

**COUNTY OF GRANDE PRAIRIE NO. 1**

**Consolidated Financial Statements**

**December 31, 2017**



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

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To the Reeve and Members of Council of County of Grande Prairie No. 1

### *Report on Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of County of Grande Prairie No. 1, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Independent Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of County of Grande Prairie No. 1 as at December 31, 2017 and the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Fletcher Mudryk LLP*

Grande Prairie, Alberta  
May 14, 2018

Chartered Professional Accountants

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Statement of Financial Position**  
**December 31, 2017**

	2017	2016 <i>(As Restated)</i>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 103,493,227	\$ 98,466,974
Receivables		
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	3,961,944	4,060,374
Trade and other receivables <i>(Note 4)</i>	9,097,348	6,274,707
Annexation proceeds receivable <i>(Note 22)</i>	1,765,914	2,943,190
Loans receivable	3,867,646	4,142,730
Investments <i>(Note 6)</i>	21,793,760	19,443,088
	<u>143,979,839</u>	<u>135,331,063</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities <i>(Note 7)</i>	8,353,499	10,082,472
Deposit liabilities <i>(Note 8)</i>	3,783,516	3,218,980
Deferred revenue <i>(Note 9)</i>	3,374,137	3,555,053
Provision for landfill closure and post-closure costs <i>(Note 10)</i>	116,386	136,728
Bank loan <i>(Note 11)</i>	1,000,000	1,000,000
Long-term debt <i>(Note 12)</i>	38,922,480	34,317,940
	<u>55,550,018</u>	<u>52,311,173</u>
<b>NET FINANCIAL ASSETS</b>	<u>88,429,821</u>	<u>83,019,890</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Schedule 2, Note 14)</i>	432,870,638	418,347,643
Inventory for consumption	814,236	1,087,032
Prepaid expenditures	811,918	1,016,262
	<u>434,496,792</u>	<u>420,450,937</u>
<b>ACCUMULATED SURPLUS <i>(Schedule 1, Note 16)</i></b>	<u>\$ 522,926,613</u>	<u>\$ 503,470,827</u>
Contingencies <i>(Note 20)</i>		
Commitments <i>(Note 21)</i>		





**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2017**

	Budget (Unaudited)	2017	2016 (As Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 74,555,016	\$ 74,460,346	\$ 73,016,119
User fees and sale of goods	7,128,844	8,555,625	7,439,797
Government transfers (Schedule 4)	2,670,965	2,941,877	3,249,917
Investment income	1,696,579	2,475,297	2,252,949
Penalties and costs of taxes	420,720	842,169	781,497
Insurance proceeds	-	-	6,543
Development levies	785,111	2,159,895	5,030,495
Licenses and permits	1,927,000	3,146,386	2,102,718
Other	253,351	730,331	609,284
<b>TOTAL REVENUE</b>	<b>89,437,586</b>	<b>95,311,926</b>	<b>94,489,319</b>
<b>EXPENDITURES</b>			
Legislative	1,158,756	1,104,144	1,011,169
Other general	2,343,940	2,551,227	2,332,353
Corporate and administrative services	10,792,000	10,276,129	9,655,143
Community services			
Agriculture services	2,558,628	2,377,314	2,339,982
Enforcement services	3,678,282	3,436,219	3,186,431
Family and Community Support Services	3,027,944	2,560,527	2,254,979
Fire services	7,478,028	7,068,576	7,170,044
Recreation, cultural, library and park services	15,174,555	15,611,978	13,570,719
Transportation and field services	38,177,142	38,453,649	35,581,625
Water and wastewater services	1,045,872	970,926	900,079
Solid waste management and recycling	3,144,397	2,384,798	2,266,869
Other environmental - Mountain Pine Beetle	70,878	317,685	552,378
Planning and economic development			
Planning and development	3,253,322	3,044,821	2,794,423
Economic development	894,431	863,749	580,912
<b>TOTAL EXPENDITURES</b>	<b>92,798,175</b>	<b>91,021,742</b>	<b>84,197,106</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	<b>(3,360,589)</b>	<b>4,290,184</b>	<b>10,292,213</b>
<b>OTHER ITEMS</b>			
Contributed assets	-	5,496,436	7,950,416
Government transfers for capital (Schedule 4)	9,697,882	7,800,372	5,256,734
Net subsidiary operations - Aquatera Utilities Inc. (Note 23)	-	2,350,672	1,858,991
Transfer of assets to Aquatera Utilities Inc.	(7,000,000)	-	-
Proceeds from annexation	-	-	4,414,785
Loss on annexation of tangible capital assets	-	-	(3,342,398)
Loss (gain) on disposal of tangible capital assets	-	(481,878)	(254,839)
	<b>2,697,882</b>	<b>15,165,602</b>	<b>15,883,689</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(662,707)</b>	<b>19,455,786</b>	<b>26,175,902</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR (As Restated)</b>	<b>503,470,827</b>	<b>503,470,827</b>	<b>477,294,925</b>
<b>ACCUMULATED SURPLUS - END OF YEAR (As Restated)</b>	<b>\$ 502,808,120</b>	<b>\$ 522,926,613</b>	<b>\$ 503,470,827</b>

Please see accompanying notes to consolidated financial statements



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Statement of Changes in Net Financial Assets (Debt)**  
**Year Ended December 31, 2017**

