

COUNTY OF GRANDE PRAIRIE NO. 1
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

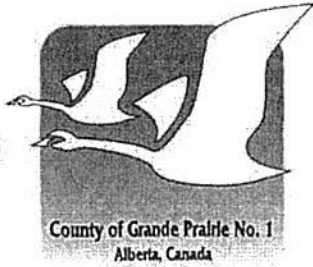


COUNTY OF GRANDE PRAIRIE NO. 1
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Contents

	<u>Schedule Number</u>	<u>Page Number</u>
Management Report		
Independent Auditors' Report		
Consolidated Statement of Financial Position		1
Consolidated Statement of Operations and Accumulated Surplus		2
Consolidated Statement of Change in Net Financial Assets (Debt)		3
Consolidated Statement of Cash Flows		4
Schedule of Change in Accumulated Surplus	1	5
Schedule of Tangible Capital Assets	2	6
Schedule of Property and Other Taxes	3	7
Schedule of Government Transfers	4	8
Schedule of Consolidated Expenditures by Object	5	9
Schedule of Salary and Benefits Disclosure	6	10
Notes to the Consolidated Financial Statements		11 - 26





COUNTY OF GRANDE PRAIRIE No. 1

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the County of Grande Prairie No. 1.

These consolidated financial statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian Public Sector accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

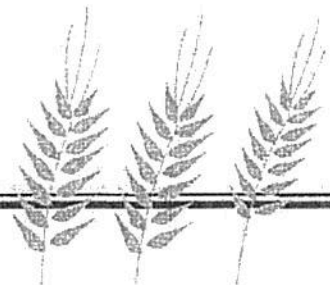
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that the financial information produced is relevant and reliable.

The elected Council of the County of Grande Prairie No. 1 is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Council approves the engagement or re-appointment of the external auditors, and reviews the monthly financial reports.

The consolidated financial statements have been audited by Fletcher Mudryk & Co. LLP Chartered Accountants, the external auditors, in accordance with Canadian auditing standards on behalf of Council, residents and ratepayers of the County.

William A. Rogan
Chief Administrative Officer
April 27, 2015

Dan Sieben
Manager of Financial Services
April 27, 2015



INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2014, 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 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, 2014 and the results of its operations and accumulated surplus, 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 & Co.

Grande Prairie, Alberta
April 27, 2015

Chartered Accountants

County of Grande Prairie No. 1
Consolidated Statement of Financial Position
As at December 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 91,739,819	\$ 92,091,669
Receivables		
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	2,029,657	1,881,901
Trade and other receivables	8,686,997	4,958,300
Loan receivable <i>(Note 4)</i>	3,658,878	3,830,096
Investments <i>(Note 5)</i>	<u>16,077,922</u>	<u>13,217,898</u>
	<u>122,193,273</u>	<u>115,979,864</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 6)</i>	11,449,976	9,176,090
Deposit liabilities <i>(Note 7)</i>	3,768,396	2,669,370
Deferred revenue <i>(Note 8)</i>	2,438,646	3,179,883
Provision for landfill closure and post-closure costs <i>(Note 9)</i>	177,597	145,212
Long-term debt <i>(Note 10)</i>	<u>41,492,059</u>	<u>44,437,590</u>
	<u>59,326,674</u>	<u>59,608,145</u>
NET FINANCIAL ASSETS	<u>62,866,599</u>	<u>56,371,719</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 12)</i>	374,300,699	341,746,666
Inventory for consumption	1,038,294	956,786
Prepaid expenditures	<u>1,380,887</u>	<u>532,512</u>
	<u>376,719,880</u>	<u>343,235,964</u>
ACCUMULATED SURPLUS <i>(Schedule 1, Note 14)</i>	<u>\$ 439,586,479</u>	<u>\$ 399,607,683</u>

