

**COUNTY OF GRANDE PRAIRIE NO. 1**

**Consolidated Financial Statements**

**December 31, 2018**



# COUNTY OF GRANDE PRAIRIE NO. 1

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Year Ended December 31, 2018

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## 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 Chartered Professional Accountants of Canada.

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 quarterly financial reports.

The consolidated financial statements have been audited by Fletcher Mudryk LLP Chartered Professional 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 15, 2019

Dawn Sauve  
Director of Corporate Services  
April 15, 2019



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## INDEPENDENT AUDITORS' REPORT

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To the Members of the Board of the County of Grande Prairie No. 1

### *Opinion*

We have audited the consolidated financial statements of the County of Grande Prairie No. 1, which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2018, and the results of its operations and accumulated surplus and the changes in its net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)



*Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Fletcher Mudryk LLP*

Grande Prairie, Alberta  
April 15, 2019

Chartered Professional Accountants



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Statement of Financial Position**  
**December 31, 2018**

		2018	2017
<b>FINANCIAL ASSETS</b>			
Cash and temporary investments	(Note 2)	\$ 137,397,052	\$ 103,493,227
Receivables			
Taxes and grants in place of taxes receivable	(Note 3)	3,454,754	3,961,944
Trade and other receivables	(Note 4)	7,505,387	9,097,348
Annexation proceeds receivable	(Note 22)	882,957	1,765,914
Loans receivable	(Note 5)	2,805,552	3,867,646
Investments	(Note 6)	24,108,233	21,793,760
		<u>176,153,935</u>	<u>143,979,839</u>
<b>FINANCIAL LIABILITIES</b>			
Accounts payable and accrued liabilities	(Note 7)	20,820,329	8,353,499
Deposit liabilities	(Note 8)	3,169,887	3,783,516
Deferred revenue	(Note 9)	6,766,496	3,374,137
Provision for landfill closure and post-closure costs	(Note 10)	123,053	116,386
Bank loan	(Note 11)	465,000	1,000,000
Long-term debt	(Note 12)	58,766,120	38,922,480
		<u>90,110,885</u>	<u>55,550,018</u>
<b>NET FINANCIAL ASSETS</b>		<u>86,043,050</u>	<u>88,429,821</u>
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets	(Schedule 2, Note 14)	455,010,821	432,870,638
Inventory for consumption		1,290,291	814,236
Prepaid expenditures		812,935	811,918
		<u>457,114,047</u>	<u>434,496,792</u>
<b>ACCUMULATED SURPLUS</b>	(Schedule 1, Note 16)	<u>\$ 543,157,097</u>	<u>\$ 522,926,613</u>
Contingent Liabilities	(Note 20)		

*Please see accompanying notes to consolidated financial statements*

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2018**

		Budget (Unaudited)	2018	2017
<b>REVENUE</b>				
Net municipal taxes	(Schedule 3)	\$ 78,855,519	\$ 78,830,702	\$ 74,460,346
User fees and sale of goods		6,867,527	8,564,175	8,555,625
Government transfers	(Schedule 4)	2,805,305	4,993,258	2,941,877
Investment income		1,768,138	3,377,730	2,475,297
Penalties and costs of taxes		420,720	726,852	842,169
Insurance proceeds		-	19,205	-
Development levies		768,420	2,426,018	2,159,895
Licenses, permits, fines and rentals		2,150,200	4,188,812	3,146,386
Other		272,277	492,150	730,331
<b>TOTAL REVENUE</b>		<b>93,908,106</b>	<b>103,618,902</b>	<b>95,311,926</b>
<b>EXPENSES</b>				
Legislative		1,191,059	1,126,434	1,104,144
Other general		2,572,025	2,365,589	2,551,227
Corporate and Administrative Services		11,314,580	10,681,308	10,276,129
Community services				
Agriculture services		2,659,321	2,430,211	2,377,314
Family and Community Support Services		3,239,825	2,906,882	2,560,527
Recreation, cultural, library and park services		13,942,634	14,061,210	15,611,978
Regional enforcement services		3,840,760	3,602,345	3,436,219
Regional fire services		7,679,742	8,382,371	7,068,576
Transportation and field services		39,918,626	43,725,089	38,453,649
Water and wastewater services		1,098,969	1,044,109	970,926
Solid waste management and recycling		2,770,409	2,881,459	2,384,798
Other environmental - Mountain Pine Beetle		-	-	317,685
Planning and economic development				
Planning and development		3,560,001	2,894,114	3,044,821
Economic development		852,491	685,943	863,749
<b>TOTAL EXPENSES</b>		<b>94,640,442</b>	<b>96,787,064</b>	<b>91,021,742</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>		<b>(732,336)</b>	<b>6,831,838</b>	<b>4,290,184</b>
<b>OTHER ITEMS</b>				
Contributed assets		-	3,215,827	5,496,436
Government transfers for capital	(Schedule 4)	14,551,396	8,668,602	7,800,372
Net subsidiary operations - Aquatera Utilities Inc.	(Note 23)	-	2,314,473	2,350,672
Transfer of assets to Aquatera Utilities Inc.		(7,000,000)	-	-
Loss on disposal of tangible capital assets		-	(592,745)	(481,878)
Write-down of tangible capital assets		-	(207,511)	-
		<b>7,551,396</b>	<b>13,398,646</b>	<b>15,165,602</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>		<b>6,819,060</b>	<b>20,230,484</b>	<b>19,455,786</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>		<b>522,926,613</b>	<b>522,926,613</b>	<b>503,470,827</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>		<b>\$ 529,745,673</b>	<b>\$ 543,157,097</b>	<b>\$ 522,926,613</b>