	Budget <i>(Unaudited)</i>	2017	2016 <i>(As Restated)</i>
<b>EXCESS DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ (662,707)	\$ 19,455,786	\$ 26,175,902
<b>Tangible capital assets related</b>			
Acquisition of tangible capital assets	(49,093,544)	(32,019,950)	(28,537,818)
Contributed assets	-	(5,496,436)	(7,950,414)
Proceeds on disposal of tangible capital assets	234,000	189,839	1,286,463
Write down of tangible capital assets	-	-	-
Amortization of tangible capital assets	20,345,935	22,321,674	21,121,789
Tangible capital assets transferred in annexation <i>(Note 22)</i>	-	-	4,178,560
Gain (loss) on disposal of tangible capital assets	-	481,878	254,839
	(28,513,609)	(14,522,995)	(9,646,581)
<b>Other non-financial assets</b>			
Acquisition of supplies inventories	-	(1,905,223)	(2,510,513)
Use of supplies inventories	-	2,178,019	2,222,022
Acquisition of prepaid assets	-	(976,708)	(1,093,009)
Use of prepaid assets	-	1,181,052	884,921
	-	477,140	(496,579)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(29,176,316)	5,409,931	16,032,742
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	83,019,890	83,019,890	66,987,148
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 53,843,574	\$ 88,429,821	\$ 83,019,890

Please see accompanying notes to consolidated financial statements



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2017**

	2017	2016 <i>(As Restated)</i>
<b>OPERATING</b>		
Excess of revenue over expenditures	\$ 19,455,786	\$ 26,175,902
Non-cash items included in excess of revenue over expenditures:		
Amortization of tangible capital assets	22,321,674	21,121,788
Loss on annexation of tangible capital assets	-	3,342,398
Gain (loss) on disposal of tangible capital assets	481,878	254,839
Tangible capital assets received as contributions	(5,496,436)	(7,950,416)
Amortization of deferred revenue	(1,950)	(2,173)
Non-cash charges to operations (net change):		
Increase (decrease) in taxes and grants in place of taxes receivable	98,430	(1,587,302)
Increase in trade and other receivables	(1,645,365)	(2,239,620)
Decrease in loans receivable	275,084	263,582
Decrease (increase) in prepaid expenditures	204,344	(208,088)
Decrease (increase) in inventory for consumption	272,795	(288,489)
Increase (decrease) in accounts payable and accrued liabilities	(1,728,971)	3,335,607
Increase (decrease) in deposit liabilities	564,535	(14,725)
Decrease in provision for landfill closure and post-closure costs	(20,342)	(72,317)
Increase (decrease) in deferred revenue	(178,966)	1,606,845
Cash provided by operating activities	<u>34,602,496</u>	<u>43,737,831</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(32,019,950)	(28,537,818)
Proceeds on disposal of tangible capital assets	189,839	1,286,463
Cash applied to capital transactions	<u>(31,830,111)</u>	<u>(27,251,355)</u>
<b>INVESTING</b>		
Increase (decrease) in restricted cash and temporary investments	4,197,295	(6,499,903)
Investment in Aquatera Utilities Inc.	(2,350,672)	(1,858,991)
Cash applied to investing transactions	<u>1,846,623</u>	<u>(8,358,894)</u>
<b>FINANCING</b>		
Long-term debt issued	7,842,535	-
Long-term debt annexed	-	836,162
Long-term debt repaid	(3,237,995)	(3,951,826)
Cash applied to financing transactions	<u>4,604,540</u>	<u>(3,115,664)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<u>9,223,548</u>	<u>5,011,918</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>79,907,796</u>	<u>74,895,878</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 89,131,344</u>	<u>\$ 79,907,796</u>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 103,493,227	\$ 98,466,974
Less: restricted portion of cash and temporary investments <i>(Note 2)</i>	<u>(14,361,883)</u>	<u>(18,559,178)</u>
	<u>\$ 89,131,344</u>	<u>\$ 79,907,796</u>

Please see accompanying notes to consolidated financial statements





**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2017**

(Schedule 1)

	Unrestricted Surplus 2017	Restricted Surplus 2017	Equity in Aquatera Utilities 2017	Equity in Tangible Capital Assets 2017	2017	2016 (As Restated)
BALANCE, BEGINNING OF YEAR	\$ 566,324	\$ 99,431,882	\$ 19,442,918	\$ 378,701,425	\$ 498,142,549	\$ 472,447,055
Prior period adjustment (Note 28)	-	-	-	5,328,278	5,328,278	4,847,870
As restated	566,324	99,431,882	19,442,918	384,029,703	503,470,827	477,294,925
Excess of revenues over expenditures	19,455,786	-	-	-	19,455,786	26,175,902
Unrestricted funds designated for future use	(32,794,816)	32,794,816	-	-	-	-
Restricted funds used for operations	9,569,986	(9,569,986)	-	-	-	-
Net subsidiary operations - Aquatera Utilities Inc.	(2,350,672)	-	2,350,672	-	-	-
Restricted funds used for tangible capital assets	-	(16,096,966)	-	16,096,966	-	-
Current year funds used for tangible capital asset	(15,922,984)	-	-	15,922,984	-	-
Contributed tangible capital assets	(5,496,436)	-	-	5,496,436	-	-
Disposal of tangible capital assets	671,717	-	-	(671,717)	-	-
Annual amortization expense	22,321,674	-	-	(22,321,674)	-	-
Long-term debt repaid	(3,237,995)	-	-	3,237,995	-	-
Long-term debt acquired	7,842,535	-	-	(7,842,535)	-	-
Change in accumulated surplus	58,795	7,127,864	2,350,672	9,918,455	19,455,786	26,175,902
BALANCE, END OF YEAR	\$ 625,119	\$ 106,559,746	\$ 21,793,590	\$ 393,948,158	\$ 522,926,613	\$ 503,470,827