Contingencies *(Note 17)*

County of Grande Prairie No. 1
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
REVENUE			
Net municipal property taxes <i>(Schedule 3)</i>	\$ 67,274,863	\$ 67,261,276	\$ 61,787,180
User fees and sale of goods	6,229,609	8,740,727	8,038,410
Government transfers <i>(Schedule 4)</i>	2,320,743	3,198,454	3,030,598
Investment income	1,744,109	2,523,343	2,393,898
Penalties and costs of taxes	426,200	455,835	475,295
Insurance proceeds	-	25,803	1,986
Development levies	679,669	4,367,216	3,570,017
Licenses and permits	2,408,003	5,203,052	3,482,110
Other	1,145,060	2,105,116	995,144
TOTAL REVENUE	82,228,256	93,880,822	83,774,638
EXPENDITURES			
Legislative	1,079,436	1,152,503	919,074
Other general	1,267,108	1,368,946	1,143,626
Corporate and administrative services	8,106,443	7,619,371	6,923,062
Community services			
Agriculture services	2,619,687	2,244,556	2,016,781
Enforcement services	2,970,733	2,767,599	2,684,869
Family and Community Support services	2,029,282	1,941,892	1,731,028
Fire services	6,765,052	6,920,495	6,557,787
Recreation, cultural, library and park services	9,416,923	9,567,532	10,568,504
Transportation and field services	32,450,651	32,050,541	29,674,535
Water and wastewater services	987,080	1,851,068	726,985
Solid waste management and recycling	2,260,016	2,303,390	2,185,437
Other environmental - Mountain Pine Beetle	-	833,810	768,394
Planning and economic development			
Planning and development	2,506,578	2,838,652	2,242,565
Economic development	1,186,500	2,338,858	1,167,894
TOTAL EXPENDITURES	73,645,489	75,799,213	69,310,541
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	8,582,767	18,081,609	14,464,097
OTHER ITEMS			
Contributed assets	-	15,139,517	15,653,230
Government transfers for capital <i>(Schedule 4)</i>	11,655,900	10,869,777	18,889,899
Net subsidiary operations - Aquatera Utilities Inc. <i>(Note 19)</i>	-	1,980,968	1,031,523
Transfer of assets to Aquatera Utilities Inc.	-	883,266	-
Write-down of tangible capital assets	-	-	(174,540)
(Loss) gain on disposal of tangible capital assets	-	(6,976,341)	(304,022)
EXCESS OF REVENUE OVER EXPENDITURES	20,238,667	39,978,796	49,560,187
ACCUMULATED SURPLUS, BEGINNING OF YEAR	399,607,683	399,607,683	350,047,496
ACCUMULATED SURPLUS, END OF YEAR	\$ 419,846,350	\$ 439,586,479	\$ 399,607,683

County of Grande Prairie No. 1
Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2014

	Budget <i>(Unaudited)</i>	2014	2013
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 20,238,667</u>	<u>\$ 39,978,796</u>	<u>\$ 49,560,187</u>
Tangible Capital Assets Related			
Acquisition of tangible capital assets	(52,272,277)	(43,920,604)	(46,138,687)
Contributed assets	-	(15,139,517)	(15,653,230)
Proceeds on disposal of tangible capital assets	283,000	1,618,373	126,131
Write-down of tangible capital assets	-	-	174,540
Amortization of tangible capital assets	15,710,291	17,911,374	15,789,458
Loss (gain) on disposal of tangible capital assets	-	6,976,341	304,022
	<u>(36,278,986)</u>	<u>(32,554,033)</u>	<u>(45,397,766)</u>
Other Non-Financial Assets			
Acquisition of supplies inventories	-	(1,846,764)	(1,641,011)
Use of supplies inventories	-	1,765,256	1,699,278
Acquisition of prepaid assets	-	(1,747,769)	(552,003)
Use of prepaid assets	-	899,394	533,831
	<u>-</u>	<u>(929,883)</u>	<u>40,095</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(16,040,319)	6,494,880	4,202,516
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>56,371,719</u>	<u>56,371,719</u>	<u>52,169,203</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>\$ 40,331,400</u></u>	<u><u>\$ 62,866,599</u></u>	<u><u>\$ 56,371,719</u></u>

County of Grande Prairie No. 1
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2014