Please see accompanying notes to consolidated financial statements

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Statement of Changes in Net Financial Assets**  
**For the Year Ended December 31, 2018**

	Budget <i>(Unaudited)</i>	2018	2017
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 6,819,060	\$ 20,230,484	\$ 19,455,786
<b>Tangible capital assets related</b>			
Acquisition of tangible capital assets	(67,494,690)	(44,670,682)	(32,019,950)
Contributed assets	-	(3,215,827)	(5,496,436)
Proceeds on disposal of tangible capital assets	308,000	725,341	189,839
Amortization of tangible capital assets	21,499,828	24,220,729	22,321,674
Loss on disposal of tangible capital assets	-	592,745	481,878
Write down of tangible capital assets	-	207,511	-
	(45,686,862)	(22,140,183)	(14,522,995)
<b>Other non-financial assets</b>			
Acquisition of supplies inventories	-	(2,457,543)	(1,905,223)
Use of supplies inventories	-	1,981,488	2,178,019
Acquisition of prepaid assets	-	(1,233,107)	(976,708)
Use of prepaid assets	-	1,232,090	1,181,052
	-	(477,072)	477,140
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(38,867,802)	(2,386,771)	5,409,931
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	88,429,821	88,429,821	83,019,890
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 49,562,019	\$ 86,043,050	\$ 88,429,821

*Please see accompanying notes to consolidated financial statements*



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING</b>		
Excess of revenue over expenses	\$ 20,230,484	\$ 19,455,786
Non-cash items included in Excess of revenue over expenses:		
Amortization of tangible capital assets	24,220,729	22,321,674
Loss on disposal of tangible capital assets	592,745	481,878
Write-down of tangible capital assets	207,511	-
Tangible capital assets received as contributions	(3,215,827)	(5,496,436)
Amortization of deferred revenue	(1,470)	(1,950)
Non-cash charges to operations (net change):		
Decrease in taxes and grants in place of taxes receivable	507,190	98,430
Decrease (increase) in trade and other receivables	2,474,918	(1,645,365)
Decrease in loans receivable	1,062,094	275,084
Decrease (increase) in prepaid expenditures	(1,017)	204,344
Decrease (increase) in inventory for consumption	(476,055)	272,795
Increase (decrease) in accounts payable and accrued liabilities	12,466,830	(1,728,971)
Increase (decrease) in deposit liabilities	(613,629)	564,535
Increase (decrease) in provision for landfill closure and post-closure costs	6,667	(20,342)
Increase (decrease) in deferred revenue	3,393,829	(178,966)
Cash provided by operating activities	60,854,999	34,602,496
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(44,670,682)	(32,019,950)
Proceeds on disposal of tangible capital assets	725,341	189,839
Cash applied to capital transactions	(43,945,341)	(31,830,111)
<b>INVESTING</b>		
(Increase) decrease in restricted cash or cash equivalents	(12,074,413)	4,197,295
Investment in Aquatera Utilities Inc.	(2,314,473)	(2,350,672)
Cash (applied to) provided by investing transactions	(14,388,886)	1,846,623
<b>FINANCING</b>		
Bank loan issued	465,000	-
Bank loan repaid	(1,000,000)	-
Long-term debt issued	23,609,000	7,842,535
Long-term debt repaid	(3,765,360)	(3,237,995)
Cash provided by financing transactions	19,308,640	4,604,540
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	21,829,412	9,223,548
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	89,131,344	79,907,796
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	110,960,756	89,131,344
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments	(Note 2) 137,397,052	103,493,227
Restricted portion of cash and temporary investments	(Note 2) (26,436,296)	(14,361,883)
	\$ 110,960,756	\$ 89,131,344

*Please see accompanying notes to consolidated financial statements*

(Schedule 1)

