

**County of Wetaskiwin No. 10
Consolidated Financial Statements
For the year ended December 31, 2014**

County of Wetaskiwin No. 10
Consolidated Financial Statements
For the year ended December 31, 2014

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Independent Auditor's Report

To the Reeve and Councilors of the County of Wetaskiwin No. 10

We have audited the accompanying consolidated financial statements of the County of Wetaskiwin No. 10, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's 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 qualified audit opinion.

Basis for Qualified Opinion

As disclosed in Note 11, the County of Wetaskiwin No. 10 has a non-controlling interest in the West Dried Meat Lake Regional Solid Waste Authority (WDML). Canadian public sector accounting standards, specifically PS 3060, require proportionate consolidation of an entity's interest in jointly owned entities. WDML has not specifically calculated a current estimate for closure and post-closure care and therefore it is not possible to specifically calculate the County of Wetaskiwin No. 10's interest.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the County of Wetaskiwin No. 10 and its controlled entities as at December 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lacombe, Alberta
April 14, 2015

BDO Canada LLP
Chartered Accountants

County of Wetaskiwin No. 10
Consolidated Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash and cash equivalents (Note 1)	\$ 31,539,891	\$ 27,047,627
Taxes receivable (net of allowance of \$239,108)	978,182	1,061,426
Accounts receivable (Note 2)	2,941,379	2,193,411
Patronage reserves	16,747	16,033
Debt recoverable (Note 3)	7,516,383	7,723,317
	42,992,582	38,041,814
Liabilities		
Accounts payable and accrued liabilities	3,288,501	1,759,364
Deposit liabilities	1,887,793	2,191,984
Employee benefits plan liability (Note 4)	979,249	900,754
Deferred revenue (Note 6)	6,415,806	5,528,854
Long-term debt (Notes 7 & 8)	8,340,461	8,584,898
	20,911,810	18,965,854
Net financial assets	22,080,772	19,075,960
Non-financial assets		
Tangible capital assets (Note 9)	68,167,861	60,406,745
Prepaid expenses and inventories of supplies (Note 10)	7,549,734	7,979,608
Membership fee (Note 11)	400,000	400,000
	76,117,595	68,786,353
Accumulated surplus (Note 12)	\$ 98,198,367	\$ 87,862,313

Commitments and contingencies (Note 17)
 Funds held in trust (Note 18)


 _____ Reeve


 _____ Chief Administrative Officer

County of Wetaskiwin No. 10
Consolidated Statement of Operations

For the year ended December 31	Budget 2014	2014	2013
	(Note 19)		
Revenue			
Taxation (Note 14)	\$ 19,034,563	\$ 19,024,345	\$ 18,121,755
Government transfers (Note 15)	13,932,822	9,343,914	6,050,178
User fees and service charges	1,672,186	2,060,542	1,577,951
Permits, licenses and fines	578,950	654,924	414,343
Investment income	793,664	639,831	589,635
Sales to other governments	832,790	639,149	633,803
Rentals	312,000	335,399	313,257
Other	241,000	383,180	302,487
	<u>37,397,975</u>	<u>33,081,284</u>	<u>28,003,409</u>
Expenses			
General Government	5,193,891	4,382,717	4,697,009
Protective Services	1,476,127	1,366,294	1,244,604
Public Works	14,415,883	11,456,895	11,529,196
Utilities	2,057,799	1,885,614	1,720,425
Cemetery	37,650	41,166	18,699
Family and Community Support Services	408,498	397,631	394,602
Recreation and Cultural Services	1,545,535	1,801,129	1,384,600
Planning and Development	721,756	686,733	697,052
Agriculture Service Board	704,439	727,051	674,983
	<u>26,561,578</u>	<u>22,745,230</u>	<u>22,361,170</u>
Annual surplus	10,836,397	10,336,054	5,642,239
Accumulated surplus, beginning of year	87,862,313	87,862,313	82,220,074
Accumulated surplus, end of year	<u>\$ 98,698,710</u>	<u>\$ 98,198,367</u>	<u>\$ 87,862,313</u>

County of Wetaskiwin No. 10
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2014	2014	2013
	(Note 19)		
Annual surplus	\$ 10,836,397	\$ 10,336,054	\$ 5,642,239
Acquisition of tangible capital assets	(15,002,942)	(11,302,189)	(7,564,593)
Amortization of tangible capital assets	3,144,274	3,144,274	2,933,750
Gain on sale of tangible capital assets	-	(40,244)	(33,048)
Proceeds on sale of tangible capital assets	357,055	437,042	796,486
	<u>(665,216)</u>	<u>2,574,937</u>	<u>1,774,834</u>
Use/consumption of prepaid expenses and inventory of supplies	<u>(2,922,000)</u>	<u>429,875</u>	<u>238,634</u>
Net change in net financial assets	(3,587,216)	3,004,812	2,013,468
Net financial assets, beginning of year	<u>19,075,960</u>	<u>19,075,960</u>	<u>17,062,492</u>
Net financial assets, end of year	<u>\$ 15,488,744</u>	<u>\$ 22,080,772</u>	<u>\$ 19,075,960</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements

