

**County of Wetaskiwin No. 10**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2013**

County of Wetaskiwin No. 10  
Consolidated Financial Statements  
For the year ended December 31, 2013

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## Independent Auditor's Report

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### 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, 2013, 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, 2013 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 15, 2014

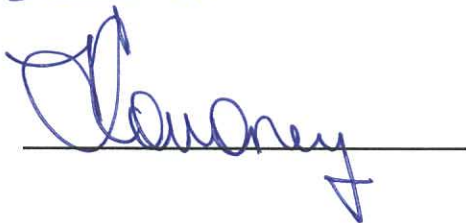
*BDO Canada LLP*  
Chartered Accountants

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

December 31	2013	2012
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 27,047,627	\$ 25,492,050
Taxes receivable (net of allowance of \$244,879)	1,061,426	928,024
Accounts receivable (Note 2)	2,193,411	2,092,139
Patronage reserves	16,033	17,445
Debt recoverable (Note 3)	<u>7,723,317</u>	<u>7,921,459</u>
	<b>38,041,814</b>	<b>36,451,117</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,759,364	2,539,705
Deposit liabilities	2,191,984	1,770,547
Employee benefits plan liability (Note 4)	900,754	835,756
Deferred revenue (Note 6)	5,528,854	5,384,258
Long-term debt (Notes 7 & 8)	<u>8,584,898</u>	<u>8,858,359</u>
	<b>18,965,854</b>	<b>19,388,625</b>
<b>Net financial assets</b>	<b>19,075,960</b>	<b>17,062,492</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	60,406,745	56,539,340
Prepaid expenses and inventories of supplies (Note 10)	7,979,608	8,218,242
Membership fee (Note 11)	<u>400,000</u>	<u>400,000</u>
	<b>68,786,353</b>	<b>65,157,582</b>
<b>Accumulated surplus (Note 12)</b>	<b>\$ 87,862,313</b>	<b>\$ 82,220,074</b>

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

  
\_\_\_\_\_  
Reeve

  
\_\_\_\_\_  
Chief Administrative Officer

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

<b>For the year ended December 31</b>	<b>Budget 2013</b>	<b>2013</b>	<b>2012</b>
	(Note 19)		
<b>Revenue</b>			
Taxation (Note 14)	\$ 18,203,606	\$ 18,121,755	\$ 17,538,664
Government transfers (Note 15)	16,191,088	6,050,178	10,539,133
User fees and service charges	1,678,845	1,577,951	1,946,365
Permits, licenses and fines	661,517	414,343	783,433
Investment income	743,664	589,635	582,062
Sales to other governments	694,746	633,803	427,966
Rentals	290,000	313,257	335,201
Other	289,011	302,487	263,176
	<u>38,752,477</u>	<u>28,003,409</u>	<u>32,416,000</u>
<b>Expenses</b>			
General Government	5,293,815	4,697,009	4,281,555
Protective Services	1,424,692	1,244,604	1,321,187
Public Works	14,069,510	11,529,196	10,307,662
Utilities	1,666,471	1,720,425	1,504,308
Cemetery	28,804	18,699	24,955
Family and Community Support Services	411,498	394,602	389,953
Recreation and Cultural Services	1,577,160	1,384,600	5,330,630
Planning and Development	712,165	697,052	686,574
Agriculture Service Board	692,711	674,983	626,070
	<u>25,876,826</u>	<u>22,361,170</u>	<u>24,472,894</u>
<b>Annual surplus</b>	12,875,651	5,642,239	7,943,106
<b>Accumulated surplus, beginning of year</b>	82,220,074	82,220,074	74,276,968
<b>Accumulated surplus, end of year</b>	<u>\$ 95,095,725</u>	<u>\$ 87,862,313</u>	<u>\$ 82,220,074</u>