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2018**

	Unrestricted Surplus 2018	Restricted Surplus 2018	Equity in Aquatera Utilities Inc. 2018	Equity in Tangible Capital Assets 2018	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 625,119	\$ 106,559,745	\$ 21,793,590	\$ 393,948,159	\$ 522,926,613	\$ 503,470,827
Excess of revenues over expenditures	20,230,484	-	-	-	20,230,484	19,455,786
Unrestricted funds designated for future use	(42,365,734)	42,365,734	-	-	-	-
Restricted funds used for operations	10,746,291	(10,746,291)	-	-	-	-
Net subsidiary operations - Aquatera Utilities Inc.	(2,314,473)	-	2,314,473	-	-	-
Restricted funds used for tangible capital assets	-	(16,042,919)	-	16,042,919	-	-
Current year funds used for tangible capital asset	(28,627,762)	-	-	28,627,762	-	-
Contributed tangible capital assets	(3,215,827)	-	-	3,215,827	-	-
Disposal of tangible capital assets	1,318,086	-	-	(1,318,086)	-	-
Write down of tangible capital assets	207,511	-	-	(207,511)	-	-
Annual amortization expense	24,220,729	-	-	(24,220,729)	-	-
Long-term debt repaid	(3,765,360)	-	-	3,765,360	-	-
Long-term debt acquired	23,609,000	-	-	(23,609,000)	-	-
Change in accumulated surplus	42,945	15,576,524	2,314,473	2,296,542	20,230,484	19,455,786
BALANCE, END OF YEAR	\$ 668,064	\$ 122,136,269	\$ 24,108,063	\$ 396,244,701	\$ 543,157,097	\$ 522,926,613

*Please see accompanying notes to consolidated financial statements*

(Schedule 2)

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2018**

	Land	Site Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018 \$	2017 \$
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 80,847,834	\$ 20,476,045	\$ 95,298,852	\$ 399,793,489	\$ 34,554,561	\$ 13,753,790	\$ 644,724,571	\$ 612,301,974
Acquisition of tangible capital assets	2,906,637	903,536	1,128,059	43,338,016	3,402,831	2,156,538	53,835,617	36,778,224
Adjustments	-	269,679	15,124	(284,803)	-	-	-	-
Write down of tangible capital assets	-	-	-	-	(207,511)	-	(207,511)	-
Construction in progress	(543,241)	296,050	991,214	(6,419,428)	(273,702)	-	(5,949,107)	738,162
Disposal of tangible capital assets	(1,018,701)	-	(46,291)	(1,241,874)	(1,634,920)	(545,731)	(4,487,517)	(5,093,789)
<b>BALANCE, END OF YEAR</b>	<b>82,192,529</b>	<b>21,945,310</b>	<b>97,386,958</b>	<b>435,185,400</b>	<b>35,841,259</b>	<b>15,364,597</b>	<b>687,916,053</b>	<b>644,724,571</b>
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	6,488,195	12,931,903	167,478,208	17,470,047	7,485,580	211,853,933	193,954,331
Annual amortization	-	1,001,850	2,126,064	16,028,591	3,890,243	1,173,981	24,220,729	22,321,674
Accumulated amortization on disposals	-	-	(5,786)	(1,170,065)	(1,523,517)	(470,062)	(3,169,430)	(4,422,072)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>7,490,045</b>	<b>15,052,181</b>	<b>182,336,734</b>	<b>19,836,773</b>	<b>8,189,499</b>	<b>232,905,232</b>	<b>211,853,933</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 82,192,529</b>	<b>\$ 14,455,265</b>	<b>\$ 82,334,777</b>	<b>\$ 252,848,666</b>	<b>\$ 16,004,486</b>	<b>\$ 7,175,098</b>	<b>\$ 455,010,821</b>	<b>\$ 432,870,638</b>
<b>2017 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>	

Please see accompanying notes to consolidated financial statements

(Schedule 3)

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2018**

	Budget (Unaudited)	2018	2017
<b>TAXATION</b>			
Real property taxes	\$ 77,498,703	\$ 77,733,664	\$ 73,952,671
Linear property taxes	23,011,028	22,742,555	22,285,875
Government grants in place of property taxes	74,232	72,812	78,498
Local improvement taxes	778,897	778,577	775,520
	<u>101,362,860</u>	<u>101,327,608</u>	<u>97,092,564</u>
<b>LESS: REQUISITIONS</b>			
Alberta School Foundation Fund	(20,773,369)	(21,048,166)	(21,011,856)
Designated Industrial Properties	(93,549)	(93,169)	-
Grande Prairie Roman Catholic Separate School District No. 28	(1,267,746)	(982,894)	(1,266,082)
Grande Spirit Foundation	(372,677)	(372,677)	(354,280)
	<u>(22,507,341)</u>	<u>(22,496,906)</u>	<u>(22,632,218)</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 78,855,519</u>	<u>\$ 78,830,702</u>	<u>\$ 74,460,346</u>

