

**County of Wetaskiwin No. 10  
Consolidated Financial Statements  
For the year ended December 31, 2016**

**County of Wetaskiwin No. 10  
Consolidated Financial Statements  
For the year ended December 31, 2016**

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Tel: 403 782 3361  
Fax: 403 782 3070  
lacombe@bdo.ca  
www.bdo.ca

BDO Canada LLP  
5820B Highway 2A  
Lacombe AB T4L 2G5 Canada

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## Independent Auditor's Report

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### To the Reeve and Councillors 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, 2016, 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, 2016 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 18, 2017

  
Chartered Professional Accountants

**County of Wetaskiwin No. 10**  
**Consolidated Statement of Financial Position**

December 31	2016	2015
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 33,188,404	\$ 29,058,619
Taxes receivable (net of allowance of \$353,120)	1,281,002	1,114,061
Accounts receivable (Note 2)	2,427,437	3,229,823
Patronage reserves	13,106	12,762
Debt recoverable (Note 3)	7,074,562	7,300,267
	<b>43,984,511</b>	<b>40,715,532</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,237,285	3,178,851
Deposit liabilities	1,109,178	1,867,266
Employee benefits plan liability (Note 4)	825,777	822,718
Deferred revenue (Note 6)	10,178,824	5,886,201
Long-term debt (Notes 7 & 8)	9,029,004	9,587,385
	<b>23,380,068</b>	<b>21,342,421</b>
<b>Net financial assets</b>	<b>20,604,443</b>	<b>19,373,111</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	80,186,868	76,806,401
Prepaid expenses and inventories of supplies (Note 10)	10,375,414	9,290,762
Membership fee (Note 11)	400,000	400,000
	<b>90,962,282</b>	<b>86,497,163</b>
<b>Accumulated surplus (Note 12)</b>	<b>\$ 111,566,725</b>	<b>\$ 105,870,274</b>

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

**County of Wetaskiwin No. 10**  
**Consolidated Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	(Note 19)		
<b>Revenue</b>			
Taxation (Note 14)	\$ 19,936,756	\$ 19,881,614	\$ 19,979,103
Government transfers (Note 15)	9,049,024	5,010,419	7,152,509
User fees and service charges	1,722,755	2,997,184	1,924,199
Permits, licenses and fines	373,000	320,460	390,974
Investment income	803,664	519,181	583,775
Sales to other governments	2,321,910	438,113	730,002
Rentals	321,700	277,925	281,796
Other	300,286	327,930	263,521
Gain on disposal of capital assets	-	91,794	143,264
	<u>34,829,095</u>	<u>29,864,620</u>	<u>31,449,143</u>
<b>Expenses</b>			
General Government	5,032,353	4,749,032	4,760,619
Protective Services	1,624,421	1,537,408	1,428,966
Public Works	13,269,244	12,236,413	12,467,196
Utilities	2,057,134	2,122,783	1,700,258
Cemetery	39,650	34,200	33,914
Family and Community Support Services	468,728	441,243	392,758
Recreation and Cultural Services	1,526,330	1,462,417	1,419,860
Planning and Development	857,971	715,190	841,895
Agriculture Service Board	884,091	869,483	731,770
	<u>25,759,922</u>	<u>24,168,169</u>	<u>23,777,236</u>
<b>Annual surplus</b>	9,069,173	5,696,451	7,671,907
<b>Accumulated surplus, beginning of year</b>	<u>98,198,367</u>	<u>105,870,274</u>	<u>98,198,367</u>
<b>Accumulated surplus, end of year</b>	<u>\$107,267,540</u>	<u>\$111,566,725</u>	<u>\$105,870,274</u>

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

<b>For the year ended December 31</b>	Budget 2016	2016	2015
	(Note 19)		
Annual surplus	\$ 9,069,173	\$ 5,696,451	\$ 7,671,907
Acquisition of tangible capital assets	(13,980,283)	(7,516,628)	(12,513,987)
Amortization of tangible capital assets	4,000,758	4,000,758	3,435,623
Gain on sale of tangible capital assets	-	(91,794)	(143,264)
Proceeds on sale of tangible capital assets	409,304	227,197	583,087
	<u>(501,048)</u>	<u>2,315,984</u>	<u>(966,634)</u>
Use/consumption of prepaid expenses and inventory of supplies	-	(1,084,652)	(1,741,027)
Net change in net financial assets	(501,048)	1,231,332	(2,707,661)
Net financial assets, beginning of year	19,373,111	19,373,111	22,080,772
<b>Net financial assets, end of year</b>	<b>\$ 18,872,063</b>	<b>\$ 20,604,443</b>	<b>\$ 19,373,111</b>