Please see accompanying notes to consolidated financial statements



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2017**

(Schedule 2)

	Land	Site Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2017 \$	2016 \$ (As Restated)
<b>COST</b>								
BALANCE, BEGINNING OF YEAR (As Restated)	\$ 77,440,043	\$ 19,416,954	\$ 94,335,608	\$ 374,277,470	\$ 33,642,287	\$ 13,189,612	\$ 612,301,974	\$ 588,774,518
Acquisition of tangible capital assets	3,239,306	1,045,465	397,245	29,599,331	988,217	1,508,660	36,778,224	27,959,343
Adjustments	-	-	-	-	-	-	-	(42,606)
Construction in progress	168,485	13,626	565,999	(206,701)	196,753	-	738,162	8,571,499
Transferred in annexation	-	-	-	-	-	-	-	(7,919,968)
Disposal of tangible capital assets	-	-	-	(3,876,611)	(272,696)	(944,482)	(5,093,789)	(5,040,812)
<b>BALANCE, END OF YEAR</b>	<b>80,847,834</b>	<b>20,476,045</b>	<b>95,298,852</b>	<b>399,793,489</b>	<b>34,554,561</b>	<b>13,753,790</b>	<b>644,724,571</b>	<b>612,301,974</b>
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR (As Restated)	-	5,647,628	10,835,020	156,406,636	13,821,404	7,243,643	193,954,331	180,073,461
Annual amortization	-	840,567	2,096,883	14,398,905	3,853,763	1,131,556	22,321,674	21,121,788
Transferred in annexation	-	-	-	-	-	-	-	(3,741,408)
Accumulated amortization on disposals	-	-	-	(3,327,333)	(205,120)	(889,619)	(4,422,072)	(3,499,510)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>6,488,195</b>	<b>12,931,903</b>	<b>167,478,208</b>	<b>17,470,047</b>	<b>7,485,580</b>	<b>211,853,933</b>	<b>193,954,331</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 80,847,834</b>	<b>\$ 13,987,850</b>	<b>\$ 82,366,949</b>	<b>\$ 232,315,281</b>	<b>\$ 17,084,514</b>	<b>\$ 6,268,210</b>	<b>\$ 432,870,638</b>	<b>\$ 418,347,643</b>
<b>2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (As Restated)</b>	<b>\$ 77,440,043</b>	<b>\$ 13,769,326</b>	<b>\$ 83,500,588</b>	<b>\$ 217,870,834</b>	<b>\$ 19,820,883</b>	<b>\$ 5,945,969</b>	<b>\$ 418,347,643</b>	



Please see accompanying notes to consolidated financial statements

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2017**

*(Schedule 3)*

	<i>Budget</i> <i>(Unaudited)</i>	2017	2016
<b>TAXATION</b>			
Real property taxes	\$ 74,006,269	\$ 73,952,671	\$ 70,450,215
Linear property taxes	22,326,738	22,285,875	23,917,341
Government grants in place of property taxes	79,535	78,498	74,232
Local improvement taxes	774,682	775,520	774,682
	<u>97,187,224</u>	<u>97,092,564</u>	<u>95,216,470</u>
<b>LESS: REQUISITIONS</b>			
Alberta School Foundation Fund	(21,011,856)	(21,011,856)	(20,977,490)
Grande Prairie Roman Catholic Separate School District No. 28	(1,266,072)	(1,266,082)	(893,565)
Grande Spirit Foundation	(354,280)	(354,280)	(329,296)
	<u>(22,632,208)</u>	<u>(22,632,218)</u>	<u>(22,200,351)</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 74,555,016</u>	<u>\$ 74,460,346</u>	<u>\$ 73,016,119</u>



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2017**

*(Schedule 4)*

	<i>Budget</i> <i>(Unaudited)</i>	2017	2016
<b>TRANSFERS FOR OPERATING:</b>			
Provincial transfers	\$ 2,627,438	\$ 2,893,125	\$ 3,186,090
Local government transfers	43,527	48,752	63,827
	<u>2,670,965</u>	<u>2,941,877</u>	<u>3,249,917</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Federal transfers	1,962,041	1,100,549	1,236,071
Provincial transfers	7,735,841	6,699,823	4,020,663
	<u>9,697,882</u>	<u>7,800,372</u>	<u>5,256,734</u>
	<u>\$ 12,368,847</u>	<u>\$ 10,742,249</u>	<u>\$ 8,506,651</u>

*Please see accompanying notes to consolidated financial statements*



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Schedule of Consolidated Expenditures by Object**  
**For the Year Ended December 31, 2017**

(Schedule 5)