*Please see accompanying notes to consolidated financial statements*

(Schedule 4)

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Schedule of Government Transfers**  
**For the Year Ended December 31, 2018**

	Budget (Unaudited)	2018	2017
<b>TRANSFERS FOR OPERATING:</b>			
Provincial transfers	\$ 2,772,438	\$ 4,954,858	\$ 2,893,125
Local government transfers	32,867	38,400	48,752
	<u>2,805,305</u>	<u>4,993,258</u>	<u>2,941,877</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Federal transfers	2,080,101	1,230,101	1,100,549
Provincial transfers	12,471,295	7,438,501	6,699,823
	<u>14,551,396</u>	<u>8,668,602</u>	<u>7,800,372</u>
	<u>\$ 17,356,701</u>	<u>\$ 13,661,860</u>	<u>\$ 10,742,249</u>

*Please see accompanying notes to consolidated financial statements*

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Schedule of Expenses by Object**  
**For the Year Ended December 31, 2018**

	Budget (Unaudited)	2018	2017
<b>Consolidated expenses by object</b>			
Salaries, wages and benefits	\$ 34,089,288	\$ 32,977,671	\$ 31,187,797
Contracted and general services	19,017,060	19,259,478	16,096,109
Materials, goods and utilities	9,577,998	9,984,545	8,562,271
Transfers to other governments, local boards and agencies	7,999,997	8,024,818	10,396,322
Purchases from other governments	989,012	833,336	784,657
Provision for allowances	25,000	(11,586)	328,631
Bank charges and short-term interest	71,379	138,688	93,939
Interest on long-term debt	1,360,653	1,350,347	1,241,452
Amortization of tangible capital assets	21,499,828	24,220,729	22,321,674
Other expenditures	10,227	9,038	8,890
<b>Total expenses</b>	<b>\$ 94,640,442</b>	<b>\$ 96,787,064</b>	<b>\$ 91,021,742</b>

*Please see accompanying notes to consolidated financial statements*



(Schedule 6)

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Consolidated Schedule of Segmented Disclosure**  
**Year Ended December 31, 2018**

	General Government	Community Services	Public Works & Technical Services	Planning and Economic Development	Corporate Services	Administrative Services	2018 Total
<b>REVENUE</b>							
Net municipal taxes	\$ 78,052,125	\$ -	\$ 778,577	\$ -	\$ -	\$ -	\$ 78,830,702
Government transfers	-	3,496,528	9,912,827	252,505	-	-	13,661,860
User fees and sale of goods	413,744	2,781,918	4,678,201	206,774	402,540	80,998	8,564,175
Investment income	3,305,877	7,551	64,302	-	-	-	3,377,730
Contributed assets	-	373,270	2,842,557	-	-	-	3,215,827
Net subsidiary operations - Aquatera Utilities Inc.	2,314,473	-	-	-	-	-	2,314,473
Other revenues	2,710,924	518,355	3,011,586	1,497,890	8,601	105,681	7,853,037
Total revenues	86,797,143	7,177,622	21,288,050	1,957,169	411,141	186,679	117,817,804
<b>EXPENSES</b>							
Contracted and general services	488,942	4,580,690	10,509,797	957,830	2,148,540	573,679	19,259,478
Salaries, wages and benefits	746,458	13,164,319	9,737,100	2,241,436	5,623,938	1,464,420	32,977,671
Materials, goods and utilities	407,823	2,480,697	6,509,363	136,661	245,791	204,210	9,984,545
Transfers to other governments, local boards and agencies	1,255,976	6,517,886	66,735	184,221	-	-	8,024,818
Purchases from other governments	-	833,336	-	-	-	-	833,336
Interest on long-term debt	-	426,618	923,729	-	-	-	1,350,347
Other expenses	19,989	387,443	(186,316)	17,660	697,620	-	936,396
Total expenses	2,919,188	28,390,989	27,560,408	3,537,808	8,715,889	2,242,309	73,366,591
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<b>83,877,955</b>	<b>(21,213,367)</b>	<b>(6,272,358)</b>	<b>(1,580,639)</b>	<b>(8,304,748)</b>	<b>(2,055,630)</b>	<b>44,451,213</b>
Amortization of tangible capital assets	(572,834)	(3,348,132)	(19,875,218)	(42,786)	(375,670)	(6,089)	(24,220,729)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ 83,305,121</b>	<b>\$ (24,561,499)</b>	<b>\$ (26,147,576)</b>	<b>\$ (1,623,425)</b>	<b>\$ (8,680,418)</b>	<b>\$ (2,061,719)</b>	<b>\$ 20,230,484</b>

Please see accompanying notes to consolidated financial statements

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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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.

