

**County of Wetaskiwin No. 10
Consolidated Financial Statements
For the year ended December 31, 2015**

County of Wetaskiwin No. 10
Consolidated Financial Statements
For the year ended December 31, 2015

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Independent Auditor's Report

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, 2015, 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, 2015 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
May 1, 2016

BDO Canada LLP
Chartered Accountants

County of Wetaskiwin No. 10
Consolidated Statement of Financial Position

December 31	2015	2014
Financial assets		
Cash and cash equivalents (Note 1)	\$ 29,058,619	\$ 31,539,891
Taxes receivable (net of allowance of \$189,108)	1,114,061	978,182
Accounts receivable (Note 2)	3,229,823	2,941,379
Patronage reserves	12,762	16,747
Debt recoverable (Note 3)	7,300,267	7,516,383
	40,715,532	42,992,582
Liabilities		
Accounts payable and accrued liabilities	3,178,851	3,288,501
Deposit liabilities	1,867,266	1,887,793
Employee benefits plan liability (Note 4)	822,718	979,249
Deferred revenue (Note 6)	5,886,201	6,415,806
Long-term debt (Notes 7 & 8)	9,587,385	8,340,461
	21,342,421	20,911,810
Net financial assets	19,373,111	22,080,772
Non-financial assets		
Tangible capital assets (Note 9)	76,806,401	68,167,861
Prepaid expenses and inventories of supplies (Note 10)	9,290,762	7,549,734
Membership fee (Note 11)	400,000	400,000
	86,497,163	76,117,595
Accumulated surplus (Note 12)	\$ 105,870,274	\$ 98,198,367

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

County of Wetaskiwin No. 10
Consolidated Statement of Operations

For the year ended December 31	Budget 2015	2015	2014
	(Note 19)		
Revenue			
Taxation (Note 14)	\$ 19,962,247	\$ 19,979,103	\$ 19,024,345
Government transfers (Note 15)	9,215,414	7,152,509	9,343,914
User fees and service charges	1,675,422	1,924,199	2,060,542
Permits, licenses and fines	499,000	390,974	654,924
Investment income	818,664	583,775	639,831
Sales to other governments	742,443	730,002	639,149
Rentals	327,700	281,796	335,399
Other	268,492	263,521	383,180
	<u>33,509,382</u>	<u>31,305,879</u>	<u>33,081,284</u>
Expenses			
General Government	5,356,135	4,760,619	4,382,717
Protective Services	1,566,420	1,428,966	1,366,294
Public Works	14,066,350	12,323,932	11,456,895
Utilities	1,961,220	1,700,258	1,885,614
Cemetery	39,650	33,914	41,166
Family and Community Support Services	410,251	392,758	397,631
Recreation and Cultural Services	1,529,576	1,419,860	1,801,129
Planning and Development	799,728	841,895	686,733
Agriculture Service Board	755,409	731,770	727,051
	<u>26,484,739</u>	<u>23,633,972</u>	<u>22,745,230</u>
Annual surplus	7,024,643	7,671,907	10,336,054
Accumulated surplus, beginning of year	98,198,367	98,198,367	87,862,313
Accumulated surplus, end of year	<u>\$ 105,223,010</u>	<u>\$ 105,870,274</u>	<u>\$ 98,198,367</u>

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

For the year ended December 31	Budget 2015	2015	2014
	(Note 19)		
Annual surplus	\$ 7,024,643	\$ 7,671,907	\$ 10,336,054
Acquisition of tangible capital assets	(14,439,656)	(12,513,987)	(11,302,189)
Amortization of tangible capital assets	3,144,274	3,435,623	3,144,274
Gain on sale of tangible capital assets	-	(143,264)	(40,244)
Proceeds on sale of tangible capital assets	357,055	583,087	437,042
	<u>(3,913,684)</u>	<u>(966,634)</u>	<u>2,574,937</u>
Use/consumption of prepaid expenses and inventory of supplies	<u>(2,922,000)</u>	<u>(1,741,027)</u>	<u>429,875</u>
Net change in net financial assets	(6,835,684)	(2,707,661)	3,004,812
Net financial assets, beginning of year	<u>22,080,772</u>	<u>22,080,772</u>	<u>19,075,960</u>
Net financial assets, end of year	\$ 15,245,088	\$ 19,373,111	\$ 22,080,772