	<i>Budget</i> <i>(Unaudited)</i>	2017	2016
<b>Consolidated expenditures by object</b>			
Salaries, wages and benefits	\$ 32,592,044	\$ 31,187,797	\$ 30,453,173
Contracted and general services	18,189,044	16,096,109	14,882,183
Materials, goods and utilities	9,176,907	8,562,271	7,400,517
Transfers to other governments, local boards and agencies	10,144,242	10,396,322	8,020,192
Purchases from other governments	916,600	784,657	618,347
Provision for allowances	25,000	328,631	103,814
Bank charges and short-term interest	149,099	93,939	235,220
Interest on long-term debt	1,249,277	1,241,452	1,352,704
Amortization of tangible capital assets	20,345,935	22,321,674	21,121,789
Other expenditures	10,027	8,890	9,167
<b>Total expenditures</b>	<b>\$ 92,798,175</b>	<b>\$ 91,021,742</b>	<b>\$ 84,197,106</b>

Please see accompanying notes to consolidated financial statements





**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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 County 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 25.

The County's investment in Aquatera Utilities Inc. is accounted for on a modified equity basis, consistent with the Canadian Public Sector accounting standards 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 County and inter-organizational transactions and balances are not eliminated.

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

Interdepartmental and organizational transactions and balances have been eliminated.

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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Such estimates include the provisions for uncollectible accounts receivable, provision for amortization of tangible capital assets, provision for landfill closure and post-closure liability, amortization of deferred revenue and the fair value of contributed tangible capital assets. Actual results could differ from those estimates.

*(continues)*

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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

Investments

Investments, except for the investment in Aquatera Utilities Inc., are recorded at cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Employee future benefits

Selected employees of the Municipality are members of the Local Authorities Pension Plan (LAPP), a multi-employer benefit pension plan. The Trustee of the plan is Alberta Treasury 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 County does not recognize its share of any plan surplus or deficit.

Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax 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 requisitioned 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.

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 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.

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.

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 and 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 site based on usage.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

*(continues)*



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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

Tangible capital assets

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, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Site improvements	10 - 50 years
Buildings	20 - 50 years
Engineered structures	
Water system	45 - 75 years
Wastewater system	45 - 75 years
Other engineered structures	10 - 100 years
Machinery and equipment	4 - 20 years
Vehicles	4 - 20 years

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Contributions of tangible capital assets

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

Leases

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.

Inventories

Inventories consist of materials and supplies for consumption and are valued at the lower of cost and replacement cost with cost determined by the average cost method.

Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets.

Equity in Aquatera Utilities Inc. and tangible capital assets

Equity in Aquatera Utilities Inc. represents the County's net accumulated investment in its minority holding of Aquatera Utilities Inc. The amount consists of the investment in common and preferred shares, plus the County's share of earnings less any dividends received.

Equity in tangible capital assets represents the County's net investment in its capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing and capitalized leases and other capital liabilities which will be repaid by the Municipality.

*(continues)*



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

Asset retirement obligations

The County recognizes a liability for the future environmental remediation of certain properties and for future removal and handling costs for contamination.

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash on hand	\$ 3,909	\$ 3,710
Cash in banks	14,267,078	14,254,615
Temporary investments	89,222,240	84,208,649
	<u>103,493,227</u>	<u>98,466,974</u>
Less: restricted cash included in temporary investments		
Provincial and federal government grants for specific capital and operating projects	(6,852,860)	(8,639,639)
Municipal reserve funds	(2,070,246)	(2,293,471)
Development levies	(4,718,777)	(7,029,765)
West Grande Prairie County Solid Waste Management Authority	(720,000)	(596,303)
	<u>(14,361,883)</u>	<u>(18,559,178)</u>
	<u>\$ 89,131,344</u>	<u>\$ 79,907,796</u>

Temporary investments are readily convertible to cash, consist of fixed income investments including short-term notes and deposits and Schedule 1 (one) bank bonds. Short-term notes and deposits bear effective interest rates between 1.45% and 1.91% with maturity dates between January, 2018 and November, 2018. Bank bonds have rates of return between 9.98% and 10.22% with maturity dates between June, 2019 and December, 2107.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2017	2016
Current taxes and grants in place of taxes	\$ 2,775,630	\$ 3,231,234
Non-current taxes and grants in place of taxes	1,460,214	1,051,190
	4,235,844	4,282,425
Allowance for doubtful accounts	(273,900)	(222,050)
	<u>\$ 3,961,944</u>	<u>\$ 4,060,374</u>





**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**4. TRADE AND OTHER RECEIVABLES**

	2017	2016
Trade and other receivables	\$ 2,807,559	\$ 3,671,852
Government grants	3,818,361	-
Dividend receivable	627,577	651,180
Goods and services tax	530,713	322,143
Accrued investment earnings	1,383,269	1,685,028
Less: Allowance for uncollectible trade and other receivables	(70,131)	(55,496)
	<u>\$ 9,097,348</u>	<u>\$ 6,274,707</u>

**5. LOANS RECEIVABLE**

	2017	2016
Grande Prairie Regional Agricultural & Exhibition Society (TEC Centre)	\$ 2,867,646	\$ 3,142,730
Peace Area Riding for the Disabled Society (PARDS)	1,000,000	1,000,000
Total loans receivable	3,867,646	4,142,730
Less: current portion	(218,645)	(209,738)
	<u>\$ 3,649,001</u>	<u>\$ 3,932,992</u>

Advances to the Grande Prairie Regional Agricultural & Exhibition Society are unsecured and bear interest from 3.70% to 4.75%. Advance #1, with a balance of \$1,508,415, consists of principal and accrued interest for 2009 through 2017, bears interest at 4.75% and is repayable in blended annual payments of \$179,188. Advance #2, with a balance of \$1,073,879, consists of principal and accrued interest for 2010 through 2017, bears interest at 4.75% and is repayable in blended monthly payments of \$119,458. Advance #3, with a balance of \$285,623, bears interest at 3.70% and is repayable in blended monthly payments of \$9,982.