	2014	2013
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenditures	\$ 39,978,796	\$ 49,560,187
Non-cash items included in excess of revenue over expenditures:		
Amortization of tangible capital assets	17,911,374	15,789,458
Write-down of tangible capital assets	-	174,542
Loss (gain) on disposal of tangible capital assets	6,976,341	304,022
Tangible capital assets received as contributions	(15,139,517)	(15,653,230)
Amortization of deferred revenue	(2,176)	(2,176)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes receivable	(147,756)	308,042
Decrease (increase) in trade and other receivables	(3,728,697)	(661,978)
Decrease (increase) in loans receivable	171,218	(546,598)
Decrease (increase) in prepaid expenditures	(848,375)	(18,172)
Decrease (increase) in inventory for consumption	(81,508)	58,266
Increase (decrease) in accounts payable and accrued liabilities	2,273,886	1,307,320
Increase (decrease) in deposit liabilities	1,099,026	562,518
Increase (decrease) in provision for landfill closure and post-closure costs	32,385	27,598
Increase (decrease) in deferred revenue	(739,061)	(1,989,694)
Cash provided by operating transactions	<u>47,755,936</u>	<u>49,220,105</u>
CAPITAL		
Acquisition of tangible capital assets	(43,920,604)	(46,138,687)
Proceeds on disposal of tangible capital assets	<u>1,618,373</u>	<u>126,131</u>
Cash applied to capital transactions	<u>(42,302,231)</u>	<u>(46,012,556)</u>
INVESTING		
Increase (decrease) in restricted cash and temporary investments	8,898,736	(9,967,547)
Investment in Aquatera Utilities Inc.	(2,864,234)	(1,031,523)
(Increase) decrease in other investments	<u>4,210</u>	<u>3,652</u>
Cash provided by (applied to) investing transactions	<u>6,038,712</u>	<u>(10,995,418)</u>
FINANCING		
Long-term debt issued	497,115	7,000,000
Long-term debt repaid	<u>(3,442,646)</u>	<u>(4,125,498)</u>
Cash provided by (applied to) financing transactions	<u>(2,945,531)</u>	<u>2,874,502</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	<u>8,546,886</u>	<u>(4,913,367)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>70,944,148</u>	<u>75,857,515</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 79,491,034</u></u>	<u><u>\$ 70,944,148</u></u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	\$ 91,739,819	\$ 92,091,669
Less: restricted portion of cash and temporary investments (Note 2)	<u>(12,248,785)</u>	<u>(21,147,521)</u>
	<u><u>\$ 79,491,034</u></u>	<u><u>\$ 70,944,148</u></u>

County of Grande Prairie No. 1
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2014

	Unrestricted Surplus	Restricted Surplus	Equity in Aquatera Utilities	Equity in Tangible Capital Assets	2014 \$	2013 \$
BALANCE, BEGINNING OF YEAR	\$ 432,973	\$ 88,656,700	\$ 13,208,934	\$ 297,309,076	\$ 399,607,683	\$ 350,047,496
Excess of revenue over expenditures	39,978,796	-	-	-	39,978,796	49,560,187
Unrestricted funds designated for future use	(38,800,320)	38,800,320	-	-	-	-
Restricted funds used for operations	6,100,780	(6,100,780)	-	-	-	-
Net subsidiary operations - Aquatera Utilities Inc.	(1,980,968)	-	1,980,968	-	-	-
Transfer of assets to Aquatera Utilities Inc.	(883,266)	-	883,266	-	-	-
Restricted funds used for tangible capital assets	-	(31,127,033)	-	31,127,033	-	-
Current year funds used for tangible capital assets	(12,296,456)	-	-	12,296,456	-	-
Contributed tangible capital assets	(15,139,517)	-	-	15,139,517	-	-
Disposal of tangible capital assets	8,594,714	-	-	(8,594,714)	-	-
Write-down of tangible capital assets	-	-	-	-	-	-
Annual amortization expense	17,911,374	-	-	(17,911,374)	-	-
Long-term debt repaid	(3,442,646)	-	-	3,442,646	-	-
Change in accumulated surplus	42,491	1,572,507	2,864,234	35,499,564	39,978,796	49,560,187
BALANCE, END OF YEAR	\$ 475,464	\$ 90,229,207	\$ 16,073,168	\$ 332,808,640	\$ 439,586,479	\$ 399,607,683

County of Grande Prairie No. 1
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2014

	Land	Site Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2014 \$	2013 \$
COST:								
BALANCE, BEGINNING OF YEAR	\$ 63,605,951	\$ 13,901,209	\$ 74,919,688	\$ 304,250,301	\$ 23,499,146	\$ 12,693,610	\$ 492,869,905	\$ 432,817,731
Acquisition of tangible capital assets	7,290,538	1,901,554	31,570,584	33,450,538	3,509,286	549,227	78,271,727	59,822,529
Construction-in-progress	(1,549)	(187,814)	(14,130,255)	(4,841,966)	(50,022)	-	(19,211,606)	1,969,388
Disposal of tangible capital assets	(38,929)	-	-	(9,378,115)	(2,203,514)	(554,116)	(12,174,674)	(1,739,743)
BALANCE, END OF YEAR	70,856,011	15,614,949	92,360,017	323,480,758	24,754,896	12,688,721	539,755,352	492,869,905
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	3,053,453	4,909,705	125,239,859	12,745,294	5,174,928	151,123,239	136,468,830
Annual amortization	-	752,905	1,763,577	11,412,296	2,806,815	1,175,781	17,911,374	15,789,458
Accumulated amortization on disposals	-	-	-	(1,035,965)	(2,010,788)	(533,207)	(3,579,960)	(1,135,049)
BALANCE, END OF YEAR	-	3,806,358	6,673,282	135,616,190	13,541,321	5,817,502	165,454,653	151,123,239
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 70,856,011	\$ 11,808,591	\$ 85,686,735	\$ 187,864,568	\$ 11,213,575	\$ 6,871,219	\$ 374,300,699	\$ 341,746,666
2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 63,605,951	\$ 10,847,756	\$ 70,009,983	\$ 179,010,442	\$ 10,753,852	\$ 7,518,682	\$ 341,746,666	