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

For the year ended December 31	Budget 2013	2013	2012
	(Note 19)		
Annual surplus	\$ 12,875,651	\$ 5,642,239	\$ 7,943,106
Acquisition of tangible capital assets	(16,311,203)	(7,564,593)	(7,182,131)
Amortization of tangible capital assets	2,933,750	2,933,750	2,716,612
Loss (gain) on sale of tangible capital assets	-	(33,048)	187,868
Proceeds on sale of tangible capital assets	557,500	796,486	331,767
	<u>55,698</u>	<u>1,774,834</u>	<u>3,997,222</u>
Use/consumption of prepaid expenses and inventory of supplies	(2,922,000)	238,634	(1,295,495)
Net change in net financial assets	(2,866,302)	2,013,468	2,701,727
Net financial assets, beginning of year	17,062,492	17,062,492	14,360,765
Net financial assets, end of year	<u>\$ 14,196,190</u>	<u>\$ 19,075,960</u>	<u>\$ 17,062,492</u>

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

For the year ended December 31	2013	2012
<b>Operating transactions</b>		
Annual surplus	\$ 5,642,239	\$ 7,943,106
Items not involving cash		
Amortization	2,933,750	2,716,612
Loss (gain) on disposal of tangible capital assets	(33,048)	187,868
<b>Changes in non-cash operating balances</b>		
Taxes receivable	(133,402)	(119,593)
Accounts receivable	(101,272)	(801,228)
Prepaid expenses and inventories of supplies	238,634	(1,295,495)
Accounts payable and accrued liabilities	(780,341)	1,102,945
Employee Benefits Plan liability	64,998	7,784
Deferred revenue	144,596	(1,976,097)
Deposit liabilities	421,437	72,801
	<b>8,397,591</b>	<b>7,838,703</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(7,564,593)	(7,182,131)
Proceeds on sale of tangible capital assets	796,486	331,767
	<b>(6,768,107)</b>	<b>(6,850,364)</b>
<b>Investing transactions</b>		
Debt recoverable payments received	198,142	189,724
Change in patronage reserves	1,412	(4,198)
Change in restricted amounts	(228,120)	1,891,350
	<b>(28,566)</b>	<b>2,076,876</b>
<b>Financing transactions</b>		
Repayment of long-term debt	(273,461)	(284,147)
	<b>(273,461)</b>	<b>(284,147)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,327,457</b>	<b>2,781,068</b>
Cash and cash equivalents, beginning of year	<b>20,981,062</b>	<b>18,199,994</b>
Cash and cash equivalents, end of year	<b>\$ 22,308,519</b>	<b>\$ 20,981,062</b>
<b>Consists of:</b>		
Cash and temporary investments	27,047,627	25,492,050
Less: restricted portion of cash and temporary investments (Note 1)	(4,739,108)	(4,510,988)
	<b>\$ 22,308,519</b>	<b>\$ 20,981,062</b>

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

**December 31, 2013**

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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 Canadian Institute of Chartered Accountants. 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, 2013**

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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, 2013**

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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.

**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, 2013**

**1. Cash and Cash Equivalents**

	2013	2012
Cash balances	\$ 1,078	\$ 1,027
Cash balances yielding prime less 1.75% on a monthly basis	19,733,125	18,268,132
Variable rate high interest savings accounts	7,313,424	7,222,891
	<b>\$ 27,047,627</b>	<b>\$ 25,492,050</b>

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 letter of credit with a limit of \$10 million that carries an interest rate of prime. The letter of credit is to finance the Pigeon Lake Regional Wastewater System. The letter of credit 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.

	2013	2012
Internship	\$ 14,333	\$ 14,333
Federal Gas Tax (FGT)	637,273	902,069
Agriculture Services	118,689	118,689
Municipal Sustainability Initiative (MSI)	3,968,813	3,349,887
Alberta Municipal Infrastructure Program (AMIP)	-	126,010
	<b>\$ 4,739,108</b>	<b>\$ 4,510,988</b>

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

**December 31, 2013**

**2. Accounts Receivable**

	2013	2012
Trade accounts receivable	\$ 1,407,193	\$ 1,675,694
Grants receivable	979,218	628,445
Allowance for uncollectible	(193,000)	(212,000)
	\$ 2,193,411	\$ 2,092,139

**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, 2013, 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
2014	\$ 206,934	\$ 336,730	\$ 543,664
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
Thereafter	6,592,663	2,921,465	9,514,128
	\$ 7,723,317	\$ 4,509,131	\$ 12,232,448

The gross interest received relating to the above debt recoverable was \$345,522 (2012 - \$353,941).