**County of Wetaskiwin No. 10**  
**Consolidated Statement of Cash Flows**

For the year ended December 31	2016	2015
<b>Operating transactions</b>		
Annual surplus	\$ 5,696,451	\$ 7,671,907
Items not involving cash		
Amortization	4,000,758	3,435,623
Gain on disposal of tangible capital assets	(91,794)	(143,264)
Changes in non-cash operating balances		
Taxes receivable	(166,941)	(135,878)
Accounts receivable	802,386	(288,443)
Prepaid expenses and inventories of supplies	(1,084,652)	(1,741,029)
Accounts payable and accrued liabilities	(941,564)	(109,650)
Employee Benefits Plan liability	3,059	(156,531)
Deferred revenue	4,292,623	(529,605)
Deposit liabilities	(758,089)	(20,526)
	<u>11,752,237</u>	<u>7,982,604</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(7,516,628)	(12,513,987)
Proceeds on sale of tangible capital assets	227,197	583,087
	<u>(7,289,431)</u>	<u>(11,930,900)</u>
<b>Investing transactions</b>		
Debt recoverable payments received	225,705	216,116
Change in patronage reserves	(344)	3,985
Change in restricted amounts	(4,361,701)	849,766
	<u>(4,136,340)</u>	<u>1,069,867</u>
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	-	1,500,000
Repayment of long-term debt	(558,382)	(253,077)
	<u>(558,382)</u>	<u>1,246,923</u>
<b>Net change in cash and cash equivalents</b>	<b>(231,916)</b>	<b>(1,631,506)</b>
Cash and cash equivalents, beginning of year	<u>24,464,276</u>	<u>26,095,782</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>24,232,360</u></b>	<b>\$ <u>24,464,276</u></b>
<b>Consists of:</b>		
Cash and temporary investments	33,188,404	29,058,619
Less: restricted portion of cash and temporary investments (Note 1)	<u>(8,956,044)</u>	<u>(4,594,343)</u>
	<u>\$ 24,232,360</u>	<u>\$ 24,464,276</u>

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

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**County of Wetaskiwin No. 10**  
**Summary of Significant Accounting Policies**

**December 31, 2016**

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**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.



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**County of Wetaskiwin No. 10**  
**Summary of Significant Accounting Policies**

**December 31, 2016**

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**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

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**County of Wetaskiwin No. 10**  
**Summary of Significant Accounting Policies**

**December 31, 2016**

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**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.

**Liability for  
Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

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**County of Wetaskiwin No. 10**  
**Summary of Significant Accounting Policies**

**December 31, 2016**

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**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, 2016**

**1. Cash and Cash Equivalents**

	2016	2015
Cash balances	\$ 715	\$ 875
Cash balances yielding prime less 1.75% on a monthly basis	25,629,895	21,558,356
Variable rate high interest savings accounts	7,557,794	7,499,388
	\$ 33,188,404	\$ 29,058,619

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%.

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

	2016	2015
Internship	\$ 14,333	\$ 14,333
Federal Gas Tax (FGT)	834,976	1,162,592
Agriculture Services	127,289	118,689
Municipal Sustainability Initiative (MSI)	7,951,961	3,298,729
Family and Community Support Services (FCSS)	27,485	-
	\$ 8,956,044	\$ 4,594,343

**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**2. Accounts Receivable**

	2016	2015
Trade accounts receivable	\$ 2,058,502	\$ 1,765,516
Grants receivable	445,935	1,707,307
Allowance for uncollectible	(77,000)	(243,000)
	\$ 2,427,437	\$ 3,229,823

**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, 2016 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
2017	\$ 235,720	\$ 307,944	\$ 543,664
2018	246,179	297,485	543,664
2019	257,103	286,561	543,664
2020	268,511	275,153	543,664
2021	280,425	263,239	543,664
Thereafter	5,786,624	1,768,961	7,555,585
	\$ 7,074,562	\$ 3,199,343	\$ 10,273,905

The gross interest received relating to the above debt recoverable was \$317,959 (2015 - \$327,548).