County of Grande Prairie No. 1
Schedule of Property and Other Taxes
For the Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
TAXATION			
Real property taxes	\$ 59,989,693	\$ 59,998,389	\$ 55,074,985
Linear property taxes	24,751,921	24,747,629	24,248,532
Government grants in place of property taxes	109,028	91,037	84,380
Local improvement taxes	1,071,169	1,071,169	358,906
	<u>85,921,811</u>	<u>85,908,224</u>	<u>79,766,803</u>
LESS: REQUISITIONS			
Alberta School Foundation Fund	17,312,726	17,312,726	16,647,756
Grande Prairie Roman Catholic Separate School District No. 28	1,025,335	1,025,335	1,019,965
Grande Spirit Foundation	308,887	308,887	311,902
	<u>18,646,948</u>	<u>18,646,948</u>	<u>17,979,623</u>
NET MUNICIPAL TAXES	<u>\$ 67,274,863</u>	<u>\$ 67,261,276</u>	<u>\$ 61,787,180</u>

County of Grande Prairie No. 1
Schedule of Government Transfers
For the Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
TRANSFERS FOR OPERATING:			
Federal transfers	\$ -	\$ -	\$ 38,616
Provincial transfers	2,310,743	3,175,834	2,945,617
Local government transfers	10,000	22,620	46,365
	<u>2,320,743</u>	<u>3,198,454</u>	<u>3,030,598</u>
TRANSFERS FOR CAPITAL:			
Federal transfers	1,052,528	1,142,950	1,486,321
Provincial transfers	8,670,038	7,789,493	16,082,911
Local government transfers	1,933,334	1,937,334	1,320,667
	<u>11,655,900</u>	<u>10,869,777</u>	<u>18,889,899</u>
	<u>\$ 13,976,643</u>	<u>\$ 14,068,231</u>	<u>\$ 21,920,497</u>

County of Grande Prairie No. 1
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
Consolidated expenditures by object			
Salaries, wages and benefits	\$ 27,661,028	\$ 26,357,202	\$ 23,757,092
Contracted and general services	13,730,533	14,740,489	12,863,414
Materials, goods and utilities	8,938,389	8,870,030	8,386,614
Transfers to other governments, local boards and agencies	5,425,668	5,692,313	6,471,403
Purchases from other governments	450,000	460,589	433,616
Provision for allowances (recovery)	21,000	18,483	(31,406)
Bank charges and short-term interest	74,396	104,672	90,844
Interest on long-term debt	1,623,607	1,622,798	1,540,184
Amortization of tangible capital assets	15,710,291	17,911,374	15,789,458
Other expenditures	10,577	21,263	9,322
Total expenditures	<u>\$ 73,645,489</u>	<u>\$ 75,799,213</u>	<u>\$ 69,310,541</u>

County of Grande Prairie No. 1
Schedule of Salary and Benefits Disclosure
Year Ended December 31, 2014

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:

COUNTY COUNCIL	Division	2014			2013		
		Salary (1)	Benefits (2)	Travel Cost and Allowances (3)	Total	Total	Total
Reeve - L. Beaupre	3	\$ 80,026	\$ 13,296	\$ 25,137	\$ 118,459	\$ 120,034	
H. Bulford	1	64,255	11,259	37,729	113,243	88,032	
S. Nelson	2	-	-	-	-	51,326	
D. Beeston	2	71,788	12,726	34,331	118,845	16,393	
R. Sutherland	4	70,669	12,226	24,772	107,667	94,641	
P. Jacobs	5	-	-	-	-	60,061	
B. Marshall	5	65,786	11,962	32,841	110,589	19,231	
L. Dueck	6	-	-	-	-	63,681	
P. Harris	6	61,322	12,145	25,813	99,280	15,812	
B. Smith	7	51,645	8,213	23,673	83,531	85,156	
R. Harpe	8	62,074	9,204	41,474	112,752	95,310	
C. Beck	9	70,530	13,728	42,592	126,850	19,687	
M. Eckstrom	9	-	-	-	-	75,619	
		<u>\$ 598,095</u>	<u>\$ 104,759</u>	<u>\$ 288,362</u>	<u>\$ 991,216</u>	<u>\$ 804,983</u>	

OFFICERSPositions

Chief Administrative Officer	1	\$ 221,265	\$ 19,549	\$ 14,588	\$ 255,402	\$ 234,278	
Designated Officers	2	<u>272,328</u>	<u>47,891</u>	<u>16,687</u>	<u>336,906</u>	<u>334,589</u>	
		<u>\$ 493,593</u>	<u>\$ 67,440</u>	<u>\$ 31,275</u>	<u>\$ 592,308</u>	<u>\$ 568,867</u>	

(1) Salary includes regular base pay, 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.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

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 generally accepted accounting principals for local government established by the Public Sector Accounting 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 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 21.

