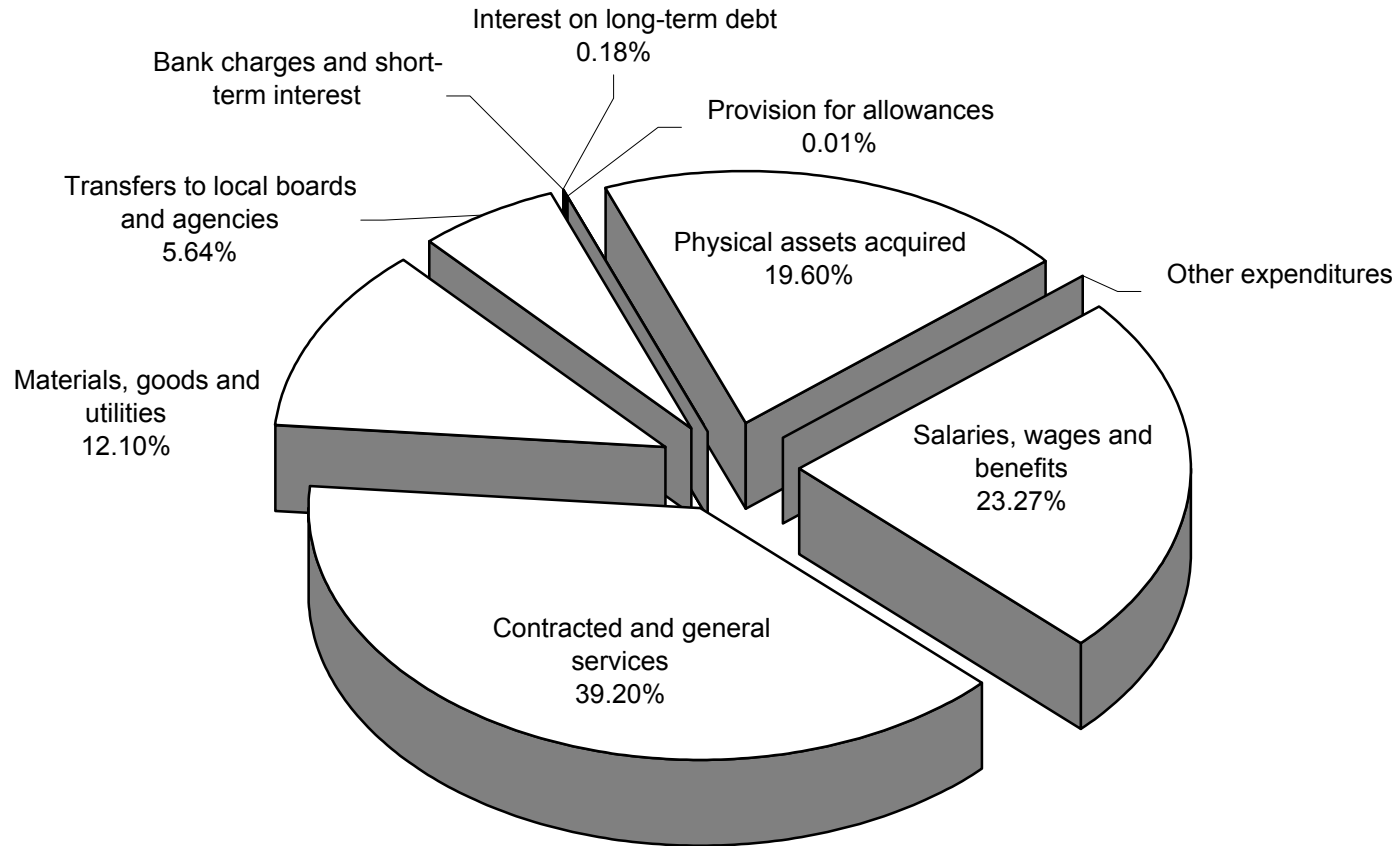
2003 ALLOCATION OF TOTAL PROPERTY TAXES



**County of Grande Prairie No. 1
Schedule of Government Transfers
Year Ended December 31, 2003**

	<u>Unaudited Budget</u>	<u>2003</u>	<u>2002</u>
Federal transfers			
Shared - cost agreements and grants	\$ 3,000	\$ 65,591	\$ 237,662
Provincial transfers			
Shared - cost agreements and grants	2,931,521	2,398,981	4,627,192
Local government transfers			
Shared - cost agreements and grants	51,000	53,361	101,806
Total government transfers	<u>\$ 2,985,521</u>	<u>\$ 2,517,933</u>	<u>\$ 4,966,660</u>