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County of Wetaskiwin No. 10  
Notes to Consolidated Financial Statements

December 31, 2013

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4. Employee Benefits Plan Liability

	2013	2012
Sick leave benefits - accrued liability	\$ 393,621	\$ 367,853
Vacation	314,123	277,322
Overtime	19,383	20,988
Retirement pay	173,627	169,593
	<u>\$ 900,754</u>	<u>\$ 835,756</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%.

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.

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County of Wetaskiwin No. 10  
Notes to Consolidated Financial Statements

December 31, 2013

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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 10.43% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$150,164. Employees of the Municipality are required to make current service contributions of 9.43% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 13.47% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$150,164.

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

	<u>2013</u>	<u>2012</u>
Employer contributions	573,566	500,224
Employee contributions	529,451	454,463
	<u>\$ 1,103,017</u>	<u>\$ 954,687</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, 2012 indicates a deficit of \$4.98 billion (2011 - \$4.64 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, 2013**

**6. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Internship	\$ 14,333	\$ 14,333	\$ -	\$ (14,333)	\$ 14,333
FGT	902,069	587,116	13,321	(865,233)	637,273
Agriculture Services	118,689	-	-	-	118,689
MSI	3,349,887	3,338,726	57,317	(2,777,117)	3,968,813
AMIP	126,010	-	1,176	(127,186)	-
Prepaid Local Improvement Property Owners Contributions	52,457	-	-	(4,554)	47,903
	820,813	40,713	5,868	(125,551)	741,843
	<b>\$ 5,384,258</b>	<b>\$ 3,980,888</b>	<b>\$ 77,682</b>	<b>\$ (3,913,974)</b>	<b>\$ 5,528,854</b>

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 and the Buck Lake Area, developers are required to contribute funds for the purpose of future expansion of the existing sewer systems. 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, 2013**

**7. Long-term Debt**

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

	2013	2012
Self supported debentures	\$ 861,581	\$ 896,900
Gravel purchase agreement	-	40,000
Wetaskiwin and Area Lodge Authority Debenture, 4.389% due March 15, 2036, blended semi-annual payments of \$271,832. See Note 3.	7,723,317	7,921,459
	8,584,898	8,858,359

Debenture debt is repayable to the Alberta Municipal Financing Corporation and bears interest at rates ranging from 4.268% to 10.750%. The weighted average interest rate, excluding the WALA debenture, for 2013 is 5.11%. Debenture debt is issued on the security of the Municipality at large.

Gravel Purchase Agreement - The gravel purchase agreement was repaid in 2013.

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

	Principal	Interest	Total
2014	\$ 244,437	\$ 378,682	\$ 623,119
2015	253,076	367,164	620,240
2016	264,856	355,383	620,239
2017	277,207	343,033	620,240
2018	290,156	330,084	620,240
Thereafter	7,255,166	3,182,176	10,437,342
	\$ 8,584,898	\$ 4,956,522	\$ 13,541,420

The gross interest paid relating to the above long-term debt was \$389,657 (2012 - \$402,364).