County of Wetaskiwin No. 10
Consolidated Statement of Cash Flows

For the year ended December 31	2015	2014
Operating transactions		
Annual surplus	\$ 7,671,907	\$ 10,336,054
Items not involving cash		
Amortization	3,435,623	3,144,274
Gain on disposal of tangible capital assets	(143,264)	(40,244)
Changes in non-cash operating balances		
Taxes receivable	(135,879)	83,244
Accounts receivable	(288,444)	(747,968)
Prepaid expenses and inventories of supplies	(1,741,027)	429,875
Accounts payable and accrued liabilities	(109,650)	1,529,137
Employee Benefits Plan liability	(156,531)	78,495
Deferred revenue	(529,605)	886,952
Deposit liabilities	(20,526)	(304,191)
	7,982,604	15,395,628
Capital transactions		
Acquisition of tangible capital assets	(12,513,987)	(11,302,189)
Proceeds on sale of tangible capital assets	583,087	437,042
	(11,930,900)	(10,865,147)
Investing transactions		
Debt recoverable payments received	216,116	206,934
Change in patronage reserves	3,985	(714)
Change in restricted amounts	849,766	(705,001)
	1,069,867	(498,781)
Financing transactions		
Proceeds from issuance of long-term debt	1,500,000	-
Repayment of long-term debt	(253,077)	(244,437)
	1,246,923	(244,437)
Net change in cash and cash equivalents	(1,631,506)	3,787,263
Cash and cash equivalents, beginning of year	26,095,782	22,308,519
Cash and cash equivalents, end of year	\$ 24,464,276	\$ 26,095,782
Consists of:		
Cash and temporary investments	29,058,619	31,539,891
Less: restricted portion of cash and temporary investments (Note 1)	(4,594,343)	(5,444,109)
	\$ 24,464,276	\$ 26,095,782

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

County of Wetaskiwin No. 10
Summary of Significant Accounting Policies

December 31, 2015

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

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

Basis of Consolidation

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

West Dried Meat Lake Regional Waste Services Association

Joint Economic Development Initiative

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

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

Interdepartmental and organizational transactions and balances are eliminated.

**Cash and Cash
Equivalents**

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

Debt Recoverable

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

County of Wetaskiwin No. 10
Summary of Significant Accounting Policies

December 31, 2015

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

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

Tangible Capital Assets

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

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

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

Collection of Taxes on Behalf of Other Taxation Authorities

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

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

- Alberta School Foundation Fund
- Wetaskiwin and Area Lodge Authority

County of Wetaskiwin No. 10
Summary of Significant Accounting Policies

December 31, 2015

**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.

County of Wetaskiwin No. 10
Summary of Significant Accounting Policies

December 31, 2015

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, 2015

1. Cash and Cash Equivalents

	2015	2014
Cash balances	\$ 875	\$ 787
Cash balances yielding prime less 1.75% on a monthly basis	21,558,356	24,117,766
Variable rate high interest savings accounts	7,499,388	7,421,338
	\$ 29,058,619	\$ 31,539,891

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.

	2015	2014
Internship	\$ 14,333	\$ 14,333
Federal Gas Tax (FGT)	1,162,592	19,082
Agriculture Services	118,689	118,689
Municipal Sustainability Initiative (MSI)	3,298,729	5,292,005
	\$ 4,594,343	\$ 5,444,109

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

2. Accounts Receivable

	2015	2014
Trade accounts receivable	\$ 1,765,516	\$ 1,645,326
Grants receivable	1,707,307	1,489,053
Allowance for uncollectible	(243,000)	(193,000)
	\$ 3,229,823	\$ 2,941,379

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, 2015 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
2016	\$ 225,705	\$ 317,959	\$ 543,664
2017	235,720	307,944	543,664
2018	246,179	297,485	543,664
2019	257,103	286,561	543,664
2020	268,511	275,153	543,664
Thereafter	6,067,049	2,359,749	8,426,798
	\$ 7,300,267	\$ 3,844,851	\$ 11,145,118

The gross interest received relating to the above debt recoverable was \$327,548 (2014 - \$339,453).