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 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 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 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 asset is acquired.

(c) 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.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) 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 investment. 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(i) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of service. They have useful lives extending beyond the current year and 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.

(I) 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:

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

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.

(II) 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.

(III) 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.

(IV) 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.

(V) Cultural and historical tangible capital assets

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

(j) 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.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(k) 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 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.

(l) 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

	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 3,910	\$ 4,330
Cash in banks	9,149,244	9,424,310
Temporary investments	<u>82,586,665</u>	<u>82,663,029</u>
	<u>91,739,819</u>	<u>92,091,669</u>
Less: Restricted cash included in temporary investments		
Provincial and federal government grants for specific capital and operating projects	(2,680,628)	(13,984,217)
Municipal reserve funds	(2,364,037)	(1,600,961)
Development levies	(6,695,029)	(5,161,065)
West Grande Prairie County Solid Waste Management Authority	<u>(509,091)</u>	<u>(401,278)</u>
	<u>(12,248,785)</u>	<u>(21,147,521)</u>
	<u><u>\$ 79,491,034</u></u>	<u><u>\$ 70,944,148</u></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 0.5% and 1.83% with maturity dates between January, 2015 and May, 2015. Bank bonds have rates of return between 3.15% and 4.78% with maturity dates between November, 2015 and December, 2016. Short term GIC's have a return of 2.80% with maturity date of November, 2015.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2014</u>	<u>2013</u>
Current taxes and grants in place of taxes	\$ 1,633,376	\$ 1,481,879
Non-current taxes and grants in place of taxes	<u>519,065</u>	<u>506,393</u>
	<u>2,152,441</u>	<u>1,988,272</u>
Allowance for doubtful accounts	<u>(122,784)</u>	<u>(106,371)</u>
	<u><u>\$ 2,029,657</u></u>	<u><u>\$ 1,881,901</u></u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

4. LOAN RECEIVABLE

	<u>2014</u>	<u>2013</u>
Grande Prairie Regional Agricultural & Exhibition Society (TEC Centre)	\$ 3,658,878	\$ 3,830,096
Less: current portion	<u>(193,012)</u>	<u>(185,163)</u>
	<u>\$ 3,465,866</u>	<u>\$ 3,644,933</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 \$1,802,410, consists of principal and accrued interest for 2009 through 2013, bears interest at 4.75% and is repayable in blended annual payments of \$179,188. Advance #2, with a balance of \$1,261,160, consists of principal and accrued interest for 2010 through 2014, bears interest at 3.70% and is repayable with blended annual payments of \$119,459, commencing in 2015. Advance #3, with a balance of \$595,308, bears interest at 3.70% and is repayable in blended monthly payments of \$9,982. By motion of Council, 2014 annual repayments of \$298,978, representing interest and principal were set off 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 \$124,916 at December 31, 2014 and is included under trade and other receivables. Advances #1 and #2 are to be fully repaid by January 31, 2029 and Advance #3 is to be fully repaid by June 14, 2020.

5. INVESTMENTS

	<u>2014</u>	<u>2013</u>
Alberta Capital Finance Authority shares	\$ 170	\$ 170
AAMD&C dividend reserve	<u>4,584</u>	<u>8,794</u>
	<u>4,754</u>	<u>8,964</u>
Aquatera Utilities Inc. (19.23% ownership; 2013 - 18.16% ownership)		
8,846 Class A common shares (2013 - 7,963)	88	79
4018 Class C Common shares (2013 - NIL)	40	-
7,962 Class D preferred shares (2013 - 7,962)	7,961,696	7,961,696
883 Class F common shares (2013 - NIL)	883,266	-
4,268 Class H preferred shares (2013 - 250)	4,267,417	249,513
Cumulative share of earnings	10,482,156	7,873,660
Cumulative share of dividends received	<u>(7,521,495)</u>	<u>(2,876,014)</u>
Total equity in Aquatera Utilities Inc. (Note 14)	<u>16,073,168</u>	<u>13,208,934</u>
Total investments	<u>\$ 16,077,922</u>	<u>\$ 13,217,898</u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
Trade payables	\$ 10,126,072	\$ 8,031,627
Vacation and overtime	<u>1,323,904</u>	<u>1,144,463</u>
	<u>\$ 11,449,976</u>	<u>\$ 9,176,090</u>

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.