County of Wetaskiwin No. 10
Consolidated Statement of Cash Flows

For the year ended December 31	2014	2013
Operating transactions		
Annual surplus	\$ 10,336,054	\$ 5,642,239
Items not involving cash		
Amortization	3,144,274	2,933,750
Gain on disposal of tangible capital assets	(40,244)	(33,048)
Changes in non-cash operating balances		
Taxes receivable	83,244	(133,402)
Accounts receivable	(747,968)	(101,272)
Prepaid expenses and inventories of supplies	429,875	238,634
Accounts payable and accrued liabilities	1,529,137	(780,341)
Employee Benefits Plan liability	78,495	64,998
Deferred revenue	886,952	144,596
Deposit liabilities	(304,191)	421,437
	15,395,628	8,397,591
Capital transactions		
Acquisition of tangible capital assets	(11,302,189)	(7,564,593)
Proceeds on sale of tangible capital assets	437,042	796,486
	(10,865,147)	(6,768,107)
Investing transactions		
Debt recoverable payments received	206,934	198,142
Change in patronage reserves	(714)	1,412
Change in restricted amounts	(705,001)	(228,120)
	(498,781)	(28,566)
Financing transactions		
Repayment of long-term debt	(244,437)	(273,461)
	(244,437)	(273,461)
Net change in cash and cash equivalents	3,787,263	1,327,457
Cash and cash equivalents, beginning of year	22,308,519	20,981,062
Cash and cash equivalents, end of year	\$ 26,095,782	\$ 22,308,519
Consists of:		
Cash and temporary investments	31,539,891	27,047,627
Less: restricted portion of cash and temporary investments (Note 1)	(5,444,109)	(4,739,108)
	\$ 26,095,782	\$ 22,308,519

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements

County of Wetaskiwin No. 10
Summary of Significant Accounting Policies

December 31, 2014

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

The financial statements of the County of Wetaskiwin No. 10 (the Municipality) are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Municipality is a municipality in the Province of Alberta and operates under the provisions of the Municipal Government Act of the Province of Alberta. The Municipality provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The financial statements reflect the assets, liabilities, revenues, expenditures and accumulated surplus of the Municipality. The Municipality is comprised of the municipal operations plus any organizations that are owned or controlled by the Municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources. These organizations are as follows:

West Dried Meat Lake Regional Waste Services Association

Joint Economic Development Initiative

The financial statements of West Dried Meat Lake Regional Waste Services Association have not been consolidated into the financial statements of the Municipality. Please refer to Note 11.

Funds held in trust by the Municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately in Note 18.

Interdepartmental and organizational transactions and balances are eliminated.

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents. Investments are recorded at cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. Any permanent decline in value is recognized in the year of decline.

Debt Recoverable

Debt recoverable consists of amounts that are recoverable under a loan made to the Wetaskiwin and Area Lodge Authority. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long-term debt balances as at December 31.

County of Wetaskiwin No. 10
Summary of Significant Accounting Policies

December 31, 2014

Inventories Inventories of materials and supplies for consumption are valued at specific cost.

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

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	15 to 25 years
Buildings	25 to 50 years
Roads	5 to 40 years
Machinery and equipment	5 to 40 years
Water infrastructure	45 to 75 years
Sewer infrastructure	45 to 75 years
Vehicles	10 to 25 years
Furniture and equipment	5 to 20 years
Computer hardware and software	5 to 10 years

Leased Assets Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Municipality, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Collection of Taxes on Behalf of Other Taxation Authorities

The Municipality collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities the Municipality collects taxation revenue on behalf of are as follows:

Alberta School Foundation Fund
Wetaskiwin and Area Lodge Authority

County of Wetaskiwin No. 10
Summary of Significant Accounting Policies

December 31, 2014

**Over and Under
Levies**

Over and under levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned or receivable. The excess or under collection is accrued as a liability and property tax revenue is reduced or increased accordingly. Requisition tax rates in the subsequent year are adjusted for any over or under levies of the prior year.

**Retirement Benefits
and Other Employee
Benefit Plans**

The Municipality's contributions to its multi-employer defined benefit plan are expensed as incurred on an accrual basis.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount(s) can be made.

Revenue Recognition

Taxes are recognized as revenue in the year they are levied.

Charges for sewer and water usage are recorded as user fees and are recognized when the service has been provided. Connection fee revenues are recognized when the connection has been established.