CONSOLIDATED EXPENDITURES BY OBJECT



County of Grande Prairie No. 1
Schedule of Consolidated Expenditures by Object
Year Ended December 31, 2003

Schedule 6

	Unaudited Budget	2003	2002
Expenditures			
Salaries, wages and benefits	\$ 7,152,368	\$ 7,174,472	\$ 6,249,511
Contracted and general services	13,388,264	12,087,242	11,386,354
Materials, goods and utilities	3,299,752	3,729,183	3,186,595
Transfers to local boards and agencies	1,830,759	1,737,767	1,217,331
Provision for allowances	13,500	3,859	9,119
Bank charges and short-term interest	1,100	765	2,418
Interest on long-term debt	25,256	54,251	22,815
Physical assets acquired	6,468,705	6,043,086	6,128,040
Other expenditures	1,000	946	1,000
Total expenditures	\$ 32,180,704	\$ 30,831,571	\$ 28,203,183

County of Grande Prairie No. 1
Schedule of Salary and Benefits Disclosure
Year Ended December 31, 2003

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/200 is as follows

COUNTY COUNCIL	Division	2003			2002
		Salary (1)	Benefits / Travel Allowances (2)	Total	Total
Reeve - R. Borstad	3	\$ 26,481	\$ 8,801	\$ 35,282	\$ 39,476
E. McDonald	1	25,620	20,754	46,374	50,197
L. McNutt	2	18,060	10,253	28,313	28,119
J. O'Toole	4	27,790	25,892	53,682	54,913
P. Jacobs	5	27,230	27,458	54,688	53,441
D. Longson	6	28,598	20,380	48,978	55,278
B. Smith	7	27,510	29,155	56,665	53,861
R. Harpe	8	28,490	29,486	57,976	56,133
M. Eckstrom	9	25,480	16,516	41,996	46,987
		\$ 235,259	\$ 188,695	\$ 423,954	\$ 438,405
OFFICERS	Position				
Chief Administrative Officer	1	\$ 97,736	23,262	\$ 120,998	\$ 112,220
Designated Officer	1	64,364	19,962	84,326	79,662
		\$ 162,100	\$ 43,224	\$ 205,324	\$ 191,882

- (1) Salary includes regular base pay, 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 term disability, registered retirement savings plan contributions, employment insurance, travel allowances, and travel costs including mileage and airfare.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County of Grande Prairie No. 1 are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the County of Grande Prairie No. 1 are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change 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 municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included in these consolidated financial statements are the financial activities of the County of Grande Prairie Library Board and the County's proportionate share of the financial activities of the West Grande Prairie County Solid Waste Management Authority, as disclosed in note 17.

The schedule of taxes levied includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

Interdepartmental and inter-organizational transactions and balances have been eliminated.

b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes recognizing revenue in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditures, as disclosed in Note 1(e).

c) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from sales of land are recorded as operating fund revenues.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Government Transfers

Government transfers are recognized in the 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 by the Municipality and reasonable estimates of the amounts can be made.

e) Pension Expenditures

The County participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

f) Taxes and Grants in Place Receivable

Taxes and grants in place receivable consist of tax levies which remain outstanding at December 31.

g) Investments

Investments are recorded at cost.

The County is a member in a reciprocal insurance exchange. The equity in the investment is not recorded on the balance sheet as the value of the equity is subject to liability claims and it is not an asset the County can liquidate. The asset is, therefore, not recorded due to its uncertain nature.

h) Physical Assets

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the average cost method.

Capital assets are reported as expenditures in the period they are acquired. Capital assets having an original cost greater than \$5,000 are shown on the statement of financial position at cost.

Government transfers for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset costs.

Capital assets for government purposes are not depreciated.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES – continued

i) Prepaid Local Improvements 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 collectable from property owners for work performed by the Municipality.