7. DEPOSIT LIABILITIES

	<u>2014</u>	<u>2013</u>
West Grande Prairie County Solid Waste Management Authority	\$ 34,888	\$ 36,481
Safety codes council fees	725	2,334
Subdivision approach and development agreement deposits	2,948,729	2,044,974
Public works approach/performance deposits	783,000	580,000
Tax sale surplus	-	5,581
Nustadia Recreation Inc.	<u>1,054</u>	
	<u>\$ 3,768,396</u>	<u>\$ 2,669,370</u>

8. DEFERRED REVENUE

	<u>2014</u>	<u>2013</u>
Provincial government transfer - Mountain Pine Beetle/Firesmart Program	\$ 882,570	\$ 170,320
Provincial government transfer - MSI (Municipal Sustainability Initiative)	1,392,195	32,000
Provincial government transfer - Dinosaur Museum Project	-	2,792,828
Other deferred amounts	<u>135,631</u>	<u>154,312</u>
	<u>2,410,396</u>	<u>3,149,460</u>
Prepaid local improvement charges	<u>28,250</u>	<u>30,423</u>
	<u>\$ 2,438,646</u>	<u>\$ 3,179,883</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 2027.

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

2015	\$ 2,173
2016	\$ 2,173
2017	\$ 2,173
2018	\$ 2,173
2019	\$ 2,173

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

9. 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 521,898 cubic meters. The estimated remaining capacity of the landfill site is approximately 71,645 (2013 - 154,400) cubic meters. In 2010 an additional 90,726 cubic meters of airspace was added and in 2011 an additional 188,800 cubic meters of air space was added. The existing landfill site is expected to reach capacity in approximately .87 years. Stage two future development has 401,261 cubic meter capacity and estimated life of 5.73 years. Taking this into consideration, the useful life of the landfill is 6.60 years.

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

	<u>2014</u>	<u>2013</u>
Estimated closure costs	\$ 97,653	\$ 94,764
Estimated post-closure costs	<u>62,832</u>	<u>61,002</u>
Estimated total liability	160,485	155,766
Estimated capacity remaining	<u>13.73%</u>	<u>29.58%</u>
Portion of total liability remaining to be recognized	<u>\$ 22,031</u>	<u>\$ 46,082</u>
Estimated capacity used	<u>86.27%</u>	<u>70.42%</u>
Accrued liability portion - Clairmont landfill	\$ 138,454	\$ 109,684
Accrued liability portion - West Grande Prairie County Solid Waste Management Authority (Note 21)	<u>39,143</u>	<u>35,528</u>
Total accrued liability	<u>\$ 177,597</u>	<u>\$ 145,212</u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

10. LONG-TERM DEBT

	2014	2013 restated
Alberta Capital Financing Authority		
General tax levy supported debentures	\$ 6,238,661	\$ 6,643,906
Other self-supported debentures	26,560,230	28,996,253
Local improvement supported debentures	8,680,616	8,784,879
Other	41,479,507	44,425,038
General tax levy supported capital leases	12,552	12,552
 Total long-term debt	 41,492,059	 44,437,590
Less: current portion	(3,222,293)	(3,437,364)
	<u>\$ 38,269,766</u>	<u>\$ 41,000,226</u>

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

	Principal	Interest	Total
2015	\$ 3,222,293	\$ 1,516,811	\$ 4,739,104
2016	3,214,095	1,393,208	4,607,303
2017	3,350,964	1,268,891	4,619,855
2018	3,467,788	1,139,516	4,607,304
2019	3,602,435	1,004,868	4,607,303
Thereafter	24,634,484	3,462,576	28,097,060
	<u>\$ 41,492,059</u>	<u>\$ 9,785,870</u>	<u>\$ 51,277,929</u>

Debenture debt in the amount of \$ 41,479,507 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 2015 and 2031. Debenture debt is issued on the credit and security of the County of Grande Prairie No. 1.

Capital Lease

The County has entered into a 60-month lease for a specific vehicle with a carrying value of \$31,330, bearing interest at a rate of 0.9%, requiring monthly payments of \$349 until December, 2017. The lease option provides an option to purchase the vehicle at the end of the lease term at a cost of \$12,552.

Interest on long-term debt amounted to \$1,622,798 (2013 - \$1,540,184).

The County's total cash payments for interest was \$1,613,414 (2013 - \$1,537,286).