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

**December 31, 2013**

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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:

	2013	2012
Total debt limit	\$ 35,371,438	\$ 41,862,627
Total debt	861,581	896,900
Total debt limit available	<u>\$ 34,509,857</u>	<u>\$ 40,965,727</u>
Debt servicing limit	\$ 5,895,240	\$ 6,977,104
Debt servicing	79,454	79,454
Total debt servicing limit available	<u>\$ 5,815,786</u>	<u>\$ 6,897,650</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, 2013

9. Tangible Capital Assets

	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)
Write downs	-	-	-	-	-	-	-	-
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)
Write-downs	-	-	-	-	-	-	-	-
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>

County of Wetaskiwin No. 10  
Notes to Consolidated Financial Statements

December 31, 2013

9. Tangible Capital Assets (continued)

	For the year ended December 31, 2012							
	Land	Buildings	Equipment	Vehicles	Water and other utility systems	Roads	Bridges	Total
Cost, beginning of year	\$ 3,050,853	\$ 7,481,483	\$ 10,177,300	\$ 6,340,188	\$ 15,030,963	\$ 87,364,431	\$ 19,692,521	\$ 149,137,739
Additions	126,474	929,448	1,389,845	280,908	3,442,279	202,018	811,159	7,182,131
Disposals	-	-	(801,542)	(36,523)	-	-	(65,133)	(903,198)
Cost, end of year	<u>3,177,327</u>	<u>8,410,931</u>	<u>10,765,603</u>	<u>6,584,573</u>	<u>18,473,242</u>	<u>87,566,449</u>	<u>20,438,547</u>	<u>155,416,672</u>
Accumulated amortization, beginning of year	-	2,347,170	4,405,643	2,084,992	2,516,839	77,279,537	7,910,102	96,544,283
Amortization	-	160,521	773,019	451,520	230,965	770,411	330,176	2,716,612
Disposals	-	-	(308,128)	(27,328)	-	-	(48,107)	(383,563)
Accumulated amortization, end of year	-	<u>2,507,691</u>	<u>4,870,534</u>	<u>2,509,184</u>	<u>2,747,804</u>	<u>78,049,948</u>	<u>8,192,171</u>	<u>98,877,332</u>
Net carrying amount, end of year	<u>\$ 3,177,327</u>	<u>\$ 5,903,240</u>	<u>\$ 5,895,069</u>	<u>\$ 4,075,389</u>	<u>\$ 15,725,438</u>	<u>\$ 9,516,501</u>	<u>\$ 12,246,376</u>	<u>\$ 56,539,340</u>

There were assets under construction at year end totalling \$769,341 (2012 - \$64,583). There were no assets under capital lease at year end (2012 - \$nil).

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County of Wetaskiwin No. 10  
Notes to Consolidated Financial Statements

December 31, 2013

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10. Prepaid Expenses and Inventories of Supplies

	<u>2013</u>	<u>2012</u>
Crushed gravel	\$ 3,233,686	\$ 3,507,161
Undeveloped gravel pits	4,321,615	4,292,788
Materials and supplies	295,701	325,796
Prepaid expenses	<u>128,606</u>	<u>92,497</u>
	<u>\$ 7,979,608</u>	<u>\$ 8,218,242</u>

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

**December 31, 2013**

**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 2013 were not available at the audit report date. Summary information from 2012 has been presented below:

	2013	2012
<b>Financial assets</b>		
Cash and temporary investments	\$ -	\$ 150
Due from Camrose County	-	6,582,535
Trade and other receivables	-	1,302,031
	-	7,884,716
<b>Liabilities</b>		
Closure and post-closure care liability reserve	-	2,557,550
<b>Accumulated surplus</b>	\$ -	\$ 5,327,166
<b>Statement of Operations</b>		
Revenues	\$ -	\$ 5,377,515
Expenditures	-	2,253,451
Transfer to closure and post-closure liability reserve	-	790,065
	-	2,333,999
<b>Excess (deficiency) of revenues over expenditures</b>	-	2,333,999
<b>Accumulated surplus, beginning of year</b>	5,327,166	2,993,167
<b>Accumulated surplus, end of year</b>	\$ 5,327,166	\$ 5,327,166