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**I. 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 defined benefit pension plan. The President of the Alberta Treasury Board and the Minister of Finance are the legal trustees and administrators of the Plan, which is governed 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 Municipality 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.

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. CASH AND TEMPORARY INVESTMENTS

	2018	2017
Cash on hand	\$ 3,905	\$ 3,909
Cash in banks	6,507,757	14,267,078
Temporary investments	130,885,390	89,222,240
	<u>137,397,052</u>	<u>103,493,227</u>
Less: restricted cash included in temporary investments		
Provincial and federal government grants for specific capital and operating projects	(6,369,461)	(6,852,860)
Municipal reserve funds	(2,899,358)	(2,070,246)
Development levies	(5,887,975)	(4,718,777)
Post closure liability Clairmont landfill	(103,710)	-
West Grande Prairie County Solid Waste Managment Authority	(749,459)	(720,000)
Aquatera Utilities Inc.	<u>(10,426,333)</u>	<u>-</u>
	<u>(26,436,296)</u>	<u>(14,361,883)</u>
	<u>\$ 110,960,756</u>	<u>\$ 89,131,344</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 1.86% and 3.45% with maturity dates between January 25, 2019 and July 24, 2024. Bank bonds have rates of return between 1.85% and 2.73% with maturity dates between June 18, 2019 and December 1, 2023.

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	2018	2017
Current taxes and grants in place of taxes	\$ 2,495,151	\$ 2,775,629
Non-current taxes and grants in place of taxes	1,230,253	1,460,215
	3,725,404	4,235,844
Allowance for doubtful accounts	(270,650)	(273,900)
	\$ 3,454,754	\$ 3,961,944

**4. TRADE AND OTHER RECEIVABLES**

	2018	2017
Trade and other receivables	\$ 2,014,152	\$ 2,807,559
Government grants	2,347,751	3,818,361
Dividend receivable	723,301	627,577
Goods and services tax	572,279	530,713
Accrued investment earnings	1,075,429	1,383,269
Loan - Town of Wembley	381,999	-
Other receivable - Town of Wembley	432,973	-
Allowance for doubtful accounts	(42,497)	(70,131)
	\$ 7,505,387	\$ 9,097,348

Loan to the Town of Wembley is non-interest bearing and is related to Township Road 712 road improvements. The loan is to be repaid over a 5 year term with 4 annual instalments of \$80,000 and a final payment of \$61,999.

Other amounts receivable from the Town of Wembley related to costs of land acquisitions on behalf of the Town for the waterline construction. The funds were received subsequent to the December 31, 2018 year-end.



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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5. LOANS RECEIVABLE

	2018	2017
Grande Prairie Regional Agricultural & Exhibition Society (TEC Centre)	\$ 2,580,552	\$ 2,867,646
Bezanson Agricultural Society	225,000	-
Peace Area Riding for the Disabled Society (PARDS)	-	1,000,000
Total loans receivable	2,805,552	3,867,646
Less: current portion	(227,934)	(218,645)
	<u>\$ 2,577,618</u>	<u>\$ 3,649,001</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 \$1,400,593, consists of principal and accrued interest for 2009 through 2018, bears interest at 4.75% and is repayable in blended annual payments of \$179,188. Advance #2, with a balance of \$1,005,430, consists of principal and accrued interest for 2010 through 2017, bears interest at 4.75% and is repayable in blended annual payments of \$119,458. Advance #3, with a balance of \$174,529, bears interest at 3.70% and is repayable in blended monthly payments of \$9,982.

By motion of Council, 2018 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 \$97,478 at December 31, 2018 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.

Advance to Bezanson Agricultural Society for the completion of Bezanson Community Center is unsecured, bears interest at the bank's prime rate and is repayable in full on or before November 16, 2033. By motion of Council a corresponding loan agreement was obtained from TD Bank. The Society repaid \$240,000 which had not been applied to the bank loan as at December 31, 2018. See Note 11.

Advances to the Peace Area Riding for the Disabled Society (PARDS) were repaid in August 2018. By motion of Council the accrued balance of \$113,997 was forgiven by way of grant.