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

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:

	2014	2013
Total debt limit	\$ 141,831,293	\$ 124,531,569
Total debt	41,492,059	44,437,590
Total debt limit available	<u>\$ 100,339,234</u>	<u>\$ 80,093,979</u>
Debt servicing limit	\$ 23,638,549	\$ 20,755,262
Debt servicing	4,739,104	5,066,574
Service on debt limit available	<u>\$ 18,899,445</u>	<u>\$ 15,688,688</u>

The debt limit is calculated at 1.5 times certain 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.

12. TANGIBLE CAPITAL ASSETS

	2014	2013
Land	\$ 70,856,011	\$ 63,605,951
Site improvements	11,808,591	10,847,756
Buildings	85,686,735	70,009,983
Engineered structures	187,864,568	179,010,442
Machinery and equipment	11,213,575	10,753,852
Vehicles	6,871,219	7,518,682
	<u>\$ 374,300,699</u>	<u>\$ 341,746,666</u>

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013
Tangible capital assets (<i>Schedule 2</i>)	\$ 539,755,352	\$ 492,869,905
Accumulated amortization (<i>Schedule 2</i>)	(165,454,653)	(151,123,239)
Long-term debt (<i>Note 10</i>)	(41,492,059)	(44,437,590)
	<u>\$ 332,808,640</u>	<u>\$ 297,309,076</u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

14. ACCUMULATED SURPLUS

	2014	2013
Unrestricted surplus (deficit)		
County of Grande Prairie No. 1	\$ 463,264	\$ 421,373
West Grande Prairie County Solid Waste Management Authority	12,200	11,600
	<u>475,464</u>	<u>432,973</u>
Restricted surplus (reserves)		
Carry forward project completions	6,151,850	5,838,160
Financial stabilization	5,069,988	5,069,988
Tax revenue stabilization	433,090	433,090
Project debt repayment	12,694,973	12,102,598
Future grants	598,763	377,861
Future operational projects	2,756,346	2,245,665
Future capital and infrastructure projects and rehabilitation	50,489,105	53,916,269
Future equipment replacement	9,172,644	6,401,570
Municipal reserve	2,355,156	1,877,042
West Grande Prairie County Solid Waste Management Authority reserve (40% consolidation)	<u>507,292</u>	<u>394,457</u>
	<u>90,229,207</u>	<u>88,656,700</u>
Equity in Aquatera Utilities Inc. (Note 5)	<u>16,073,168</u>	<u>13,208,934</u>
Equity in tangible capital assets (Note 13)		
Equity in capital assets	342,026,197	305,864,717
Amounts to recover (Note 15)	<u>(9,217,557)</u>	<u>(8,555,641)</u>
	<u>332,808,640</u>	<u>297,309,076</u>
	<u><u>\$ 439,586,479</u></u>	<u><u>\$ 399,607,683</u></u>

15. 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.

	2014	2013
Evergreen Park Trade, Exhibition and Convention (TEC) Centre	\$ 3,294,515	\$ 3,494,929
Waterline installation	<u>5,923,042</u>	<u>5,060,712</u>
	<u><u>\$ 9,217,557</u></u>	<u><u>\$ 8,555,641</u></u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

16. 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 230,534 people and about 418 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% 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 2014 were \$1,948,986 (2013 - \$1,703,762). Total current service contributions by the employees of the County of Grande Prairie No. 1 to the Local Authorities Pension Plan in 2014 were \$1,798,458 (2013 - \$1,556,319).

At December 31, 2013, the Plan disclosed an actuarial deficit of \$4.86 billion (2012 - \$4.98 billion).

17. 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.

18. COMMITMENTS

Operating leases

The County has entered into leases in respect to photocopiers, printers and computer hardware requiring annual payments of \$101,980 expiring in February, 2018.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

19. 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 and other commercial users.

The following is a summary of condensed financial information of Aquatera Utilities Inc. for the year ended December 31, of which the County's proportionate ownership is 19.23%:

	2014	2013
<u>Financial position</u>		
Assets		
Current assets	\$ 42,311,951	\$ 32,978,313
Long-term investments	26,280,988	16,224,433
Property, plant and equipment	235,623,694	191,911,082
Total assets	<u>\$ 304,216,633</u>	<u>\$ 241,113,828</u>
Liabilities		
Current liabilities	\$ 95,892,735	\$ 77,232,740
Deferred revenue of capital contributions	116,904,147	83,603,665
Infrastructure over sizing and asset retirement obligations	5,002,779	4,778,349
Stock dividend payable	-	22,136,784
Total liabilities	217,799,661	187,751,538
Preferred shares	76,381,902	53,361,851
Shareholders' equity		
Share capital	669	439
Retained earnings	10,034,401	-
	<u>\$ 304,216,633</u>	<u>\$ 241,113,828</u>
<u>Results of operations</u>		
Revenue	\$ 50,527,053	\$ 44,115,292
Operating expenses	39,058,863	36,851,134
Operating income	11,468,190	7,264,158
Other income (expenses)	2,095,827	1,743,413
Net income	13,564,017	9,007,571
Retained earnings, beginning	-	16,656,213
Dividends	(3,529,616)	(3,527,000)
Stock dividends	-	(22,136,784)
Retained earnings, ending	<u>\$ 10,034,401</u>	<u>\$ -</u>
The County of Grande Prairie No. 1 share is as follows:		
Net earnings from operations, current year	\$ 2,608,545	\$ 1,634,923
Less dividends declared	(627,577)	(603,400)
Subsidiary operations	<u>\$ 1,980,968</u>	<u>\$ 1,031,523</u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