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Grants for the acquisition of tangible capital assets are recognized as revenue in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized on an accrual basis.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

1. Cash and Cash Equivalents

	2014	2013
Cash balances	\$ 787	\$ 1,078
Cash balances yielding prime less 1.75% on a monthly basis	24,117,766	19,733,125
Variable rate high interest savings accounts	7,421,338	7,313,424
	\$ 31,539,891	\$ 27,047,627

The Municipality has an undrawn line of credit with a limit of \$5 million that carries an interest rate of prime. The line of credit is secured by borrowing bylaws pledging grants under the particular projects or tax revenues of the Municipality.

The Municipality has an undrawn capital loan with a limit of \$5.3 million that carries an interest rate of prime. The capital loan is secured by borrowing bylaws pledging grants under the particular projects or tax revenues of the Municipality.

The variable rate high interest savings accounts have a market value equal to cost. The high rate savings accounts currently pay interest monthly at 1.2%.

Included in the above amounts are the following amounts received from the Province of Alberta as conditional grants held exclusively for future projects.

	2014	2013
Internship	\$ 14,333	\$ 14,333
Federal Gas Tax (FGT)	19,082	637,273
Agriculture Services	118,689	118,689
Municipal Sustainability Initiative (MSI)	5,292,005	3,968,813
	\$ 5,444,109	\$ 4,739,108

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

2. Accounts Receivable

	2014	2013
Trade accounts receivable	\$ 1,645,326	\$ 1,407,193
Grants receivable	1,489,053	979,218
Allowance for uncollectible	(193,000)	(193,000)
	\$ 2,941,379	\$ 2,193,411

3. Debt Recoverable

Debt recoverable relates to amounts borrowed by the Municipality and loaned to the Wetaskiwin and Area Lodge Authority (WALA) in accordance with section 264 of the MGA.

The debt recoverable is repayable in semi-annual payments \$271,832 of principal and interest on March 15 and September 15 of each year. The debt recoverable bears interest at 4.389% compounded semi-annually. The mortgage is due March 15, 2036.

The debt recoverable is secured by an assignment of insurance proceeds, an assignment of rents and leases, a general security agreement, land and buildings. The estimated market value of the land and buildings is \$16.7 million.

WALA has the right to requisition its members, consisting of the County of Wetaskiwin, the City of Wetaskiwin and the Town of Millet for their annual shares of budgeted operating deficits and for their annual shares of the semi-annual debt recovery payments. The annual share is calculated annually based on the equalized assessment for that year. As of December 31, 2014, the Municipality's annual contribution is 61% of the total requisition.

Estimated principal and interest repayments on debt recoverable over the next five and subsequent years are as follows:

	Principal	Interest	Total
2015	\$ 216,116	\$ 327,548	\$ 543,664
2016	225,705	317,959	543,664
2017	235,720	307,944	543,664
2018	246,179	297,485	543,664
2019	257,103	286,561	543,664
Thereafter	6,335,560	2,634,904	8,970,464
	\$ 7,516,383	\$ 4,172,401	\$ 11,688,784

The gross interest received relating to the above debt recoverable was \$339,435 (2013 - \$345,522).

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

4. Employee Benefits Plan Liability

	2014	2013
Sick leave benefits - accrued liability	\$ 440,147	\$ 393,621
Vacation	348,299	314,123
Overtime	21,933	19,383
Retirement pay	168,870	173,627
	<u>\$ 979,249</u>	<u>\$ 900,754</u>

The employee benefits plan liability includes accrued vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The employee benefits plan liability also includes paid sick leave that can accumulate to a maximum of 90 days. Sick leave will only be paid out if employees meet the conditions outlined in the policy for utilization of sick leave and will not be paid out upon the termination or retirement of an employee. The amount above has been estimated by using past utilization of sick leave in excess of the annual entitlement and projecting the past utilization to the future using an estimated average age to retirement of 13.25 years, an inflation factor of 2.50% and a discount rate of 4.893%.

Retirement Pay

The Chief Administrative Officer is entitled to a retirement gratuity based on the provisions in an employment contract. The conditions in the contract are now more likely than not to be met. The amount of the gratuity is based upon complete years of service since the beginning of the contract.

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

5. Local Authorities Pension Plan

Certain employees of the Municipality are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Municipality is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$154,250. Employees of the Municipality are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$154,250.