By motion of Council, 2017 annual repayments of \$420,240, representing interest and principal were offset by a grant from the County of Grande Prairie No. 1. Under the terms of the motion, this arrangement is for a period of ten years, and is subject to annual review. Accrued interest on the loans total \$104,819 at December 31, 2017 and is included under trade and other receivables. Advance #1 is to be fully repaid by January 31, 2028, Advance #2 is to be fully repaid by January 31, 2029 and Advance #3 is to be fully repaid by June 14, 2020.

Advances to the Peace Area Riding for the Disabled Society (PARDS) is secured by a mortgage and charge upon all land and permanent structures located at Lot 1, Plan 922 3240, bears interest at the bank's prime rate and principal and accrued interest is repayable in full on or before March 9, 2025. Accrued interest on the loan totals \$66,089 and is included under trade and other receivables. By motion of Council, a corresponding bank loan of \$1,000,000 was obtained from ATB Financial to fund this advance. See Note 11.



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**6. INVESTMENTS**

	2017	2016
Alberta Capital Finance Authority shares	\$ 170	\$ 170
Aquatera Utilities Inc. - 17.86% ownership		
8,846 Class A common shares (2016 - 8,846)	88	88
11,465 Class C common shares (2016 - 4,018)	114	40
7,962 Class D preferred shares (2016 - 7,962)	7,961,696	7,961,696
883 Class F common shares (2016 - 883)	883,266	883,266
11,715 Class H preferred shares (2016 - 4,268)	11,714,131	4,267,417
Cumulative share of earnings	18,132,515	15,154,266
Cumulative share of dividends declared	(16,898,220)	(8,823,855)
Total equity in Aquatera Utilities Inc. (Note 16)	21,793,590	19,442,918
Total investments	\$ 21,793,760	\$ 19,443,088

An asset transfer occurred on December 31, 2017 to Aquatera Utilities Inc. from the City of Grande Prairie. Immediately prior to the asset transfer, Aquatera Utilities Inc. declared a stock dividend, under which the County received 7,447 common shares and 7,447 preferred shares with a carrying value of \$7,446,788 in aggregate.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2017	2016
Trade payables	\$ 6,759,558	\$ 8,664,048
Vacation and overtime	1,593,941	1,418,424
	\$ 8,353,499	\$ 10,082,472

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

**8. DEPOSIT LIABILITIES**

	2017	2016
West Grande Prairie County Solid Waste Management Authority	\$ 109,343	\$ 71,722
Safety codes council fees	4,137	4,504
Subdivision approach and development agreement deposits	2,605,820	2,129,028
Public works approach/performance deposits	608,000	653,000
ANI/Appeal deposits	106,078	95,412
Bezanson Cultural Center donations	350,138	71,071
Tax sale surplus	-	194,243
	\$ 3,783,516	\$ 3,218,980



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

9. DEFERRED REVENUE

	2017	2016
Provincial government transfer		
- Mountain Pine Beetle Program	\$ 130,205	\$ 123,870
Provincial government transfer		
- MSI (Municipal Sustainability Initiative)	2,781,241	3,179,702
Other deferred amounts	439,621	227,577
	<u>3,351,067</u>	<u>3,531,149</u>
Prepaid local improvement charges	23,070	23,904
	<u>\$ 3,374,137</u>	<u>\$ 3,555,053</u>

Prepaid local improvement charges are being amortized to revenue on a straight-line basis over the remaining term of the respective debentures and mature in 2030.

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

2018	\$ 1,950
2019	1,950
2020	1,950
2021	1,950
2022	1,950

10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspections and maintenance.

The accrued liability for closure and post-closure of the Clairmont landfill is based on the cumulative capacity used at year-end compared to the estimated total landfill capacity. The total capacity of the site is estimated 1,027,573 cubic meters. The estimated remaining capacity of the landfill site is approximately 387,597 (2016 - 529,716 cubic meters. In 2010, an additional 90,726 cubic meters of airspace was added, in 2011, an additional 188,800 cubic meters of air space was added and in 2016, an additional 576,672 cubic meters of air space was added. In 2017, an adjustment of 88,736 cubic meters of airspace was required. The existing landfill site is expected to reach capacity in approximately 5.62 years.

*(continues)*





**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY** *(continued)*

The County has not yet designated assets for settling closure and post-closure liabilities.