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

**December 31, 2013**

**12. Accumulated Surplus**

	2013	2012
Investment in tangible capital assets	\$ 60,406,745	\$ 56,539,340
Operating and capital deficit	(1,213,163)	(880,879)
Membership fee	400,000	400,000
Perry Pit purchase	2,539,000	2,539,000
Debenture debt	(8,584,898)	(8,818,360)
Debt recoverable (Note 3)	7,723,317	7,921,459
	61,271,001	57,700,560
 Operating Reserve Funds		
Administration	3,830,493	3,772,383
Enforcement	135,605	135,605
Fire	1,156,320	954,454
By-law Enforcement	48,250	48,250
Public Works	12,725,213	12,337,430
Water	53,158	77,119
Sewer	674,030	614,164
Solid Waste Services	287,361	237,361
Planning and Development	111,653	144,561
Agricultural Service Board	212,858	212,858
Recreation	244,922	261,341
Parks	25,000	25,000
	19,504,863	18,820,526
 Capital Reserve Funds		
Administration	289,939	289,939
Fire	745,554	707,433
By-law Enforcement	31,169	31,169
Public Works	5,215,623	3,823,543
Water	8,500	8,500
Sewer	67,661	67,661
Solid Waste Services	374,976	374,976
Planning and Development	45,000	45,000
Agricultural Service Board	136,826	136,826
Recreation	171,201	213,941
	7,086,449	5,698,988
	26,591,312	24,519,514
	\$ 87,862,313	\$ 82,220,074

County of Wetaskiwin No. 10  
Notes to Consolidated Financial Statements

December 31, 2013

13. Change in Accumulated Surplus

	Unrestricted surplus (deficit)	Membership Fee and Perry Pit Purchase	Restricted surplus	Equity in tangible capital assets	2013	2012
Balance, beginning of year	\$ (880,879)	\$ 2,939,000	\$ 24,519,514	\$ 55,642,439	\$ 82,220,074	\$ 74,276,968
Excess of revenue over expenses	5,642,239	-	-	-	5,642,239	7,943,106
Net operating transfers to restricted surplus	(4,664,588)	-	4,664,588	-	-	-
Debenture principal payments	(233,461)	-	-	233,461	-	-
Debenture principal paid on WALA loan	198,143	-	-	(198,143)	-	-
Capital transfers from restricted surplus	2,592,790	-	(2,592,790)	-	-	-
Acquisition of capital	(7,564,593)	-	-	7,564,593	-	-
Contributed assets	-	-	-	-	-	-
Disposals and write-down of assets	763,436	-	-	(763,436)	-	-
Amortization	2,933,750	-	-	(2,933,750)	-	-
Change in accumulated surplus	\$ (332,284)	\$ -	\$ 2,071,798	\$ 3,902,725	\$ 5,642,239	\$ 7,943,106
Balance, end of year	\$ (1,213,163)	\$ 2,939,000	\$ 26,591,312	\$ 59,545,164	\$ 87,862,313	\$ 82,220,074

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

**December 31, 2013**

**14. Taxation - Net**

	Budget 2013 (Note 19)	2013	2012
Real property taxes	\$ 12,125,947	\$ 12,044,096	\$ 11,788,667
Machinery and equipment	2,885,925	2,885,925	2,721,327
Linear property taxes	11,077,717	11,077,717	10,157,014
Government grants in lieu of property taxes	47,348	47,348	46,368
	<u>26,136,937</u>	<u>26,055,086</u>	<u>24,713,376</u>
Requisitions			
Alberta School Foundation Fund	7,364,494	7,364,494	6,648,749
Wetaskiwin and Area Lodge Authority	568,837	568,837	525,963
	<u>7,933,331</u>	<u>7,933,331</u>	<u>7,174,712</u>
Available for general municipal purposes	<u>\$ 18,203,606</u>	<u>\$ 18,121,755</u>	<u>\$ 17,538,664</u>