The plan provides defined pension benefits to employees based on their length of service and rates of pay. Contributions for the year were:

	<u>2014</u>	<u>2013</u>
Employer contributions	649,640	573,566
Employee contributions	<u>607,614</u>	<u>529,451</u>
	<u>\$ 1,257,254</u>	<u>\$ 1,103,017</u>

As this is a multi-employer pension plan, these contributions are the Municipality's pension benefit expense. No pension liability for this type of plan is included in the Municipality's financial statements. The most recent valuation as at December 31, 2013 indicates a deficit of \$4.86 billion (2012 - \$4.97 billion) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

6. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Internship	\$ 14,333	\$ 62,821	\$ -	\$ (62,821)	\$ 14,333
FGT	637,273	-	8,011	(626,202)	19,082
Agriculture Services	118,689	-	-	-	118,689
MSI	3,968,813	3,776,312	53,028	(2,506,148)	5,292,005
Prepaid Local Improvement Property Owners Contributions	47,903	-	-	(4,250)	43,653
	741,843	186,201	-	-	928,044
	<u>\$ 5,528,854</u>	<u>\$ 4,025,334</u>	<u>\$ 61,039</u>	<u>\$ (3,199,421)</u>	<u>\$ 6,415,806</u>

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Municipality is required to account for grants provided and to complete the projects or programs in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreements have been incurred.

Prepaid Local Improvements

Under development agreements related to the Mulhurst sewer and Winfield water, various landowners have prepaid their local improvement levy. The levy is amortized into revenues straight-line over 25 years.

Property Owner Contributions

Under development agreements for developments in the Pigeon Lake Watershed, developers are required to contribute funds for the purpose of future expansion of the existing sewer system. These funds will be used to finance future capital expansions and recognized as revenue at that time.

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

7. Long-term Debt

Long-term debt reported on the statement of financial position is comprised of the following:

	2014	2013
Self supported debentures	\$ 824,078	\$ 861,581
Wetaskiwin and Area Lodge Authority Debenture, 4.389% due March 15, 2036, blended semi-annual payments of \$271,832. See Note 3.	7,516,383	7,723,317
	8,340,461	8,584,898

Debenture debt is repayable to the Alberta Municipal Financing Corporation and bears interest at rates ranging from 4.268% to 10.625%. The weighted average interest rate, excluding the WALA debenture, for 2014 is 5.11%. Debenture debt is issued on the security of the Municipality at large.

Estimated principal and interest repayments on debenture debt over the next five and subsequent years are as follows:

	Principal	Interest	Total
2015	\$ 253,076	\$ 367,164	\$ 620,240
2016	264,856	355,384	620,240
2017	277,207	343,033	620,240
2018	290,156	330,084	620,240
2019	303,735	316,505	620,240
Thereafter	6,951,431	2,865,671	9,817,102
	\$ 8,340,461	\$ 4,577,841	\$ 12,918,302

The gross interest paid relating to the above long-term debt was \$381,051 (2013 - \$389,657).

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

8. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation for the Municipality be disclosed as follows:

	<u>2014</u>	<u>2013</u>
Total debt limit	\$ 37,441,068	\$ 35,371,438
Total debt	824,078	861,581
Total debt limit available	<u>\$ 36,616,990</u>	<u>\$ 34,509,857</u>
Debt servicing limit	\$ 6,240,178	\$ 5,895,240
Debt servicing	79,454	79,454
Total debt servicing limit available	<u>\$ 6,160,724</u>	<u>\$ 5,815,786</u>

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/2000) 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 financial statements must be interpreted as a whole.

December 31, 2014

9. Tangible Capital Assets

	For the year ended December 31, 2014							
	Land	Buildings	Equipment	Vehicles	Water and other utility systems	Roads	Bridges	Total
Cost, beginning of year	\$ 3,145,891	\$ 8,410,931	\$ 12,272,736	\$ 6,990,125	\$ 19,290,553	\$ 89,292,424	\$ 21,991,079	\$ 161,393,739
Additions	474,006	-	1,080,716	404,574	6,452,257	1,816,660	1,073,976	11,302,189
Disposals	(2,549)	-	(800,598)	(105,417)	-	-	-	(908,564)
Write downs	-	-	-	-	-	-	-	-
Cost, end of year	<u>3,617,348</u>	<u>8,410,931</u>	<u>12,552,854</u>	<u>7,289,282</u>	<u>25,742,810</u>	<u>91,109,084</u>	<u>23,065,055</u>	<u>171,787,364</u>
Accumulated amortization, beginning of year	-	2,692,738	5,043,418	2,735,425	3,020,661	78,895,447	8,599,305	100,986,994
Amortization	-	185,046	940,892	463,697	272,857	831,913	449,869	3,144,274
Disposals	-	-	(468,746)	(43,019)	-	-	-	(511,765)
Write-downs	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	<u>2,877,784</u>	<u>5,515,564</u>	<u>3,156,103</u>	<u>3,293,518</u>	<u>79,727,360</u>	<u>9,049,174</u>	<u>103,619,503</u>
Net carrying amount, end of year	<u>\$ 3,617,348</u>	<u>\$ 5,533,147</u>	<u>\$ 7,037,290</u>	<u>\$ 4,133,179</u>	<u>\$ 22,449,292</u>	<u>\$ 11,381,724</u>	<u>\$ 14,015,881</u>	<u>\$ 68,167,861</u>