	2017	2016
Estimated closure costs	\$ 96,780	\$ 103,624
Estimated post-closure costs	54,526	66,658
Estimated total liability	<u>\$ 151,306</u>	<u>\$ 170,282</u>
Estimated capacity remaining	38 %	47 %
Portion of total liability remaining to be recognized	<u>\$ 57,072</u>	<u>\$ 80,803</u>
Estimated capacity used	62 %	53 %
Accrued liability portion - Clairmont landfill	\$ 94,234	\$ 89,479
Accrued liability portion - West Grande Prairie County Solid Waste Management Authority <i>(Note 24)</i>	22,152	47,249
Total accrued liability	<u>\$ 116,386</u>	<u>\$ 136,728</u>

**11. BANK LOAN**

	2017	2016
Bank loan	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

ATB Financial loan bears interest at prime and is repayable in interest only payments. The loan is due on demand but no later than December 31, 2018. The loan is secured under the same terms as those of the loan receivable due from the Peace Area Riding for the Disabled Society (PARDS), as disclosed in Note 5.





**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

12. LONG-TERM DEBT

	2017	2016
Alberta Capital Finance Authority		
General tax levy supported debentures	\$ 6,949,260	\$ 5,317,273
Other self supported debentures	24,885,453	21,437,292
Local improvement supported debentures	7,087,767	7,550,823
	<u>38,922,480</u>	<u>34,305,388</u>
Other		
General tax levy supported capital leases	-	12,552
Total long-term debt	38,922,480	34,317,940
Less: current portion	<u>(3,765,359)</u>	<u>(3,248,636)</u>
	<u>\$ 35,157,121</u>	<u>\$ 31,069,304</u>

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

	Principal	Interest	Total
2018	\$ 3,765,359	\$ 1,334,479	\$ 5,099,838
2019	3,894,261	1,193,025	5,087,286
2020	4,041,351	1,045,935	5,087,286
2021	4,194,312	892,976	5,087,288
2022	4,110,656	736,462	4,847,118
Thereafter	18,916,541	2,323,643	21,240,184
	<u>\$ 38,922,480</u>	<u>\$ 7,526,520</u>	<u>\$ 46,449,000</u>

Debenture debt in the amount of \$ 38,922,480 is repayable to Alberta Capital Finance Authority and bears interest at varying rates ranging from 2.627% to 5.15% per annum and mature between 2021 and 2037. Debenture debt is issued on the credit and security of the County of Grande Prairie No. 1.

Interest on long-term debt amounted to \$1,241,452 (2016 - \$1,352,704).

The County's total cash payments for interest was \$1,230,912 (2016 - \$1,342,642).



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**13. DEBT LIMITS**

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 be disclosed as follows:

	2017	2016
Total debt limit	\$ 142,967,889	\$ 141,733,979
Total debt	(39,922,480)	(35,317,940)
Amount debt limit available	<u>\$ 103,045,409</u>	<u>\$ 106,416,039</u>
Debt servicing limit	\$ 23,827,982	\$ 23,622,330
Debt servicing	(4,099,838)	(3,491,021)
Service on debt limit available	<u>\$ 19,728,144</u>	<u>\$ 20,131,309</u>

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/00) 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 Municipality. Rather, the consolidated financial statements must be interpreted as a whole.

**14. TANGIBLE CAPITAL ASSETS**

	2017	2016 <i>(As Restated)</i>
Land	\$ 80,847,834	\$ 77,440,043
Site improvements	13,987,850	13,769,326
Buildings	82,366,949	83,500,588
Engineering structures	232,315,281	217,870,834
Machinery and equipment	17,084,514	19,820,883
Vehicles	6,268,210	5,945,969
	<u>\$ 432,870,638</u>	<u>\$ 418,347,643</u>

**15. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2017	2016 <i>(As Restated)</i>
Capital assets <i>(Schedule 2)</i>	\$ 644,724,571	\$ 612,301,974
Accumulated amortization <i>(Schedule 2)</i>	(211,853,933)	(193,954,331)
Long-term debt <i>(Note 12)</i>	(38,922,480)	(34,317,940)
	<u>\$ 393,948,158</u>	<u>\$ 384,029,703</u>



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**16. ACCUMULATED SURPLUS**

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

	2017	2016 <i>(As Restated)</i>
Unrestricted surplus		
County of Grande Prairie No.1	\$ 611,119	\$ 552,924
West Grande Prairie County Solid Waste Management Authority	14,000	13,400
	<u>625,119</u>	<u>566,324</u>
Restricted surplus (reserves)		
Carry forward project completions	3,826,990	2,890,647
Financial stabilization	8,902,937	5,503,078
Project debt repayment	15,030,871	14,388,781
Future grants	376,746	2,368,821
Future operational projects	2,050,209	2,417,285
Future capital and infrastructure projects and rehabilitation	53,589,749	51,625,274
Future equipment replacement	17,787,771	14,642,481
Municipal reserve	2,448,236	2,062,261
Annexation reserve	1,765,914	2,943,190
West Grande Prairie County Solid Waste Management Authority reserve (40% consolidation)	780,323	590,064
	<u>106,559,746</u>	<u>99,431,882</u>
Equity in Aquatera Utilities Inc. (Note 6)	21,793,590	19,442,918
Equity in tangible capital assets (Note 15)		
Equity in tangible capital assets	401,207,140	391,905,685
Amounts to recover (Note 17)	(7,258,982)	(7,875,982)
	<u>393,948,158</u>	<u>384,029,703</u>
	<u><b>\$ 522,926,613</b></u>	<u><b>\$ 503,470,827</b></u>

**17. AMOUNTS TO BE RECOVERED**

Amounts to be recovered represent the unfunded portion of liabilities established for accrual accounting purposes. The County has adopted a plan whereby these amounts are to be funded from future years' budgetary allocations and transfers from reserve funds. The amounts to be recovered are a result of the County incurring debt for the installation of water lines and a capital grant to the Grande Prairie Regional Agricultural and Exhibition Society for the Trade, Exhibition and Conference Centre.