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**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

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**4. Employee Benefits Plan Liability**

	<u>2016</u>	<u>2015</u>
Sick leave benefits - accrued liability	\$ 435,849	\$ 437,630
Vacation	352,544	351,510
Overtime	<u>37,384</u>	<u>33,578</u>
	<u>\$ 825,777</u>	<u>\$ 822,718</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 12 years, an inflation factor of 2.50% and a discount rate of 4.893%.

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**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

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**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 \$160,970. 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 \$157,025.

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

	<u>2016</u>	<u>2015</u>
Employer contributions	698,886	690,155
Employee contributions	653,317	644,445
	<u>\$ 1,352,203</u>	<u>\$ 1,334,600</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, 2015 indicates a deficit of \$0.92 billion (2014 - \$2.45 billion) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

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**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**6. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Internship	\$ 14,333	\$ 43,000	\$ -	\$ (43,000)	\$ 14,333
FGT	1,162,592	585,819	12,682	(926,117)	834,976
Agriculture Services	118,689	37,500	-	(28,900)	127,289
MSI	3,298,729	7,105,330	72,464	(2,524,562)	7,951,961
FCSS	-	329,815	-	(302,330)	27,485
Water Rescue Donations	85,839	55,240	-	(23,226)	117,853
Credit Letter	107,900	-	-	-	107,900
Prepaid Local Improvement	39,563	-	-	(3,948)	35,615
Property Owners Contributions	1,058,556	(121,437)	7,700	16,593	961,412
	<u>\$ 5,886,201</u>	<u>\$ 8,035,267</u>	<u>\$ 92,846</u>	<u>\$ (3,835,490)</u>	<u>\$ 10,178,824</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, 2016**

**7. Long-term Debt**

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

	2016	2015
Self supported debentures	\$ 1,954,442	\$ 2,287,118
Wetaskiwin and Area Lodge Authority Debenture, 4.389% due March 15, 2036, blended semi-annual payments of \$271,832. See Note 3.	7,074,562	7,300,267
	9,029,004	9,587,385

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.088% to 8.625%. The weighted average interest rate, excluding the WALA debenture, for 2016 is 3.98%. 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
2017	\$ 573,934	\$ 355,355	\$ 929,289
2018	590,121	339,168	929,289
2019	606,972	322,317	929,289
2020	624,522	304,767	929,289
2021	312,411	287,325	599,736
Thereafter	6,321,044	1,948,534	8,269,578
	\$ 9,029,004	\$ 3,557,466	\$ 12,586,470

The gross interest paid relating to the above long-term debt was \$370,907 (2015 - \$367,164).

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**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

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**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>2016</u>	<u>2015</u>
Total debt limit	\$ 40,222,328	\$ 38,239,956
Total debt	1,954,442	2,287,118
Total debt limit available	<u>\$ 38,267,886</u>	<u>\$ 35,952,838</u>
Debt servicing limit	\$ 6,703,721	\$ 6,373,326
Debt servicing	385,627	385,625
Total debt servicing limit available	<u>\$ 6,318,094</u>	<u>\$ 5,987,701</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.

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**County of Wetaskiwin No. 10**  
Notes to Consolidated Financial Statements

December 31, 2016

9. Tangible Capital Assets

	For the year ended December 31, 2016							
	Land	Buildings	Equipment	Vehicles	Water and other utility systems	Roads	Bridges	Total
Cost, beginning of year	\$ 3,616,148	\$ 8,488,045	\$ 13,170,459	\$ 8,030,462	\$ 28,755,577	\$ 97,680,049	\$ 23,065,055	\$ 182,805,795
Additions	112,678	1,500,471	1,252,946	735,818	1,844,760	1,770,439	299,516	7,516,628
Disposals	-	-	(383,647)	(63,679)	-	-	-	(447,326)
Write downs	-	-	-	-	-	-	-	-
Cost, end of year	<u>3,728,826</u>	<u>9,988,516</u>	<u>14,039,758</u>	<u>8,702,601</u>	<u>30,600,337</u>	<u>99,450,488</u>	<u>23,364,571</u>	<u>189,875,097</u>
Accumulated amortization, beginning of year	-	3,063,730	5,937,575	3,216,045	3,571,933	80,704,169	9,505,942	105,999,394
Amortization	-	203,819	1,135,032	523,609	573,851	1,090,481	473,966	4,000,758
Disposals	-	-	(248,244)	(63,679)	-	-	-	(311,923)
Write-downs	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	<u>-</u>	<u>3,267,549</u>	<u>6,824,363</u>	<u>3,675,975</u>	<u>4,145,784</u>	<u>81,794,650</u>	<u>9,979,908</u>	<u>109,688,229</u>
Net carrying amount, end of year	<u>\$ 3,728,826</u>	<u>\$ 6,720,967</u>	<u>\$ 7,215,395</u>	<u>\$ 5,026,626</u>	<u>\$ 26,454,553</u>	<u>\$ 17,655,838</u>	<u>\$ 13,384,663</u>	<u>\$ 80,186,868</u>