December 31, 2014

9. Tangible Capital Assets (continued)

	For the year ended December 31, 2013							
	Land	Buildings	Equipment	Vehicles	Water and other utility systems	Roads	Bridges	Total
Cost, beginning of year	\$ 3,177,327	\$ 8,410,931	\$ 10,765,603	\$ 6,584,573	\$ 18,473,242	\$ 87,566,449	\$ 20,438,547	\$ 155,416,672
Additions		-	2,813,542	655,233	817,311	1,725,975	1,552,532	7,564,593
Disposals	(31,436)	-	(1,306,409)	(249,681)	-	-	-	(1,587,526)
Cost, end of year	<u>3,145,891</u>	<u>8,410,931</u>	<u>12,272,736</u>	<u>6,990,125</u>	<u>19,290,553</u>	<u>89,292,424</u>	<u>21,991,079</u>	<u>161,393,739</u>
Accumulated amortization, beginning of year	-	2,507,692	4,870,534	2,509,184	2,747,804	78,049,948	8,192,171	98,877,333
Amortization	-	185,046	781,759	441,455	272,857	845,499	407,134	2,933,750
Disposals	-	-	(608,875)	(215,214)	-	-	-	(824,089)
Accumulated amortization, end of year	-	<u>2,692,738</u>	<u>5,043,418</u>	<u>2,735,425</u>	<u>3,020,661</u>	<u>78,895,447</u>	<u>8,599,305</u>	<u>100,986,994</u>
Net carrying amount, end of year	<u>\$ 3,145,891</u>	<u>\$ 5,718,193</u>	<u>\$ 7,229,318</u>	<u>\$ 4,254,700</u>	<u>\$ 16,269,892</u>	<u>\$ 10,396,977</u>	<u>\$ 13,391,774</u>	<u>\$ 60,406,745</u>

There were assets under construction at year end totalling \$7,194,940 (2013 - \$769,341). There were no assets under capital lease at year end (2013 - \$nil).

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

10. Prepaid Expenses and Inventories of Supplies

	<u>2014</u>	<u>2013</u>
Crushed gravel	\$ 2,771,583	\$ 3,233,686
Undeveloped gravel pits	4,321,615	4,321,615
Materials and supplies	304,947	295,701
Prepaid expenses	<u>151,589</u>	<u>128,606</u>
	<u>\$ 7,549,734</u>	<u>\$ 7,979,608</u>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

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11. Membership Fee

The Municipality acquired a non-controlling interest in West Dried Meat Lake Regional Solid Waste Authority July 2, 1996. The purpose of the Authority is to administer and maintain a solid waste landfill. The non-controlling interest entitles the Municipality to one vote in the operations of the Authority and the requirement to pay an annual requisition to deliver solid waste. There are currently six members, including the Municipality. In case of dissolution, members are entitled to a portion of the remaining net assets of the Authority, based on the total amount of solid waste delivered by the member as a proportion of the total solid waste delivered by all members. The remaining net assets would be determined after settling all remaining environmental liability. The membership agreement has no expiry date.

Canadian public sector accounting standards, specifically PS 3060, require proportionate consolidation of an entity's interest in jointly controlled entities as well as specified summary information regarding the financial position and results of operations of the jointly controlled entities. The Authority has not calculated a current estimate for closure and post-closure care and as a result, its financial statements are not prepared in accordance with Canadian public sector accounting standards.

Based on the original agreement, these financial statements should reflect 69.1% of the net assets and results of operations of the Authority.

Figures for 2014 were not available at the audit report date. Summary information from 2013 has been presented below:

	2013	2012
Financial assets		
Cash and temporary investments	\$ 150	\$ 150
Due from Camrose County	9,971,724	6,582,535
Trade and other receivables	1,139,204	1,302,031
	11,111,078	7,884,716
Liabilities		
Accounts payable and accrued liabilities	401,905	-
Closure and post-closure care liability reserve	3,263,663	2,557,550
	3,665,568	2,557,550
Accumulated surplus	\$ 7,445,510	\$ 5,327,166
Statement of Operations		
Revenues	\$ 4,708,575	\$ 5,377,515
Expenditures	1,884,120	2,253,451
Transfer to closure and post-closure liability reserve	706,111	790,065
	2,118,344	2,333,999
Excess (deficiency) of revenues over expenditures	5,327,166	2,993,167
Accumulated surplus, beginning of year	5,327,166	2,993,167
Accumulated surplus, end of year	\$ 7,445,510	\$ 5,327,166