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**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**6. INVESTMENTS**

	2018	2017
Alberta Capital Finance Authority shares	\$ 170	\$ 170
Aquatera Utilities Inc. - 17.61% ownership		
8,846 Class A common shares (2017 - 8,846)	88	88
13,717 Class C common shares (2017 - 11,465)	137	114
7,962 Class D common shares (2017 - 7,962)	7,961,695	7,961,696
883 Class F common shares (2017 - 883)	883,266	883,266
13,967 Class H common shares (2017 - 11,715)	13,966,552	11,714,131
Cumulative share of earnings	21,170,193	18,132,515
Cumulative share of dividends declared	(19,873,868)	(16,898,220)
Total equity in Aquatera Utilities Inc. (Note 16)	24,108,063	21,793,590
Total investments	\$ 24,108,233	\$ 21,793,760

An asset transfer occurred on December 31, 2018 to Aquatera Utilities Inc. from the City of Grande Prairie and Town of Sexsmith. Immediately prior to the asset transfer, Aquatera Utilities Inc. declared a stock dividend, under which the County received 2,252 Class C common shares and 2,252 Class H preferred shares with a carrying value of \$2,252,370 in aggregate.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2018	2017
Trade payables	\$ 8,688,591	\$ 6,759,558
Vacation and overtime	1,705,405	1,593,941
Aquatera Utilities Inc.	10,426,333	-
	\$ 20,820,329	\$ 8,353,499

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.

Amounts payable to Aquatera Utilities Inc. consists of grant funds and accrued interest. The amounts relate to the Clairmont 116 Street trunk sewer line and the regional lift station projects being completed by Aquatera Utilities Inc.. The amounts are to be paid upon completion of the projects which is expected to be in 2019.

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**8. DEPOSIT LIABILITIES**

	2018	2017
West Grande Prairie County Solid Waste Management Authority	\$ 357,829	\$ 109,343
Safety codes council fees	3,966	4,137
Subdivision approach and development agreement deposits	1,986,201	2,605,820
Public works approach/performance deposits	715,400	608,000
ANI/Appeal deposits	106,191	106,078
Bezanson Cultural Center donations	300	350,138
	<u>\$ 3,169,887</u>	<u>\$ 3,783,516</u>

**9. DEFERRED REVENUE**

	2018	2017
Provincial government transfer		
Mountain Pine Beetle Program	\$ -	\$ 130,205
Provincial government transfer		
Municipal Sustainability Initiative	6,369,462	2,781,241
Other deferred amounts	376,550	439,621
	<u>6,746,012</u>	<u>3,351,067</u>
Prepaid local improvement charges	20,484	23,070
	<u>\$ 6,766,496</u>	<u>\$ 3,374,137</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 2026.

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

2019	\$ 2,276
2020	2,276
2021	2,276
2022	2,276
2023	2,276

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**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 estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a long-term borrowing rate of 3.367% and assuming annual inflation of 2%.

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 330,389 (2017 - 387,597) 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 5.01 years.

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

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

	2018	2017
Estimated closure costs	\$ 98,580	\$ 96,780
Estimated post-closure costs	54,277	54,526
Estimated total liability	<u>\$ 152,857</u>	<u>\$ 151,306</u>
Estimated capacity remaining	32 %	38 %
Portion of total liability remaining to be recognized	<u>\$ 49,147</u>	<u>\$ 57,072</u>
Estimated capacity used	68 %	62 %
Post closure liability Clairmont landfill	\$ 103,710	\$ 94,234
Accrued liability portion - West Grande Prairie County		
Solid Waste Management Authority	19,343	22,152
Total accrued liability	<u>\$ 123,053</u>	<u>\$ 116,386</u>

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**11. BANK LOAN**

	<u>2018</u>	<u>2017</u>
ATB bank loan	\$ -	\$ 1,000,000
TD bank loan	<u>465,000</u>	<u>-</u>
	<u>\$ 465,000</u>	<u>\$ 1,000,000</u>

TD Financial loan bears interest at prime and is repayable in annual instalments. The loan is due on demand. The loan is offset by a loan receivable due from the Bezanson Agricultural Society, as disclosed in Note 5.

**12. LONG-TERM DEBT**

	<u>2018</u>	<u>2017</u>
Alberta Capital Finance Authority		
General tax levy supported debentures	\$ 29,987,454	\$ 6,949,260
Other self supported debentures	22,236,409	24,885,453
Local Improvement supported debentures	<u>6,542,257</u>	<u>7,087,767</u>
	<u>58,766,120</u>	<u>38,922,480</u>
Total long-term debt	58,766,120	38,922,480
Less: current portion	<u>(5,894,603)</u>	<u>(3,765,359)</u>
	<u>\$ 52,871,517</u>	<u>\$ 35,157,121</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,894,603	\$ 1,891,170	\$ 7,785,773
2020	6,102,466	1,683,307	7,785,773
2021	6,318,046	1,467,727	7,785,773
2022	6,298,910	1,246,690	7,545,600
2023	5,557,823	1,036,314	6,594,137
Thereafter	<u>28,594,272</u>	<u>2,938,036</u>	<u>31,532,308</u>
	<u>\$ 58,766,120</u>	<u>\$ 10,263,244</u>	<u>\$ 69,029,364</u>

Debenture debt in the amount of \$58,766,120 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 \$1,350,347 (2017 - 1,241,452).

The County's total cash payments for interest were \$1,334,479 (2017 - \$1,230,912).