December 31, 2016

9. Tangible Capital Assets (continued)

	For the year ended December 31, 2015							
	Land	Buildings	Equipment	Vehicles	Water and other utility systems	Roads	Bridges	Total
Cost, beginning of year	\$ 3,617,348	\$ 8,410,931	\$ 12,552,854	\$ 7,289,282	\$ 25,742,810	\$ 91,109,084	\$ 23,065,055	\$ 171,787,364
Additions		77,114	1,578,717	1,274,424	3,012,767	6,570,965	-	12,513,987
Disposals	(1,200)	-	(961,112)	(533,244)	-	-	-	(1,495,556)
Cost, end of year	3,616,148	8,488,045	13,170,459	8,030,462	28,755,577	97,680,049	23,065,055	182,805,795
Accumulated amortization, beginning of year	-	2,877,784	5,515,564	3,156,103	3,293,518	79,727,360	9,049,174	103,619,503
Amortization	-	185,946	1,047,023	490,662	278,415	976,809	456,768	3,435,623
Disposals	-	-	(625,012)	(430,720)	-	-	-	(1,055,732)
Accumulated amortization, end of year	-	3,063,730	5,937,575	3,216,045	3,571,933	80,704,169	9,505,942	105,999,394
Net carrying amount, end of year	\$ 3,616,148	\$ 5,424,315	\$ 7,232,884	\$ 4,814,417	\$ 25,183,644	\$ 16,975,880	\$ 13,559,113	\$ 76,806,401

There were assets under construction at year end totalling \$1,086,599 (2015 - \$9,986,316). There were no assets under capital lease at year end (2015 - \$nil).

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County of Wetaskiwin No. 10  
Notes to Consolidated Financial Statements

December 31, 2016

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10. Prepaid Expenses and Inventories of Supplies

	<u>2016</u>	<u>2015</u>
Crushed gravel	\$ 5,633,039	\$ 4,531,396
Undeveloped gravel pits	4,321,615	4,321,615
Materials and supplies	307,867	322,103
Prepaid expenses	<u>112,893</u>	<u>115,648</u>
	<u>\$ 10,375,414</u>	<u>\$ 9,290,762</u>

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**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**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 2016 were not available at the audit report date. Summary information from 2015 has been presented below:

	2015	2014
<b>Financial and non-financial assets</b>		
Cash and temporary investments	\$ 150	\$ 150
Due from Camrose County	10,679,291	8,037,173
Trade and other receivables	842,416	751,777
Inventory	181,390	-
	<b>11,703,247</b>	<b>8,789,100</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	11,051	81,722
Closure and post-closure care liability reserve	3,994,868	3,263,664
	<b>4,005,919</b>	<b>3,345,386</b>
<b>Accumulated surplus</b>	<b>\$ 7,697,328</b>	<b>\$ 5,443,714</b>
<b>Statement of Operations</b>		
Revenues	\$ 4,740,021	\$ 3,343,101
Expenditures	1,755,203	5,344,893
Transfer to closure and post-closure liability reserve	731,204	-
	<b>2,253,614</b>	<b>(2,001,792)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,253,614</b>	<b>(2,001,792)</b>
<b>Accumulated surplus, beginning of year</b>	<b>5,443,714</b>	<b>7,445,506</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 7,697,328</b>	<b>\$ 5,443,714</b>