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

12. Accumulated Surplus

	<u>2014</u>	<u>2013</u>
Investment in tangible capital assets	\$ 68,167,861	\$ 60,406,745
Operating and capital deficit	(2,073,796)	(1,213,163)
Membership fee	400,000	400,000
Perry Pit purchase	2,539,000	2,539,000
Debenture debt	(8,340,461)	(8,584,898)
Debt recoverable (Note 3)	7,516,383	7,723,317
	<u>68,208,987</u>	<u>61,271,001</u>
Operating Reserve Funds		
Administration	3,840,209	3,830,493
Enforcement	135,605	135,605
Fire	1,029,586	1,156,320
By-law Enforcement	48,250	48,250
Public Works	13,819,735	12,725,213
Water	108,067	53,158
Sewer	744,129	674,030
Solid Waste Services	343,720	287,361
Planning and Development	96,951	111,653
Agricultural Service Board	212,858	212,858
Recreation	271,286	244,922
Parks	25,000	25,000
	<u>20,675,396</u>	<u>19,504,863</u>
Capital Reserve Funds		
Administration	289,510	289,939
Fire	1,134,150	745,554
By-law Enforcement	31,169	31,169
Public Works	7,018,800	5,215,623
Water	8,500	8,500
Sewer	67,661	67,661
Solid Waste Services	394,976	374,976
Planning and Development	45,000	45,000
Agricultural Service Board	136,826	136,826
Recreation	187,392	171,201
	<u>9,313,984</u>	<u>7,086,449</u>
	<u>29,989,380</u>	<u>26,591,312</u>
	<u>\$ 98,198,367</u>	<u>\$ 87,862,313</u>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

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13. Change in Accumulated Surplus

	Unrestricted surplus (deficit)	Membership Fee and Perry Pit Purchase	Restricted surplus	Equity in tangible capital assets	2014	2013
Balance, beginning of year	\$ (1,213,163)	\$ 2,939,000	\$ 26,591,312	\$ 59,545,164	\$ 87,862,313	\$ 82,220,074
Excess of revenue over expenses	10,336,054	-	-	-	10,336,054	5,642,239
Net operating transfers to restricted surplus	(6,003,571)	-	6,003,571	-	-	-
Debenture principal payments	(244,437)	-	-	244,437	-	-
Debenture principal paid on WALA loan	206,934	-	-	(206,934)	-	-
Capital transfers from restricted surplus	2,605,504	-	(2,605,504)	-	-	-
Acquisition of capital	(11,302,189)	-	-	11,302,189	-	-
Contributed assets	-	-	-	-	-	-
Disposals and write-down of assets	396,798	-	-	(396,798)	-	-
Amortization	3,144,274	-	-	(3,144,274)	-	-
Change in accumulated surplus	\$ (860,633)	\$ -	\$ 3,398,067	\$ 7,798,620	\$ 10,336,054	\$ 5,642,239
Balance, end of year	\$ (2,073,796)	\$ 2,939,000	\$ 29,989,379	\$ 67,343,784	\$ 98,198,367	\$ 87,862,313

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Notes to Consolidated Financial Statements

December 31, 2014

14. Taxation - Net

	Budget 2014 (Note 19)	2014	2013
Real property taxes	\$ 12,458,423	\$ 12,448,206	\$ 12,044,096
Machinery and equipment	2,839,930	2,839,930	2,885,925
Linear property taxes	11,427,862	11,427,862	11,077,717
Government grants in lieu of property taxes	48,830	48,830	47,348
	<u>26,775,045</u>	<u>26,764,828</u>	<u>26,055,086</u>
Requisitions			
Alberta School Foundation Fund	7,176,545	7,176,545	7,364,494
Wetaskiwin and Area Lodge Authority	563,937	563,938	568,837
	<u>7,740,482</u>	<u>7,740,483</u>	<u>7,933,331</u>
Available for general municipal purposes	<u>\$ 19,034,563</u>	<u>\$ 19,024,345</u>	<u>\$ 18,121,755</u>

15. Government Transfers

	Budget 2014 (Note 19)	2014	2013
General Government	\$ 332,337	\$ 128,791	\$ 436,109
Public Works	3,355,876	1,610,455	3,981,468
Utilities	9,450,936	6,486,844	1,041,078
Family and Community Support Services	274,845	269,278	261,412
Agriculture Service	209,900	232,359	220,794
Recreation and Cultural Services	308,928	616,187	109,317
	<u>\$ 13,932,822</u>	<u>\$ 9,343,914</u>	<u>\$ 6,050,178</u>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

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16. Expenses by Object

	Budget 2014 (Note 19)	2014	2013
Salaries and wages	\$ 8,562,948	\$ 8,621,248	\$ 8,317,050
Contracted and general services	7,118,309	4,580,825	5,347,033
Goods, materials and supplies	6,060,617	4,660,338	4,330,162
Transfers to other organizations	1,286,049	1,390,055	1,071,682
Interest	382,882	381,136	391,790
Cancellations and uncollectible	6,500	7,598	2,749
Amortization	3,144,274	3,144,274	2,933,751
Loss on disposal of assets	-	(40,244)	(33,047)
	<u>\$ 26,561,579</u>	<u>\$ 22,745,230</u>	<u>\$ 22,361,170</u>

17. Commitments and Contingencies

The Municipality has been named as a defendant in various actions seeking damages from the Municipality and other unrelated parties. These claims have been forwarded to the Municipality's insurers who are defending the claims. No liability to the Municipality is foreseen in any of these claims.