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

4. Employee Benefits Plan Liability

	<u>2015</u>	<u>2014</u>
Sick leave benefits - accrued liability	\$ 437,630	\$ 440,147
Vacation	351,510	348,299
Overtime	33,578	21,933
Retirement pay	-	168,870
	<u>\$ 822,718</u>	<u>\$ 979,249</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 11 years, an inflation factor of 2.50% and a discount rate of 4.893%.

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

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 \$157,025. 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>2015</u>	<u>2014</u>
Employer contributions	690,155	649,640
Employee contributions	644,445	607,614
	<u>\$ 1,334,600</u>	<u>\$ 1,257,254</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, 2014 indicates a deficit of \$2.45 billion (2013 - \$4.86 billion) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

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	19,082	1,160,145	5,582	(22,217)	1,162,592
Agriculture Services	118,689	-	-	-	118,689
MSI	5,292,005	124,220	52,456	(2,169,952)	3,298,729
Water Rescue Donations	-	85,839	-	-	85,839
Credit Letter	-	107,900	-	-	107,900
Prepaid Local Improvement Property Owners Contributions	43,653	-	-	(4,090)	39,563
	<u>928,044</u>	<u>148,340</u>	<u>8,536</u>	<u>(26,364)</u>	<u>1,058,556</u>
	<u>\$ 6,415,806</u>	<u>\$ 1,669,444</u>	<u>\$ 66,574</u>	<u>\$ (2,265,623)</u>	<u>\$ 5,886,201</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, 2015

7. Long-term Debt

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

	2015	2014
Self supported debentures	\$ 2,287,118	\$ 824,078
Wetaskiwin and Area Lodge Authority Debenture, 4.389% due March 15, 2036, blended semi-annual payments of \$271,832. See Note 3.	7,300,267	7,516,383
	9,587,385	8,340,461

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 2015 is 2.36%. 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
2016	\$ 558,382	\$ 370,907	\$ 929,289
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
Thereafter	6,633,455	2,206,020	8,839,475
	\$ 9,587,386	\$ 3,898,534	\$ 13,485,920

The gross interest paid relating to the above long-term debt was \$367,164 (2014 - \$381,051).

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

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>2015</u>	<u>2014</u>
Total debt limit	\$ 38,239,956	\$ 37,441,068
Total debt	2,287,118	824,078
Total debt limit available	\$ 35,952,838	\$ 36,616,990
Debt servicing limit	\$ 6,373,326	\$ 6,240,178
Debt servicing	385,625	79,454
Total debt servicing limit available	\$ 5,987,701	\$ 6,160,724

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.

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

9. Tangible Capital Assets

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

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

9. Tangible Capital Assets (continued)

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

There were assets under construction at year end totalling \$9,986,316 (2014 - \$7,194,940). There were no assets under capital lease at year end (2014 - \$nil).

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

10. Prepaid Expenses and Inventories of Supplies

	<u>2015</u>	<u>2014</u>
Crushed gravel	\$ 4,531,396	\$ 2,771,583
Undeveloped gravel pits	4,321,615	4,321,615
Materials and supplies	322,103	304,947
Prepaid expenses	<u>115,648</u>	<u>151,589</u>
	<u>\$ 9,290,762</u>	<u>\$ 7,549,734</u>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

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11. Membership Fee

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

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

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

Figures for 2015 were not available at the audit report date. Summary information from 2014 has been presented below:

	2014	2013
Financial assets		
Cash and temporary investments	\$ 150	\$ 150
Due from Camrose County	8,037,173	9,971,724
Trade and other receivables	751,777	1,139,204
	8,789,100	11,111,078
Liabilities		
Accounts payable and accrued liabilities	81,725	401,905
Closure and post-closure care liability reserve	3,263,663	3,263,663
	3,345,388	3,665,568
Accumulated surplus	\$ 5,443,712	\$ 7,445,510
Statement of Operations		
Revenues	\$ 3,343,101	\$ 4,708,575
Expenditures	5,344,893	1,884,120
Transfer to closure and post-closure liability reserve	-	706,111
	(2,001,792)	2,118,344
Excess (deficiency) of revenues over expenditures	(2,001,792)	2,118,344
Accumulated surplus, beginning of year	7,445,510	5,327,166
Accumulated surplus, end of year	\$ 5,443,718	\$ 7,445,510