**15. Government Transfers**

	Budget 2013 (Note 19)	2013	2012
General Government	\$ 733,792	\$ 436,109	\$ 295,751
Public Works	6,778,440	3,981,468	2,335,938
Utilities	7,764,492	1,041,078	3,230,050
Family and Community Support Services	274,845	261,412	274,845
Planning and Development	-	-	7,489
Agriculture Service	210,000	220,794	223,359
Recreation and Cultural Services	429,519	109,317	4,171,700
	<u>\$ 16,191,088</u>	<u>\$ 6,050,178</u>	<u>\$ 10,539,132</u>



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

**December 31, 2013**

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**16. Expenses by Object**

	Budget 2013 (Note 19)	2013	2012
Salaries and wages	\$ 8,439,302	\$ 8,317,051	\$ 7,548,246
Contracted and general services	6,704,737	5,372,497	5,663,087
Goods, materials and supplies	6,095,722	4,304,697	2,751,169
Transfers to other organizations	1,207,557	1,071,682	5,213,269
Interest	394,157	391,790	400,186
Cancellations and uncollectible Amortization	101,600	2,749	(7,543)
Loss on disposal of assets	-	2,933,751	2,716,612
	-	(33,047)	187,868
	\$ 22,943,075	\$ 22,361,170	\$ 24,472,894

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**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.

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**18. Funds Held in Trust**

At the year end, the Municipality held \$165,470 (2012 - \$169,954) 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 \$318,167 (2012 - \$271,969) in trust for the Joint Economic Development Initiative (JEDI), a society. These funds are not included in these financial statements.

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

**December 31, 2013**

**19. Budget**

The Budget adopted by Council on March 26, 2013 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 \$49. 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 March 26, 2013 with adjustments as follows:

	2013
Budget surplus for the year	\$ 49
Add:	
Capital expenditures	16,311,203
Debenture principal payments	233,461
Budgeted transfers to accumulated surplus	2,041,352
Budgeted transfers to capital	2,107,335
Budgeted capital over expenditure	49,425
Less:	
Budgeted transfers from accumulated surplus	(4,375,923)
Proceeds of disposition	(557,500)
Amortization	(2,933,751)
	<u>\$ 12,875,651</u>

Budget surplus per statement of operations

	Budget	Amortization Allocation	Budget per Financial Statements	Actual per Financial Statements
Total Revenues	\$ 38,752,477	\$ -	\$ 38,752,477	\$ 28,003,409
General Government	5,082,625	211,190	5,293,815	4,697,009
Protective Services	1,285,063	139,629	1,424,692	1,244,604
Public Works	11,787,820	2,281,690	14,069,510	11,529,196
Utilities	1,381,175	285,296	1,666,471	1,720,425
Cemetery	28,804	-	28,804	18,699
Family and Community Support Services	411,498	-	411,498	394,602
Recreation and Cultural Services	1,561,214	15,946	1,577,160	1,384,600
Planning and Development	712,165	-	712,165	697,052
Agriculture Service Board	692,711	-	692,711	674,983
Total Expenditures	22,943,075	2,933,751	25,876,826	22,361,170
Excess of revenues over expenditures	15,809,402	(2,933,751)	12,875,651	5,642,239

**December 31, 2013**

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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, 2013

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	2013 Total
<b>Revenue</b>									
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	467,654	-	1,858	82,576	-	633,802
Rentals	53,137	-	-	-	-	260,120	-	-	313,257
Other	287,456	10,395	4,637	-	-	-	-	-	302,488
	<u>19,786,078</u>	<u>315,516</u>	<u>4,803,377</u>	<u>2,088,352</u>	<u>295,893</u>	<u>371,295</u>	<u>113,367</u>	<u>229,531</u>	<u>28,003,409</u>
<b>Expenses</b>									
Salaries and wages	2,444,543	695,362	2,986,617	819,702	303,308	221,301	371,173	475,045	8,317,051
Contracted and general services	1,419,814	203,095	2,625,594	473,874	25,287	382,820	174,133	67,880	5,372,497
Goods, materials and supplies	198,732	53,300	3,668,342	141,553	1,557	111,583	72	129,558	4,304,697
Transfers to other organizations	28,191	153,218	-	-	83,148	652,951	151,674	2,500	1,071,682
Interest	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>413,300</u>	<u>1,384,601</u>	<u>697,052</u>	<u>674,983</u>	<u>22,361,170</u>
<b>Net surplus (deficit)</b>	<u>\$ 15,089,069</u>	<u>\$ (929,088)</u>	<u>\$ (6,725,819)</u>	<u>\$ 367,927</u>	<u>\$ (117,407)</u>	<u>\$ (1,013,306)</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, 2013