20. 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 measured by the exchange amounts, which is the amount of consideration established and agreed to by the related parties.

	<u>2014</u>	<u>2013</u>
Received from Aquatera Utilities Inc.		
Franchise fee revenue	\$ 298,485	\$ 253,019

In addition to the above, the County entered into numerous trade transactions with Aquatera Utilities Inc. for which disclosure has not been prepared.

Management has indicated that the aggregate balance of such transactions is not significant to these financial statements.

21. 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:

	<u>2014</u>	<u>2013</u>
ASSETS		
Financial assets		
Cash and temporary investments	\$ 509,131	\$ 401,318
Trade and other receivables	39,596	27,800
Due from County of Grande Prairie No. 1	<u>23,259</u>	<u>24,320</u>
	<u>571,986</u>	<u>453,438</u>
LIABILITIES		
Financial liabilities		
Accounts payable and accrued liabilities	13,351	11,853
Landfill closure and post-closure liability	<u>39,143</u>	<u>35,529</u>
	<u>52,494</u>	<u>47,382</u>
NET FINANCIAL ASSETS (DEBT)	<u>519,492</u>	<u>406,056</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>1,115,953</u>	<u>1,179,950</u>
ACCUMULATED SURPLUS	<u>\$ 1,635,445</u>	<u>\$ 1,586,006</u>

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

21. GOVERNMENT PARTNERSHIP - continued

Revenue

User fees and sale of goods	\$ 119,478	\$ 86,825
Investment income	7,845	9,603
Contributions from participating municipalities	52,072	32,945
Facility rental	19,961	19,379
Land rent	8,422	27,958
Other	34,830	29,971

Total revenue	242,608	206,681
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Expenditures

Salaries, wages and benefits	6,157	5,172
Contracted and general services	112,596	64,406
Materials, goods and utilities	5,006	3,735
Landfill closure and post-closure	3,614	3,463
Local government transfers		24,027
Amortization	69,827	65,734

Total expenditures	197,200	166,537
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Excess of revenue over expenditures before other items	45,408	40,144
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Other items

(Gain) loss on disposal of tangible capital assets	4,031	(9,219)
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Excess of revenue over expenditures	49,439	30,925
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Accumulated surplus - beginning of year	1,586,005	1,555,080
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Accumulated surplus - end of year	\$ 1,635,444	\$ 1,586,005
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County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

22. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The 2014 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>	2014	2013
Statement of Operations, Surplus	\$ 20,238,667	\$ 39,978,796	\$ 49,560,187
Add back non-cash items:			
Contributed capital assets	-	(15,139,517)	(15,653,230)
Amortization of tangible capital assets	15,710,291	17,911,374	15,789,458
Write-down of assets	-	-	174,540
(Gain) loss on disposal of assets	-	6,976,341	304,022
Debt proceeds	1,061,924	497,115	7,000,000
Debt principal repayments	(3,442,089)	(3,442,646)	(4,125,498)
Tangible capital assets sale proceeds	283,000	1,618,373	126,131
Capital expenditures	(52,272,277)	(43,920,604)	(46,138,687)
Net transfer (to) from reserves (restricted surplus)	18,420,484	(1,572,507)	(5,956,978)
Net transfer (to) from equity in Aquatera (restricted surplus)	-	(2,864,234)	(1,031,523)
Net transfer (to) from unrestricted surplus	-	(42,491)	(48,422)
Balance	\$ -	\$ -	\$ -

23. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, deposit liabilities 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 10.

County of Grande Prairie No. 1
Notes to the Consolidated Financial Statements
Year Ended December 31, 2014

23. FINANCIAL INSTRUMENTS - continued

(c) Unused lines of credit

The County has an available bank demand loan in the amount of \$2,000,000 all of which is unused at December 31, 2014.

(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.

24. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and management approved these consolidated financial statements.