**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**12. Accumulated Surplus**

	<u>2016</u>	<u>2015</u>
Investment in tangible capital assets	\$ 80,186,868	\$ 76,806,401
Operating and capital deficit	(2,641,375)	(2,177,168)
Membership fee	400,000	400,000
Perry Pit purchase	2,539,000	2,539,000
Debenture debt	(9,029,004)	(9,587,385)
Debt recoverable (Note 3)	7,074,562	7,300,267
	<u>78,530,051</u>	<u>75,281,115</u>
 Operating Reserve Funds		
Administration	3,405,575	3,937,290
Enforcement	131,469	135,605
Fire	1,155,944	1,027,537
Public Works	14,574,327	13,178,304
Water	222,339	150,949
Sewer	970,816	872,930
Solid Waste Services	357,167	318,914
Planning and Development	88,625	99,058
Agricultural Service Board	126,263	212,358
Recreation	252,538	251,418
Parks	25,000	25,000
	<u>21,310,063</u>	<u>20,209,363</u>
 Capital Reserve Funds		
Administration	219,732	219,732
Fire	1,208,078	1,216,666
Public Works	9,636,562	8,259,869
Water	8,500	8,500
Sewer	67,661	67,661
Solid Waste Services	363,223	394,976
Recreation	222,855	212,392
	<u>11,726,611</u>	<u>10,379,796</u>
	<u>33,036,674</u>	<u>30,589,159</u>
	<u>\$ 111,566,725</u>	<u>\$ 105,870,274</u>

**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

December 31, 2016

**13. Change in Accumulated Surplus**

	Unrestricted surplus (deficit)	Membership Fee and Perry Pit Purchase	Restricted surplus	Equity in tangible capital assets	2016	2015
Balance, beginning of year	\$ (2,177,168)	\$ 2,939,000	\$ 30,589,159	\$ 74,519,283	\$ 105,870,274	\$ 98,198,367
Excess of revenue over expenses	5,696,451	-	-	-	5,696,451	7,671,907
Net operating transfers to restricted surplus	(5,484,597)	-	5,484,597	-	-	-
Debenture principal payments	(558,381)	-	-	558,381	-	-
Debenture principal paid on WALA loan	225,705	-	-	(225,705)	-	-
Capital transfers from restricted surplus	3,037,082	-	(3,037,082)	-	-	-
Acquisition of capital	(7,516,628)	-	-	7,516,628	-	-
Debenture proceeds	-	-	-	-	-	-
Disposals and write-down of assets	135,403	-	-	(135,403)	-	-
Amortization	4,000,758	-	-	(4,000,758)	-	-
Change in accumulated surplus	\$ (464,207)	\$ -	\$ 2,447,515	\$ 3,713,143	\$ 5,696,451	\$ 7,671,907
Balance, end of year	\$ (2,641,375)	\$ 2,939,000	\$ 33,036,674	\$ 78,232,426	\$ 111,566,725	\$ 105,870,274



**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**14. Taxation - Net**

	Budget 2016 (Note 19)	2016	2015
Real property taxes	\$ 14,035,229	\$ 13,996,943	\$ 13,341,644
Machinery and equipment	2,897,181	2,897,181	2,913,621
Linear property taxes	11,095,608	11,095,608	11,546,597
Government grants in lieu of property taxes	40,260	40,260	65,593
	<u>28,068,278</u>	<u>28,029,992</u>	<u>27,867,455</u>
Requisitions			
Alberta School Foundation Fund	7,556,034	7,572,890	7,316,802
Wetaskiwin and Area Lodge Authority	575,488	575,488	571,550
	<u>8,131,522</u>	<u>8,148,378</u>	<u>7,888,352</u>
Available for general municipal purposes	<u>\$ 19,936,756</u>	<u>\$ 19,881,614</u>	<u>\$ 19,979,103</u>

**15. Government Transfers**

	Budget 2016 (Note 19)	2016	2015
General Government	\$ 463,727	\$ 462,826	\$ 268,310
Protective Services	5,000	4,550	5,000
Public Works	996,370	1,072,487	3,336,059
Utilities	4,761,096	1,805,152	2,756,882
Family and Community Support Services	329,815	302,330	292,779
Planning and Development	-	-	37,270
Agriculture Service	257,359	230,709	240,909
Recreation and Cultural Services	2,235,657	1,132,365	215,299
	<u>\$ 9,049,024</u>	<u>\$ 5,010,419</u>	<u>\$ 7,152,508</u>

**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**16. Expenses by Object**

	Budget 2016 (Note 19)	2016	2015
Salaries and wages	\$ 9,547,219	\$ 9,439,073	\$ 9,078,505
Contracted and general services	8,258,892	4,381,215	5,274,545
Goods, materials and supplies	2,107,419	4,559,048	4,525,287
Transfers to other organizations	1,458,027	1,405,794	1,026,706
Interest	376,407	373,493	369,102
Cancellations and uncollectible Amortization	11,200 4,000,758	8,788 4,000,758	67,467 3,435,624
	<u>\$ 25,759,922</u>	<u>\$ 24,168,169</u>	<u>\$ 23,777,236</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 2017 are \$1,427,100.