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.

j) Allowances for Operating and Physical Assets

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the respective operating and capital fund.

k) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and from reserves are reflected as an adjustment to the respective fund.

l) Equity in Physical Assets

Equity in physical assets represents the County's net investment in its total physical assets, after deducting the portion financed by third parties through debenture, long-term capital borrowing and capitalized leases.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES – continued

m) 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.

n) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the County is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill based on usage.

o) Financial Instruments

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, loan receivable, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying value.

p) Measurement Uncertainty

The preparation of the 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.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

2. CASH AND TEMPORARY INVESTMENTS

	<u>2003</u>	<u>2002</u>
Cash on hand	\$ 745	\$ 745
Cash in banks	114,453	203,341
	<u>115,198</u>	<u>204,086</u>
Temporary investments		
Operating contingencies	3,483,348	4,069,990
Other	6,329,227	7,162,687
	<u>9,812,575</u>	<u>11,232,677</u>
	<u>\$ 9,927,773</u>	<u>\$ 11,436,763</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2003</u>	<u>2002</u>
Current taxes and grants in place of taxes	\$ 638,251	\$ 491,000
Non-current taxes and grants in place of taxes	159,095	130,876
	<u>797,346</u>	<u>621,876</u>
Allowance for doubtful accounts	(43,681)	(46,303)
	<u>\$ 753,665</u>	<u>\$ 575,573</u>

4. LOAN RECEIVABLE

The amount advanced to the Wembley Co-op Seed Cleaning Plant is unsecured, interest free and repayable in annual payments of \$3,600 over the next three years.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

5. INVESTMENTS

	<u>2003</u>	<u>2002</u>
Alberta Municipal Financing Corporation shares	\$ 170	\$ 170
A.A.M.D.C. dividend reserve	6,446	6,063
G. P. Regional Emergency Medical Service -representing 1/8 interest	1	1
Aquatera Utilities Inc. – 1 Class A share	1	-
	<u>\$ 6,618</u>	<u>\$ 6,234</u>

6. PHYSICAL ASSETS

	<u>2003</u>	<u>2002</u>
Capital Assets		
Land	\$ 4,478,869	\$ 4,292,062
Buildings	6,708,489	4,346,501
Engineering structures	6,911,380	6,848,990
Machinery and equipment	7,925,645	5,922,867
Vehicles	3,634,317	3,294,119
	<u>29,658,700</u>	<u>24,704,539</u>
Inventory		
Materials and supplies	175,883	144,485
Gravel	236,857	406,346
	<u>412,740</u>	<u>550,831</u>
	<u>\$ 30,071,440</u>	<u>\$ 25,255,370</u>

7. DEPOSIT LIABILITIES

	<u>2003</u>	<u>2002</u>
Meter rental and other	\$ 14,726	\$ 5,589
Subdivision approach and development agreement deposits	395,664	167,287
Site agreement deposits	100,000	-
Public works approach deposits	115,000	115,000
	<u>\$ 625,390</u>	<u>\$ 287,876</u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

8. TRUST LIABILITIES

	<u>2003</u>	<u>2002</u>
Tax sale surplus	\$ 45,053	\$ 45,319

9. DEFERRED REVENUE

	<u>2003</u>	<u>2002</u>
Prepaid local improvement charges	\$ 7,326	\$ 3,581
Other deferred revenue	319,606	355,658
	\$ 326,932	\$ 359,239

Deferred revenue is taken into revenue in the period in which it is earned.

Prepaid local improvement charges are being amortized to revenue on a straight-line basis over the remaining term of the respective debentures and matured in 2006 and 2012 respectively.

Estimated transfers to revenue from prepaid local improvement charges in the next five years and thereafter are:

2004	\$1,411
2005	\$1,411
2006	\$1,412
2007	\$ 516
2008	\$ 516
Thereafter	\$2,060

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

10. LONG TERM DEBT

	<u>2003</u>	<u>2002</u>
General Tax Levy Supported Debentures	\$ 216,440	\$ -
Local Improvement Supported Debentures	951,198	240,501
Utility Rate Supported Debentures	103,126	117,619
Other Agreement Supported Debenture	455,500	-
General Tax Levy Supported Mortgage	167,000	-
	<u>1,893,264</u>	<u>358,120</u>
Current portion	<u>(273,173)</u>	<u>(37,728)</u>
	<u>\$ 1,620,091</u>	<u>\$ 320,392</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at varying rates ranging from 4.625% to 12.000% per annum (before Provincial subsidy) and mature in 2006 through 2013. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5% depending on the date borrowed. Debenture debt is issued on the credit and security of the County of Grande Prairie No. 1.