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**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:

	2018	2017
Total debt limit	\$ 155,428,353	\$ 142,967,889
Total debt	(59,231,120)	(39,922,480)
Amount of debt limit available	96,197,233	103,045,409
Debt servicing limit	25,904,726	23,827,982
Debt servicing	(7,785,773)	(4,099,838)
Service on debt limit available	\$ 18,118,953	\$ 19,728,144

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**

	2018	2017
Land	\$ 82,192,529	\$ 80,847,834
Site improvements	14,455,265	13,987,850
Buildings	82,334,777	82,366,949
Engineering structures	252,848,666	232,315,281
Machinery and equipment	16,004,486	17,084,514
Vehicles	7,175,098	6,268,210
	\$ 455,010,821	\$ 432,870,638

**15. EQUITY IN TANGIBLE CAPITAL ASSETS**

		2018	2017
Capital assets	(Schedule 2)	\$ 687,916,053	\$ 644,724,571
Accumulated amortization	(Schedule 2)	(232,905,232)	(211,853,933)
Long-term debt	(Note 12)	(58,766,120)	(38,922,480)
		\$ 396,244,701	\$ 393,948,158



**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**16. ACCUMULATED SURPLUS**

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

	<u>2018</u>	<u>2017</u>
Unrestricted surplus		
County of Grande Prairie No. 1	\$ 653,464	\$ 611,119
West Grande Prairie County Solid Waste Management Authority	<u>14,600</u>	<u>14,000</u>
	<u>668,064</u>	<u>625,119</u>
Restricted surplus (reserves)		
Carry forward project completions	4,185,159	3,826,990
Financial stabilization	6,621,339	8,902,937
Project debt repayment	13,715,102	15,030,871
Future grants	389,130	376,746
Future operational projects	2,300,021	2,050,208
Future capital and infrastructure projects and rehabilitation	72,665,455	53,589,749
Future equipment replacement	17,493,860	17,787,771
Municipal reserve	2,899,358	2,448,236
Annexation reserve	882,957	1,765,914
West Grande Prairie County Solid Waste Management Authority reserve (40% consolidation)	<u>983,888</u>	<u>780,323</u>
	<u>122,136,269</u>	<u>106,559,745</u>
Equity in Aquatera Utilities Inc. <span style="float: right;">(Note 6)</span>	<u>24,108,063</u>	<u>21,793,590</u>
Equity in tangible capital assets		
Equity in tangible capital assets	402,857,919	401,207,141
Amounts to recover <span style="float: right;">(Note 17)</span>	<u>(6,613,218)</u>	<u>(7,258,982)</u>
	<u>396,244,701</u>	<u>393,948,159</u>
	<u>\$ 543,157,097</u>	<u>\$ 522,926,613</u>

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**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.

	2018	2017
Evergreen Park Trade, Exhibition and Convention (TEC) Centre	\$ 2,392,940	\$ 2,634,271
Waterline installation	4,220,278	4,624,711
	<b>\$ 6,613,218</b>	<b>\$ 7,258,982</b>

**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:

2018						2017
COUNTY COUNCIL	Division	Salary (1)	Benefits (2)	Travel Cost and Allowances (3)	Total	Total
Reeve - L. Beaupre	3	\$ 93,817	\$ 15,639	\$ 27,212	\$ 136,668	\$ 125,523
H. Bulford	1	62,729	12,566	29,111	104,406	107,518
D. Beeston	2	71,869	13,989	30,803	116,661	104,794
R. Sutherland	4	76,089	13,499	19,562	109,150	104,528
R. Marshall	5	74,356	13,969	30,176	118,501	110,762
P. Harris	6	57,880	12,723	21,809	92,412	85,063
L. Waddy	7	61,481	13,174	27,560	102,215	22,601
K. Rosvold	8	74,499	14,222	36,589	125,310	124,741
C. Beck	9	67,717	9,149	31,389	108,255	109,946
B. Smith	7	-	-	-	-	66,377
		640,437	118,930	254,211	1,013,578	961,853
<b>OFFICERS</b>						
	<u>Positions</u>					
Chief Administrative Officer	1	284,698	20,723	17,616	323,037	325,064
Designated Officers	2	270,149	39,584	20,663	330,396	325,392
		\$ 554,847	\$ 60,307	\$ 38,279	\$ 653,433	\$ 650,456

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

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**18. SALARY AND BENEFITS DISCLOSURE (continued)**

- (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 259,714 people and about 420 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. The LAPP Board has reduced member and employer contribution rates by 1% commencing January 1, 2019.

Total current service contributions by the County of Grande Prairie No. 1 to the Local Authorities Pension Plan in 2018 were \$2,237,823 (2017 - \$2,386,748). Total current service contributions by the employees of the County of Grande Prairie No. 1 to the Local Authorities Pension Plan in 2018 were \$2,049,846 (2017 - \$2,201,038).