	2017	2016
Evergreen Park Trade, Exhibition and Convention (TEC) Centre	\$ 2,634,271	\$ 2,864,650
Waterline installation	4,624,711	5,011,332
	<u><b>\$ 7,258,982</b></u>	<u><b>\$ 7,875,982</b></u>

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**18. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

		2017				2016
COUNTY COUNCIL	Division	Salary (1)	Benefits (2)	Travel	Total	Total
				Cost and Allowances (3)		
Reeve - L. Beaupre	3	86,485	14,944	24,094	125,523	130,984
H. Bulford	1	61,643	12,487	33,388	107,518	96,429
D. Beeston	2	65,342	13,467	25,985	104,794	112,574
R. Sutherland	4	66,438	13,818	24,272	104,528	104,451
B. Marshall	5	69,451	13,730	27,581	110,762	113,581
P. Harris	6	53,013	12,136	19,914	85,063	87,038
B. Smith	7	42,465	4,968	18,944	66,377	77,355
L. Waddy	7	13,699	2,732	6,170	22,601	-
R. Harpe	8	-	-	-	-	3,503
K. Rosvold	8	71,506	13,965	39,270	124,741	60,446
C. Beck	9	67,260	10,331	32,355	109,946	111,058
		\$ 597,302	\$ 112,578	\$ 251,973	\$ 961,853	\$ 897,419
<b>OFFICERS</b>						
	<u>Positions</u>					
Chief Administrative Officer	1	\$ 281,570	\$ 21,684	\$ 21,810	\$ 325,064	\$ 296,713
Designated Officers	2	267,160	40,878	17,354	325,392	319,716
		\$ 548,730	\$ 62,562	\$ 39,164	\$ 650,456	\$ 616,429

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**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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18. SALARY AND BENEFITS DISCLOSURE *(continued)*

- (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 County Council benefits and contributions or payments made on behalf of County Council including Canada Pension Plan, health care, dental coverage, vision coverage, group life insurance, accidental death and dismemberment insurance and registered retirement savings plan contributions. Employer's share of all Officers benefits and contributions or payments made on behalf of Officers including pension, health care, dental coverage, vision coverage, group life insurance, accidental death and dismemberment insurance and employment insurance.
  - (3) Travel allowances and travel costs including mileage and airfare.
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19. 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 253,862 people and about 417 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 County of Grande Prairie No.1 is required to make current service contributions to the Plan of 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the County of Grande Prairie No. 1 to the Local Authorities Pension Plan in 2017 were \$2,386,748 (2016 - \$2,365,187). Total current service contributions by the employees of the County of Grande Prairie No. 1 to the Local Authorities Pension Plan in 2017 were \$2,201,038 (2016 - \$2,181,405).

At December 31, 2016, the Plan disclosed an actuarial deficit of \$637 million (2015 - \$923 million).

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20. CONTINGENCIES

The County of Grande Prairie No. 1 is a member of the Jubilee Insurance Reciprocal Exchange (Genesis). 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.

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21. COMMITMENTS

Operating leases

The County has entered into various leases in respect to photocopiers, printers, and computer hardware requiring total payments of \$99,809 expiring in February, 2021.

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**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**22. ANNEXATION**

On January 1, 2016, the City of Grande Prairie annexed 6,316 hectares (approximately 15,607 acres) of land from the County of Grande Prairie No. 1. The County transferred to the City land, roads and bridge assets having a net book value of approximately \$4,178,560 along with debt of \$836,161 directly related to the areas annexed. As part of the Provincial annexation order, the City is to pay the County a total sum of \$4,414,785 over five years. The related receivable at the end of 2017 is \$1,765,914 which consists of:

Amounts due on or before:

December 31, 2018	\$ 882,957
December 31, 2019	588,638
December 31, 2020	294,319

A reserve has been established for the monies due to the County and will be drawn down by the amounts in the fiscal years indicated above.

**23. AQUATERA UTILITIES INC. SUMMARY OF CONDENSED FINANCIAL INFORMATION**

Aquatera Utilities Inc. was established in 2003 to provide water, wastewater and solid waste management services to the City of Grande Prairie, County of Grande Prairie No. 1, Town of Sexsmith, other municipalities and commercial users.