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

12. Accumulated Surplus

	<u>2015</u>	<u>2014</u>
Investment in tangible capital assets	\$ 76,806,401	\$ 68,167,861
Operating and capital deficit	(2,177,168)	(2,073,796)
Membership fee	400,000	400,000
Perry Pit purchase	2,539,000	2,539,000
Debenture debt	(9,587,385)	(8,340,461)
Debt recoverable (Note 3)	7,300,267	7,516,383
	<u>75,281,115</u>	<u>68,208,987</u>
Operating Reserve Funds		
Administration	3,937,290	3,840,209
Enforcement	135,605	135,605
Fire	1,027,537	1,029,586
By-law Enforcement	-	48,250
Public Works	13,178,304	13,819,735
Water	150,949	108,067
Sewer	872,930	744,129
Solid Waste Services	318,914	343,720
Planning and Development	99,058	96,951
Agricultural Service Board	212,358	212,858
Recreation	251,418	271,286
Parks	25,000	25,000
	<u>20,209,363</u>	<u>20,675,396</u>
Capital Reserve Funds		
Administration	219,732	289,510
Fire	1,216,666	1,134,150
By-law Enforcement	-	31,169
Public Works	8,259,869	7,018,800
Water	8,500	8,500
Sewer	67,661	67,661
Solid Waste Services	394,976	394,976
Planning and Development	-	45,000
Agricultural Service Board	-	136,826
Recreation	212,392	187,392
	<u>10,379,796</u>	<u>9,313,984</u>
	<u>30,589,159</u>	<u>29,989,380</u>
	<u>\$ 105,870,274</u>	<u>\$ 98,198,367</u>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

13. Change in Accumulated Surplus

	Unrestricted surplus (deficit)	Membership Fee and Perry Pit Purchase	Restricted surplus	Equity in tangible capital assets	2015	2014
Balance, beginning of year	\$ (2,073,796)	\$ 2,939,000	\$ 29,989,380	\$ 67,343,783	\$ 98,198,367	\$ 87,862,313
Excess of revenue over expenses	7,671,907	-	-	-	7,671,907	10,336,054
Net operating transfers to restricted surplus	(4,551,761)	-	4,551,761	-	-	-
Debenture principal payments	(253,075)	-	-	253,075	-	-
Debenture principal paid on WALA loan	216,116	-	-	(216,116)	-	-
Capital transfers from restricted surplus	3,951,982	-	(3,951,982)	-	-	-
Acquisition of capital	(12,513,987)	-	-	12,513,987	-	-
Debenture proceeds	1,500,000	-	-	(1,500,000)	-	-
Disposals and write-down of assets	439,823	-	-	(439,823)	-	-
Amortization	3,435,623	-	-	(3,435,623)	-	-
Change in accumulated surplus	\$ (103,372)	\$ -	\$ 599,779	\$ 7,175,500	\$ 7,671,907	\$ 10,336,054
Balance, end of year	\$ (2,177,168)	\$ 2,939,000	\$ 30,589,159	\$ 74,519,283	\$ 105,870,274	\$ 98,198,367

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

14. Taxation - Net

	Budget 2015 (Note 19)	2015	2014
Real property taxes	\$ 13,324,788	\$ 13,341,644	\$ 12,448,206
Machinery and equipment	2,913,621	2,913,621	2,839,930
Linear property taxes	11,546,597	11,546,597	11,427,862
Government grants in lieu of property taxes	65,593	65,593	48,830
	<u>27,850,599</u>	<u>27,867,455</u>	<u>26,764,828</u>
Requisitions			
Alberta School Foundation Fund	7,316,802	7,316,802	7,176,545
Wetaskiwin and Area Lodge Authority	571,550	571,550	563,938
	<u>7,888,352</u>	<u>7,888,352</u>	<u>7,740,483</u>
Available for general municipal purposes	<u>\$ 19,962,247</u>	<u>\$ 19,979,103</u>	<u>\$ 19,024,345</u>

15. Government Transfers

	Budget 2015 (Note 19)	2015	2014
General Government	\$ 335,170	\$ 268,310	\$ 128,791
Public Works	5,253,216	3,341,059	1,610,455
Utilities	2,874,487	2,756,882	6,486,844
Family and Community Support Services	274,845	292,779	269,278
Planning and Development	37,270	37,270	-
Agriculture Service	209,900	240,909	232,359
Recreation and Cultural Services	230,526	215,299	616,187
	<u>\$ 9,215,414</u>	<u>\$ 7,152,508</u>	<u>\$ 9,343,914</u>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