**18. Funds Held in Trust**

At the year end, the Municipality held \$135,392 (2015 - \$135,324) in trust which are proceeds from tax sale surplus. These funds are not included in these financial statements.

At the year end, the Municipality held \$2,948,961 (2015 - \$NIL) in trust from Mountain Shores Land Ventures Ltd. related to the Dorchester Ranch RV and Gold Resort - Phase 1. These funds are not included in these financial statements.

The Municipality performs administrative functions and held \$297,170 (2015 - \$307,066) in trust for the Joint Economic Development Initiative (JEDI), a society. These funds are not included in these financial statements.

**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**19. Budget**

The Budget adopted by Council on May 9, 2016 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 \$190. 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 May 9, 2016 with adjustments as follows:

	2016
Budget surplus for the year	\$ 190
Add:	
Capital expenditures	13,980,283
Debenture principal payments	558,382
Budgeted transfers to accumulated surplus	2,173,122
Budgeted transfers to capital	1,575,828
Budgeted capital over expenditure	(178,541)
Less:	
Budgeted transfers from accumulated surplus	(4,630,029)
Proceeds of disposition	(409,304)
Amortization	(4,000,758)
Budget surplus per statement of operations	\$ 9,069,173

	Budget	Amortization Allocation	Budget per Financial Statements	Actual per Financial Statements
Total Revenues	\$ 34,829,095	\$ -	\$ 34,829,095	\$ 29,864,620
General Government	4,802,240	230,113	5,032,353	4,749,032
Protective Services	1,449,921	174,500	1,624,421	1,537,408
Public Works	10,273,086	2,996,158	13,269,244	12,236,413
Utilities	1,472,857	584,277	2,057,134	2,122,783
Cemetery	39,650	-	39,650	34,200
Family and Community				
Support Services	468,728	-	468,728	441,243
Recreation and Cultural Services	1,510,620	15,710	1,526,330	1,462,417
Planning and Development	857,971	-	857,971	715,190
Agriculture Service Board	884,091	-	884,091	869,483
Total Expenditures	21,759,164	4,000,758	25,759,922	24,168,169
Excess of revenues over expenditures	13,069,931		9,069,173	5,696,451

**December 31, 2016**

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**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.

**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**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	2016 Total
<b>Revenue</b>									
Taxation	\$ 19,881,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,881,614
Government grants	462,826	4,550	1,072,487	1,805,152	302,330	1,132,365	-	230,709	5,010,419
User fees and service charges	114,092	179,481	1,730,263	888,066	28,330	-	-	56,953	2,997,185
Permits, licenses and fines	69,030	189,180	-	-	-	-	62,250	-	320,460
Investment income	519,181	-	-	-	-	-	-	-	519,181
Sales to other governments	75,415	-	54,983	283,185	-	3,588	20,941	-	438,112
Rentals	47,509	-	-	-	-	230,416	-	-	277,925
Contributed assets and gain (losses)	-	-	91,794	-	-	-	-	-	91,794
Other	304,704	23,226	-	-	-	-	-	-	327,930
	<u>21,474,371</u>	<u>396,437</u>	<u>2,949,527</u>	<u>2,976,403</u>	<u>330,660</u>	<u>1,366,369</u>	<u>83,191</u>	<u>287,662</u>	<u>29,864,620</u>
<b>Expenses</b>									
Salaries and wages	2,768,499	924,459	3,215,198	870,957	348,111	254,472	506,124	551,253	9,439,073
Contracted and general services	1,168,200	153,981	2,202,833	495,966	22,983	209,082	56,561	71,609	4,381,215
Goods, materials and supplies	188,907	88,260	3,822,224	171,583	4,563	135,200	301	148,010	4,559,048
Transfers to other organizations	11,032	196,208	-	-	99,786	847,953	152,204	98,611	1,405,794
Interest	373,493	-	-	-	-	-	-	-	373,493
Cancellations and uncollectible	8,788	-	-	-	-	-	-	-	8,788
Amortization	230,113	174,500	2,996,158	584,277	-	15,710	-	-	4,000,758
	<u>4,749,032</u>	<u>1,537,408</u>	<u>12,236,413</u>	<u>2,122,783</u>	<u>475,443</u>	<u>1,462,417</u>	<u>715,190</u>	<u>869,483</u>	<u>24,168,169</u>
<b>Net surplus (deficit)</b>	<u>\$ 16,725,339</u>	<u>\$ (1,140,971)</u>	<u>\$ (9,286,886)</u>	<u>\$ 853,620</u>	<u>\$ (144,783)</u>	<u>\$ (96,048)</u>	<u>\$ (631,999)</u>	<u>\$ (581,821)</u>	<u>\$ 5,696,451</u>