The County of Grande Prairie No. 1 has entered into an agreement with the Grande Prairie County Solid Waste Management Authority to be reimbursed for the landfill access road paving project costs, annually of \$60,068 over the next ten years as support for the Other Agreement Supported Debenture.

Mortgage is due to individuals and bears no interest, matures in 2005, with an annual 2004 payment of \$100,000 and 2005 payment of \$67,000, secured by specific land.

Interest on long-term debt amounted to \$54,251 (2002 - \$22,815).

The County's total cash payments for interest in 2003 were \$26,442 (2002 - \$21,672).

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

10. LONG TERM DEBT - continued

Estimated principal and interest repayments due in each of the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	273,173	93,921	367,094
2005	250,544	83,219	333,763
2006	194,620	71,785	266,405
2007	202,316	59,715	262,031
2008	208,687	47,415	256,102
Thereafter	763,924	110,998	874,922
	<u>\$ 1,893,264</u>	<u>\$ 467,053</u>	<u>\$ 2,360,317</u>

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 County of Grande Prairie No. 1 be disclosed as follows:

	<u>2003</u>	<u>2002</u>
Total debt limit	\$ 42,513,908	\$ 43,850,171
Total debt	<u>1,893,264</u>	<u>358,120</u>
Total debt limit available	<u>\$ 40,620,644</u>	<u>\$ 43,492,051</u>
Debt servicing limit	\$ 7,085,651	\$ 7,308,362
Debt servicing	<u>367,094</u>	<u>64,758</u>
Service on debt limit available	<u>\$ 6,718,557</u>	<u>\$ 7,243,604</u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

12. RESERVES

Reserves for operating functions changed as follows:

	2002	Increases	Decreases	2003
General Gov't Services	\$ 393,000	\$ -	\$ -	\$ 393,000
Roads and Streets	3,027,493	1,906,255	2,170,752	2,762,996
Regional Landfill	43,091	1,232	22,964	21,359
Culture and Recreation	50,000	107,435	127,435	30,000
Waste Management	166,628	56,140	19,471	203,297
F.C.S.S.	2,316	-	-	2,316
Operating contingencies	4,069,990	4,069,990	4,656,632	3,483,348
TOTAL	\$ 7,752,518	\$ 6,141,052	\$ 6,997,254	\$ 6,896,316

Reserves for capital functions changed as follows:

	2002	Increases	Decreases	2003
Protective Services	\$ -	\$ 242,680	\$ -	\$ 242,680
Water and Wastewater	141,027	673,161	654,180	160,008
General Gov't Services	1,462,194	11,494	1,421,646	52,042
Roads and Streets	1,370,160	1,366,091	1,510,510	1,225,741
Regional Landfill	47,611	73,308	63,695	57,224
Waste Management	40,118	-	21,680	18,438
Public Reserve	861,925	253,788	134,623	981,090
TOTAL	\$ 3,923,035	\$ 2,620,522	\$ 3,806,334	\$ 2,737,223
TOTAL RESERVES	\$ 11,675,553	\$ 8,761,574	\$ 10,803,588	\$ 9,633,539

13. CONTINGENT LIABILITIES

The County of Grande Prairie No. 1 is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2003

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the County of Grande Prairie No. 1 participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 133,000 people and about 389 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The County of Grande Prairie No.1 is required to make current service contributions to the Plan of 5.525% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 7.4% for the excess.

Total current and past service contributions by the County of Grande Prairie No. 1 to the Local Authorities Pension Plan in 2003 were \$238,349 (2002 - \$192,965). Total current and past service contributions by the employees of the County of Grande Prairie No. 1 to the Local Authorities Pension Plan in 2003 were \$211,893 (2002 - \$167,223).

At December 31, 2003, the Plan disclosed an actuarial surplus of \$635.0 million for the Plan.

15. COMMITMENTS

a) Photocopier Lease

The County has entered into leases in respect to photocopiers requiring annual payments of \$9,282, \$4,725, and \$2,409 expiring in February 2006, January 2008, and October 2008 respectively.

b) Forklift Lease

The County has entered into a lease in respect to a forklift requiring total monthly payments of \$777 expiring in January, 2004.

c) Loader Lease

The County has entered into a lease in respect to a loader requiring annual payments of \$41,264 expiring in April, 2004.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
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16. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The accrued liability for closure and post-closure of the Clairmont Landfill is recognized over the life of the cell, using the net present value of the total estimated costs of closure and post-closure care, prorated on the basis of the current capacity in metric tonnes utilized over the total estimated capacity of the site. The net present value of the estimated closure and post-closure costs was calculated using a rate of return equal to 7% assuming inflation of 2% and 5% for interest.