The Municipality has entered into two gravel supply and haul contracts for the road graveling program for 2015 to 2017. Estimated payments for 2015 are \$1,427,100.

18. Funds Held in Trust

At the year end, the Municipality held \$135,257 (2013 - \$165,470) in trust which are proceeds from tax sale surplus. These funds are not included in these financial statements.

The Municipality performs administrative functions and held \$314,822 (2013 - \$296,694) in trust for the Joint Economic Development Initiative (JEDI), a society. These funds are not included in these financial statements.

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Notes to Consolidated Financial Statements

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19. Budget

The Budget adopted by Council on April 1, 2014 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues for a budgeted surplus of \$25. In addition, the budget did not include an amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Budget adopted by Council on April 1, 2014 with adjustments as follows:

	2014
Budget surplus for the year	\$ 536
Add:	
Capital expenditures	15,002,942
Debenture principal payments	244,437
Budgeted transfers to accumulated surplus	2,746,707
Budgeted transfers to capital	1,679,536
Budgeted capital over expenditure	30,900
Less:	
Budgeted transfers from accumulated surplus	(5,367,333)
Proceeds of disposition	(357,055)
Amortization	(3,144,273)
Budget surplus per statement of operations	\$ 10,836,397

	Budget	Amortization Allocation	Budget per Financial Statements	Actual per Financial Statements
Total Revenues	\$ 37,397,975	\$ -	\$ 37,397,975	\$ 33,081,284
General Government	4,981,214	212,677	5,193,891	4,382,717
Protective Services	1,323,451	152,676	1,476,127	1,366,294
Public Works	11,938,205	2,477,678	14,415,883	11,456,895
Utilities	1,772,503	285,296	2,057,799	1,885,614
Cemetery	37,650	-	37,650	41,166
Family and Community				
Support Services	408,498	-	408,498	397,631
Recreation and Cultural Services	1,529,589	15,946	1,545,535	1,801,129
Planning and Development	721,756	-	721,756	686,733
Agriculture Service Board	704,439	-	704,439	727,051
Total Expenditures	23,417,305	3,144,273	26,561,578	22,745,230
Excess of revenues over expenditures	13,980,670		10,836,397	10,336,054

December 31, 2014

20. Segmented Information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

Provides legislative and administrative oversight.

Protective Services

Provides police, fire, ambulance, and bylaw services.

Public Works

Manages the Municipality's fleet of equipment as well as maintains and improves the Municipality's infrastructure.

Utilities

Provides water, wastewater and solid waste services.

Cemetery

Provides support and funding for various cemetery groups in the Municipality.

Family and Community Support Services

Provides family and community support services.

Recreation and Cultural Services

Provides funding to recreation groups including other local municipalities within the Municipality.

Planning and Development

Provides services related to all property development plans through its application process.

Agriculture Service

Provides services for weed and pest control as well as horticulture and soil conservation.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses and equity in government business enterprises and government business partnerships that are directly attributable to a particular segment are allocated to that segment. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis.

Taxation has been allocated to general government.

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Notes to Consolidated Financial Statements

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20. Segmented Information (continued)

For the year ended December 31	General Government	Protective Services	Public Works	Utilities	Family and Community Support Services	Recreation and Cultural Services	Planning and Development	Agriculture Service	2014 Total
Revenue									
Taxation	\$ 19,024,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,024,345
Government grants	128,791	-	1,610,455	6,486,844	269,278	616,187	-	232,359	9,343,914
User fees and service charges	86,138	148,217	1,158,468	599,283	28,146	-	-	40,290	2,060,542
Permits, licenses and fines	443,429	169,630	-	-	-	-	41,865	-	654,924
Investment income	639,831	-	-	-	-	-	-	-	639,831
Sales to other governments	49,562	-	15,387	549,934	-	-	24,266	-	639,149
Rentals	85,731	-	-	-	-	249,668	-	-	335,399
Other	283,000	100,180	-	-	-	-	-	-	383,180
	<u>20,740,827</u>	<u>418,027</u>	<u>2,784,310</u>	<u>7,636,061</u>	<u>297,424</u>	<u>865,855</u>	<u>66,131</u>	<u>272,649</u>	<u>33,081,284</u>
Expenses									
Salaries and wages	2,443,833	823,791	3,073,102	831,020	299,203	233,930	416,026	500,343	8,621,248
Contracted and general services	1,064,297	167,097	2,044,739	601,129	29,717	474,351	119,749	79,746	4,580,825
Goods, materials and supplies	264,531	58,867	3,901,619	168,169	2,906	119,139	145	144,962	4,660,338
Transfers to other organizations	8,645	163,863	-	-	106,971	957,763	150,813	2,000	1,390,055
Interest	381,136	-	-	-	-	-	-	-	381,136
Cancellations and uncollectible	7,598	-	-	-	-	-	-	-	7,598
Amortization	212,677	152,676	2,477,679	285,296	-	15,946	-	-	3,144,274
Loss on sale of capital assets	-	-	(40,244)	-	-	-	-	-	(40,244)
	<u>4,382,717</u>	<u>1,366,294</u>	<u>11,456,895</u>	<u>1,885,614</u>	<u>438,797</u>	<u>1,801,129</u>	<u>686,733</u>	<u>727,051</u>	<u>22,745,230</u>
Net surplus (deficit)	<u>\$ 16,358,110</u>	<u>\$ (948,267)</u>	<u>\$ (8,672,585)</u>	<u>\$ 5,750,447</u>	<u>\$ (141,373)</u>	<u>\$ (935,274)</u>	<u>\$ (620,602)</u>	<u>\$ (454,402)</u>	<u>\$ 10,336,054</u>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