**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**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	2015 Total
<b>Revenue</b>									
Taxation	\$ 19,979,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,979,103
Government grants	268,310	5,000	3,336,059	2,756,882	292,779	215,299	37,270	240,909	7,152,508
User fees and service charges	99,042	153,291	1,028,182	596,449	25,137	-	-	22,098	1,924,199
Permits, licenses and fines	112,607	225,423	-	-	-	-	52,945	-	390,975
Investment income	583,775	-	-	-	-	-	-	-	583,775
Sales to other governments	66,973	-	38,413	600,560	-	-	24,056	-	730,002
Rentals	60,118	-	-	-	-	221,678	-	-	281,796
Contributed assets	143,264	-	-	-	-	-	-	-	143,264
Other	110,194	10,063	143,264	-	-	-	-	-	263,521
	<u>21,423,386</u>	<u>393,777</u>	<u>4,545,918</u>	<u>3,953,891</u>	<u>317,916</u>	<u>436,977</u>	<u>114,271</u>	<u>263,007</u>	<u>31,449,143</u>
<b>Expenses</b>									
Salaries and wages	2,599,671	902,126	3,146,724	886,654	306,404	250,148	472,332	514,446	9,078,505
Contracted and general services	1,307,319	145,053	2,751,001	352,599	25,938	394,878	232,243	65,514	5,274,545
Goods, materials and supplies	195,794	65,568	3,819,320	172,164	2,449	119,925	257	149,810	4,525,287
Transfers to other organizations	11,200	145,363	-	-	91,881	639,199	137,063	2,000	1,026,706
Interest on long-term debt	369,102	-	-	-	-	-	-	-	369,102
Cancellations and uncollectible	67,467	-	-	-	-	-	-	-	67,467
Amortization	210,067	170,856	2,750,150	288,841	-	15,710	-	-	3,435,624
Loss on sale of capital assets	-	-	-	-	-	-	-	-	-
	<u>4,760,620</u>	<u>1,428,966</u>	<u>12,467,195</u>	<u>1,700,258</u>	<u>426,672</u>	<u>1,419,860</u>	<u>841,895</u>	<u>731,770</u>	<u>23,777,236</u>
<b>Net surplus (deficit)</b>	<u>\$ 16,662,766</u>	<u>\$ (1,035,189)</u>	<u>\$ (7,921,277)</u>	<u>\$ 2,253,633</u>	<u>\$ (108,756)</u>	<u>\$ (982,883)</u>	<u>\$ (727,624)</u>	<u>\$ (468,763)</u>	<u>\$ 7,671,907</u>

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**County of Wetaskiwin No. 10**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

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**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 2016	Total 2015
Councillors:				
Division 1	\$ 48,152	\$ 2,081	\$ 50,233	\$ 48,837
Division 2	48,152	8,590	56,742	55,152
Division 3	48,752	8,625	57,377	55,628
Division 4	48,152	8,590	56,742	55,152
Division 5	48,152	8,590	56,742	55,231
Division 6 Reeve	56,398	9,370	65,768	63,935
Division 7	48,752	8,625	57,377	55,787
Chief Administrative Officer (Note 2)	205,300	10,011	215,311	242,630
Designated Officer - Assessment	124,666	28,306	152,972	145,784
Retirement bonus (Note 1)	-	-	-	168,870

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.

Note 1 - The Chief Administrative Officer retired in 2015 and per the terms of his employment contract was entitled to a retirement bonus equivalent to two weeks salary for each full year of service to the County while employed as Chief Administrative Officer.

Note 2 - The Chief Administrative Officer was rehired in 2015 under a new employment contract.

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**22. Comparative Figures**

Comparative figures have been adjusted for current period presentation.

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**23. Approval of Financial Statements**

Council and Management have approved these financial statements.

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