The following is a summary of condensed financial information related to the County's proportionate share (2017 - 18.11%; 2016 - 18.11%) in Aquatera Utilities Inc. for the year ended December 31, 2017:

	2017	2016
<b>Financial Position:</b>		
Financial assets	\$ 16,274,228	\$ 13,161,462
Physical assets	54,290,159	52,700,685
Total assets	70,564,387	65,862,147
Current liabilities, including callable debt	19,713,234	18,805,446
Deferred revenue of capital contributions	27,313,250	26,827,568
Landfill closure and post-closure liability	1,224,301	1,243,462
Total liabilities	48,250,785	46,876,476
Net assets	\$ 22,313,602	\$ 18,985,671
<b>Results of Operations:</b>		
Revenue	\$ 10,397,059	\$ 9,783,697
Amortization expense	(1,482,628)	(1,365,818)
Finance costs	(452,363)	(427,054)
Net subsidiary operations	(191,709)	(81,083)
Operating expenses	(5,292,110)	(5,399,571)
Net earnings from operations, current year	2,978,249	2,510,171
Less: dividends declared	(627,577)	(651,180)
Subsidiary operations	\$ 2,350,672	\$ 1,858,991



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**24. RELATED PARTY TRANSACTIONS**

The following summarizes the related party transactions between the County of Grande Prairie No. 1 and Aquatera Utilities Inc., a company in which the County of Grande Prairie No. 1 exerts significant influence. All transactions are in the normal course of business and are measure by the exchange amounts, which is the amount of consideration established and agreed to by all parties.

	2017	2016
Aquatera Utilities Inc.		
Franchise fee revenue	\$ 377,801	\$ 329,652
General, administrative and contracted services expense	271,436	262,073
Sale of services	188,939	90,262

**25. GOVERNMENT PARTNERSHIP**

In accordance with the Canadian public sector accounting recommendations PS 3060 Government Partnerships, the financial position of the County has been consolidated with the County's proportionate 40% share of the West Grande Prairie County Solid Waste Management Authority.

The following is a summary of the County's share in this government partnership:

	2017	2016 <i>(As Restated)</i>
<u>Financial Position:</u>		
Assets		
Financial assets	\$ 836,448	\$ 667,155
Physical assets	995,056	1,079,085
Total assets	1,831,504	1,746,240
Current liabilities	11,203	16,442
Deferred revenue	8,770	-
Landfill closure and post-closure liability	22,152	16,638
Total liabilities	42,125	33,080
Net assets	\$ 1,873,629	\$ 1,779,320
<u>Results of Operations:</u>		
Revenue	\$ 314,221	\$ 222,894
Amortization expense	(84,381)	(73,247)
Operating expenses	(153,621)	(115,524)
Proportionate share of earnings	\$ 76,219	\$ 34,123





**COUNTY OF GRANDE PRAIRIE NO. 1**  
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**26. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM**

The 2017 budget reflects all of the County of Grande Prairie activities including capital projects and reserve transfers. The financial reporting requirements as set out in the Public Sector Accounting Handbook for financial statements are accrual based, as described in Note 1(b). The differences in the requirements for the Budget and the financial statements result in different items being recognized as revenues and expenditures. The reconciliation below is provided to encompass these items and is provided for information purposes only. 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.

	Budget <i>(unaudited)</i>	2017	2016 <i>(As Restated)</i>
<b>Statement of Operations, Surplus</b>	\$ (662,707)	\$ 19,455,786	\$ 26,175,902
Add back non-cash items:	-	-	-
Contributed capital assets	-	(5,496,436)	(7,950,416)
Amortization of tangible capital assets	20,345,935	22,321,674	21,121,789
Tangible capital assets transferred in annexation	-	-	4,178,560
Gain on disposal of tangible capital assets	-	481,878	254,839
Debt proceeds	11,390,000	7,842,535	-
Debt principal repayments	(3,236,086)	(3,237,995)	(3,951,826)
Tangible capital assets sale proceeds	234,000	189,839	1,286,463
Capital expenditures	(49,105,901)	(32,019,950)	(28,537,818)
Net transfer (to) from reserves (restricted surplus)	21,034,759	(7,127,864)	(10,672,598)
Net transfer (to) from equity in Aquatera (restricted surplus)	-	(2,350,672)	(1,858,991)
Net transfer (to) from unrestricted funds	-	(58,795)	(45,904)
<b>Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**27. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, deposit liabilities, bank loan and long-term debt.

**(a) Credit risk**

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

The two most significant revenue sources for the County are property taxes and government transfers. The County 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 payers, the County is not exposed to significant credit risk on such transactions.

**(b) Interest rate risk**

The County 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 12.

*(continues)*

**COUNTY OF GRANDE PRAIRIE NO. 1**  
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**Year Ended December 31, 2017**

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27. FINANCIAL INSTRUMENTS *(continued)*

(c) Unused lines of credit

The County has an available bank demand loan in the amount of \$2,500,000 all of which is unused at December 31, 2017.

(d) Currency risk

Currency risk is the risk to the County's surplus that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the County is not exposed to significant currency risks arising from transactions in its US bank account.

(e) Fair values of financial instruments

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

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

Unless otherwise noted, it is management's opinion that the company is not exposed to significant other price risks arising from these financial instruments.

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28. PRIOR PERIOD ADJUSTMENT

During the year, an error was noted in that certain contributed assets that had received a Construction Completion Certificate had not been capitalized. Management has retroactively corrected this misstatement of the tangible capital asset balance.

As a result of this adjustment, equity in tangible capital assets was increased by \$4,847,870 as at January 1, 2016. Revenue from contributed assets increased by \$723,291 and amortization of tangible capital assets increased by \$242,883 for the year ended December 31, 2016.

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29. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

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