At December 31, 2017, the Plan disclosed an actuarial surplus of \$4,840 million (2016 - \$637 million deficit).

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**20. CONTINGENT LIABILITIES**

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.

The County has been named defendant in various lawsuits as at December 31, 2018. While it is not possible to estimate the ultimate liability with respect to the pending litigation, based on evaluation and correspondence with the County's legal counsel, management indicates that it is unlikely that there will be a materially adverse effect on the financial position of the County. The ultimate settlement of these lawsuits, if any, will be recorded in the period details become known.

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**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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21. COMMITMENTS

Operating leases

The County has entered into various leases in respect to photocopiers, printers, computer hardware, and office space requiring total payments of \$327,290 expiring in February, 2021.

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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 2018 is \$882,957 which consists of:

Amounts due on or before:

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.

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**COUNTY OF GRANDE PRAIRIE NO. 1**  
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**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 (2018 - 17.61%; 2017 - 17.86%) in Aquatera Utilities Inc. for the year ended December 31, 2018:

	2018	2017
<b>Financial Position:</b>		
Financial assets	\$ 19,110,445	\$ 16,274,228
Physical assets	57,867,934	54,290,159
Total assets	76,978,379	70,564,387
Current liabilities, including callable debt	21,810,468	19,713,234
Deferred revenue of capital contributions	29,370,279	27,313,250
Landfill closure and post-closure liability	1,221,978	1,234,301
Total liabilities	52,402,725	48,260,785
Net assets	\$ 24,575,654	\$ 22,303,602
<b>Results of Operations:</b>		
Revenue	\$ 11,288,728	\$ 10,397,059
Amortization expense	(1,568,043)	(1,482,628)
Finance costs	(494,761)	(452,363)
Net subsidiary operations	(252,991)	(191,709)
Operating expenses	(5,935,256)	(5,292,110)
Net earnings from operations, current year	3,037,677	2,978,249
Shares issued	97	-
Less: dividends declared	(723,301)	(627,577)
Subsidiary operations	\$ 2,314,473	\$ 2,350,672

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

	2018	2017
Aquatera Utilities Inc.		
Franchise fee revenue	\$ 413,743	\$ 377,801
General, administrative and contracted services expense	379,797	271,436
Sale of services	-	188,939

**COUNTY OF GRANDE PRAIRIE NO. 1**  
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**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:

	2018	2017
<u>Financial Position:</u>		
Assets		
Financial assets	\$ 1,035,577	\$ 836,448
Physical assets	935,680	995,056
Total assets	<u>1,971,257</u>	<u>1,831,504</u>
Current liabilities	17,746	11,203
Deferred revenue	-	8,770
Landfill closure and post-closure liability	19,343	22,152
Total liabilities	<u>37,089</u>	<u>42,125</u>
Net assets	<u>1,934,168</u>	<u>1,789,379</u>
<u>Results of Operations:</u>		
Revenue	\$ 361,786	\$ 314,221
Amortization expense	(68,308)	(84,381)
Operating expenses	(147,135)	(153,621)
Other items - write down of tangible capital assets	<u>(1,552)</u>	<u>-</u>
Proportionate share of earnings	<u>\$ 144,791</u>	<u>\$ 76,219</u>



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

The 2018 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. 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 (Unaudited)	2018	2017
<b>Statement of Operations, Surplus</b>	\$ 6,819,060	\$ 20,230,484	\$ 19,455,786
Add back non-cash items:			
Contributed capital assets	-	(3,215,827)	(5,496,436)
Amortization of tangible capital assets	21,499,828	24,220,729	22,321,674
Loss on disposal of tangible capital assets	-	592,745	481,878
Write-down of tangible capital assets	-	207,511	-
Debt proceeds	23,826,103	23,609,000	7,842,535
Debt principal repayments	(3,752,808)	(3,765,360)	(3,237,995)
Tangible capital assets sale proceeds	308,000	725,341	189,839
Capital expenditures	(67,494,690)	(44,670,681)	(32,019,950)
Net transfer (to) from reserves (restricted surplus)	18,793,447	(15,576,524)	(7,127,864)
Net transfer (to) from equity in Aquatera (restricted surplus)	-	(2,314,473)	(2,350,672)
Net transfer (to) from unrestricted funds	1,060	(42,945)	(58,795)
<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.

**COUNTY OF GRANDE PRAIRIE NO. 1**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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27. FINANCIAL INSTRUMENTS (continued)

(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, bank loan held, as outlined in Note 11, and the issuance of fixed-rate debentures, as outlined in Note 12.

(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, 2018.

(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 County is not exposed to significant other price risks arising from these financial instruments.

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28. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

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