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	2012 Total
<b>Revenue</b>									
Taxation	\$ 17,538,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,538,664
Government grants	295,751	-	2,335,938	3,230,050	274,845	4,171,700	7,489	223,359	10,539,132
User fees and service charges	27,270	92,742	1,058,806	719,733	37,190	-	-	10,625	1,946,366
Permits, licenses and fines	556,538	182,739	-	-	-	-	44,155	-	783,432
Investment income	582,062	-	-	-	-	-	-	-	582,062
Sales to other governments	68,585	-	7,742	266,363	-	4,325	80,951	-	427,966
Rentals	91,231	-	-	-	-	243,971	-	-	335,202
Other	262,976	200	-	-	-	-	-	-	263,176
	<u>19,423,077</u>	<u>275,681</u>	<u>3,402,486</u>	<u>4,216,146</u>	<u>312,035</u>	<u>4,419,996</u>	<u>132,595</u>	<u>233,984</u>	<u>32,416,000</u>
<b>Expenses</b>									
Salaries and wages	2,165,097	732,527	2,671,654	785,606	278,032	181,411	321,807	412,112	7,548,246
Contracted and general services	1,313,729	218,699	3,245,148	342,599	36,113	210,062	217,025	79,712	5,663,087
Goods, materials and supplies	193,638	60,065	2,080,044	147,602	377	136,030	167	133,246	2,751,169
Transfers to other organizations	9,130	170,832	-	-	100,385	4,784,346	147,576	1,000	5,213,269
Interest on long-term debt	400,186	-	-	-	-	-	-	-	400,186
Cancellations and uncollectible	(7,543)	-	-	-	-	-	-	-	(7,543)
Amortization	207,318	139,064	2,122,948	228,501	-	18,781	-	-	2,716,612
Loss on sale of capital assets	-	-	187,868	-	-	-	-	-	187,868
	<u>4,281,555</u>	<u>1,321,187</u>	<u>10,307,662</u>	<u>1,504,308</u>	<u>414,907</u>	<u>5,330,630</u>	<u>686,575</u>	<u>626,070</u>	<u>24,472,894</u>
<b>Net surplus (deficit)</b>	<u>\$ 15,141,522</u>	<u>\$ (1,045,506)</u>	<u>\$ (6,905,176)</u>	<u>\$ 2,711,838</u>	<u>\$ (102,872)</u>	<u>\$ (910,634)</u>	<u>\$ (553,980)</u>	<u>\$ (392,086)</u>	<u>\$ 7,943,106</u>

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

**December 31, 2013**

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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 2013	Total 2012
Councillors:				
Division 1 Previous	\$ 34,343	\$ 5,842	\$ 40,185	\$ 48,300
Division 1 New	\$ 7,580	\$ 525	\$ 8,105	\$ -
Division 2	42,696	7,914	50,610	49,512
Division 3 Previous Reeve	48,642	8,495	57,137	57,184
Division 4 Previous	34,343	5,788	40,131	49,512
Division 4 New	7,580	1,347	8,927	-
Division 5	42,696	7,914	50,610	49,512
Division 6 New Reeve	43,885	8,030	51,915	49,512
Division 7 Previous	34,343	6,482	40,825	49,512
Division 7 New	7,580	1,347	8,927	-
Chief Administrative Officer	188,795	30,249	219,044	214,211
Designated Officer - Assessment	105,042	23,214	128,256	123,257

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.

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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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