The following summarizes the total net present value for the estimated costs of closure and post-closure care:

Estimated closure costs	\$ 46,750
Estimated post-closure costs	<u>50,000</u>
Estimated total costs	96,750
Amount accrued to December 31, 2003	<u>17,647</u>
Balance of estimated costs to accrue	<u>\$ 79,103</u>

Management estimates the site has approximately 125,012 metric tonnes of landfill capacity remaining. With an estimated annual utilization of 8,800 metric tonnes, the landfill has approximately 14.2 years of life remaining. Stage two future development has 354,000 metric tonne capacity and estimated life of 35 years (based on 10,000 metric tonnes utilization per year). This increases the useful life of the landfill to 49.2 years. The County has not yet designated assets for settling closure and post closure liabilities.

The County share of the West Grande Prairie County Solid Waste Management Authority (see Note 17) landfill closure and post closure liability has been proportionately consolidated as follows:

Amount accrued to December 31, 2003	<u>\$ 5,557</u>
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17. GOVERNMENT PARTNERSHIP

In accordance with the CICA public sector accounting recommendations PS 3060 Government Partnerships, the financial position of the County has been consolidated with the County's proportionate one-half share of the West Grande Prairie County Solid Waste Management Authority.

A financial statement of the County's share in this government partnership on a proportionately consolidated basis is as follows:

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2002

17. GOVERNMENT PARTNERSHIP - continued

	<u>2003</u>	<u>2002</u>
ASSETS		
Financial Assets		
Cash and temporary investments	\$ 78,607	\$ 90,728
Trade and other receivables		47,490
Due from County of Grande Prairie No.1	8,876	-
	87,483	138,218
 Capital Assets	 1,142,369	 1,117,369
	 \$ 1,229,852	 \$ 1,255,587
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	\$ 1,545	\$ 1,597
Landfill closure and post-closure liability		3,818
Due to County of Grande Prairie No. 1	5,557	40,302
	7,102	45,717
EQUITY		
Equity in capital assets	1,142,369	1,117,369
Capital fund	-	-
Operating fund	1,799	1,800
Reserve fund	78,582	90,702
	\$ 1,229,852	\$ 1,255,587

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2002

17. GOVERNMENT PARTNERSHIP – continued

	<u>2003</u>	<u>2002</u>
Revenue		
User fees and sale of goods	\$ 21,830	\$ 16,828
Government transfers		1,510
Investment income	3,158	1,562
Contributions from participating municipalities	48,200	63,552
Facility Rental	18,025	8,750
Land Rent	2,929	3,626
Other revenue	52,184	-
Total revenues	<u>146,326</u>	<u>95,828</u>
Expenditures		
Salaries, wages and benefits	4,128	24,067
Contracted and general services	67,764	23,033
Materials, goods and utilities	7,620	5,028
Bank charges and short term interest		530
Landfill closure and post-closure	1,739	3,818
Local Government Transfers	52,196	
Capital assets acquired	25,000	1,030
Total expenditures	<u>158,447</u>	<u>57,506</u>
Increase (decrease) in fund balance	12,121	38,322
Fund balance – beginning	<u>92,502</u>	<u>54,180</u>
Fund balance – ending	<u>\$ 80,381</u>	<u>\$ 92,502</u>

18. SUBSEQUENT EVENTS

Aquatera Utilities Inc.

On February 17, 2004 Council approved in principle entering into a Shareholders, Revenue Sharing, Franchise and Master Agreements with Aquatera Utilities Inc. In principle, these agreements state the County of Grande Prairie will transfer its Water and Sewer operations to Aquatera Utilities Inc. in the Wedgewood and Clairmont areas in July 2004 and January 2005 respectively. Details of the transfers and the above noted agreements have not yet been determined.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2002

19. PRIOR YEAR COMPARATIVE FIGURES

Certain amounts have been regrouped to conform to the presentation adopted for the current year.

20. APPROVAL OF FINANCIAL STATEMENTS

Council and management approved these financial statements.