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20. Segmented Information (continued)

For the year ended December 31	General Government	Protective Services	Public Works	Utilities	Family and Community Support Services	Recreation and Cultural Service	Planning and Development	Agriculture Service	2013 Total
Revenue									
Taxation	\$ 18,121,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,121,755
Government grants	436,109	-	3,981,468	1,041,078	261,412	109,317	-	220,794	6,050,178
User fees and service charges	41,545	105,447	808,121	579,620	34,481	-	-	8,737	1,577,951
Permits, licenses and fines	183,878	199,674	-	-	-	-	30,791	-	414,343
Investment income	589,635	-	-	-	-	-	-	-	589,635
Sales to other governments	72,563	-	9,151	467,655	-	1,858	82,576	-	633,803
Rentals	53,137	-	-	-	-	260,120	-	-	313,257
Other	287,455	10,395	4,637	-	-	-	-	-	302,487
	<u>19,786,077</u>	<u>315,516</u>	<u>4,803,377</u>	<u>2,088,353</u>	<u>295,893</u>	<u>371,295</u>	<u>113,367</u>	<u>229,531</u>	<u>28,003,409</u>
Expenses									
Salaries and wages	2,444,542	695,362	2,986,617	819,702	303,309	221,300	371,173	475,045	8,317,050
Contracted and general services	1,394,616	203,095	2,625,594	473,874	25,287	382,820	173,867	67,880	5,347,033
Goods, materials and supplies	223,931	53,300	3,668,342	141,553	1,557	111,583	338	129,558	4,330,162
Transfers to other organizations	28,191	153,218	-	-	83,148	652,951	151,674	2,500	1,071,682
Interest on long-term debt	391,790	-	-	-	-	-	-	-	391,790
Cancellations and uncollectible	2,749	-	-	-	-	-	-	-	2,749
Amortization	211,190	139,629	2,281,690	285,296	-	15,946	-	-	2,933,751
Loss on sale of capital assets	-	-	(33,047)	-	-	-	-	-	(33,047)
	<u>4,697,009</u>	<u>1,244,604</u>	<u>11,529,196</u>	<u>1,720,425</u>	<u>413,301</u>	<u>1,384,600</u>	<u>697,052</u>	<u>674,983</u>	<u>22,361,170</u>
Net surplus (deficit)	<u>\$ 15,089,068</u>	<u>\$ (929,088)</u>	<u>\$ (6,725,819)</u>	<u>\$ 367,928</u>	<u>\$ (117,408)</u>	<u>\$ (1,013,305)</u>	<u>\$ (583,685)</u>	<u>\$ (445,452)</u>	<u>\$ 5,642,239</u>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2014

21. 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:

	Salary	Benefits & Allowances	Total 2014	Total 2013
Councillors:				
Division 1	\$ 44,888	\$ 1,781	\$ 46,669	\$ 48,290
Division 2	44,888	8,100	52,988	50,610
Division 3	45,338	8,126	53,464	57,137
Division 4	45,563	8,801	54,364	49,058
Division 5	44,963	8,100	53,063	50,610
Division 6 Reeve	53,327	8,884	62,211	51,915
Division 7	46,013	8,165	54,178	49,752
Chief Administrative Officer	193,515	32,971	226,486	219,044
Designated Officer - Assessment	109,822	25,410	135,232	128,256

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

Benefits and allowances figures include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, and professional memberships, as well as the employer's share of the costs of additional taxable benefits.

22. Comparative Figures

Comparative figures have been adjusted for current period presentation.

23. Approval of Financial Statements

Council and Management have approved these financial statements.