16. Expenses by Object

	Budget 2015 (Note 19)	2015	2014
Salaries and wages	\$ 9,062,657	\$ 9,078,506	\$ 8,621,248
Contracted and general services	7,854,728	5,221,307	4,580,825
Goods, materials and supplies	4,457,494	4,578,528	4,660,338
Transfers to other organizations	1,146,772	1,026,706	1,390,055
Interest	371,464	369,102	381,136
Cancellations and uncollectible Amortization	156,000	67,467	7,598
Loss on disposal of assets	3,435,624	3,435,624	3,144,274
	-	(143,268)	(40,244)
	<u>\$ 26,484,739</u>	<u>\$ 23,633,972</u>	<u>\$ 22,745,230</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 2016 are \$1,427,100.

18. Funds Held in Trust

At the year end, the Municipality held \$135,324 (2014 - \$135,257) 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 \$307,066 (2014 - \$314,822) in trust for the Joint Economic Development Initiative (JEDI), a society. These funds are not included in these financial statements.

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Notes to Consolidated Financial Statements

December 31, 2015

19. Budget

The Budget adopted by Council on April 27, 2015 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 \$88. In addition, the budget did not include an amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Budget adopted by Council on April 27, 2015 with adjustments as follows:

	2015
Budget surplus for the year	\$ 88
Add:	
Capital expenditures	14,439,656
Debenture principal payments	253,076
Budgeted transfers to accumulated surplus	2,034,419
Budgeted transfers to capital	1,773,332
Budgeted capital over expenditure	(201,000)
Less:	
Budgeted transfers from accumulated surplus	(7,334,564)
Proceeds of disposition	(503,740)
Amortization	(3,435,624)
 Budget surplus per statement of operations	 \$ 7,025,643

	Budget	Amortization Allocation	Budget per Financial Statements	Actual per Financial Statements
Total Revenues	\$ 33,509,382	\$ -	\$ 33,509,382	\$ 31,305,879
General Government	5,146,068	210,067	5,356,135	4,760,619
Protective Services	1,395,564	170,856	1,566,420	1,428,966
Public Works	11,316,200	2,750,150	14,066,350	12,323,932
Utilities	1,672,379	288,841	1,961,220	1,700,258
Cemetery	39,650	-	39,650	33,914
Family and Community				
Support Services	410,251	-	410,251	392,758
Recreation and Cultural Services	1,513,866	15,710	1,529,576	1,419,860
Planning and Development	799,728	-	799,728	841,895
Agriculture Service Board	755,409	-	755,409	731,770
Total Expenditures	23,049,115	3,435,624	26,484,739	23,633,972
Excess of revenues over expenditures	10,460,267		7,024,643	7,671,907

December 31, 2015

20. Segmented Information

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

General Government

Provides legislative and administrative oversight.

Protective Services

Provides police, fire, ambulance, and bylaw services.

Public Works

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

Utilities

Provides water, wastewater and solid waste services.

Cemetery

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

Family and Community Support Services

Provides family and community support services.

Recreation and Cultural Services

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

Planning and Development

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

Agriculture Service

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

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

Taxation has been allocated to general government.

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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	2015 Total
Revenue									
Taxation	\$ 19,979,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,979,103
Government grants	268,310	-	3,341,060	2,756,882	292,779	215,299	37,270	240,909	7,152,509
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	225,422	-	-	-	-	52,945	-	390,974
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
Other	253,458	10,063	-	-	-	-	-	-	263,521
	<u>21,423,386</u>	<u>388,776</u>	<u>4,407,655</u>	<u>3,953,891</u>	<u>317,916</u>	<u>436,977</u>	<u>114,271</u>	<u>263,007</u>	<u>31,305,879</u>
Expenses									
Salaries and wages	2,599,671	902,126	3,146,725	886,654	306,404	250,148	472,332	514,446	9,078,506
Contracted and general services	1,254,077	145,053	2,751,005	352,599	25,938	394,878	232,243	65,514	5,221,307
Goods, materials and supplies	249,035	65,568	3,819,320	172,164	2,449	119,925	257	149,810	4,578,528
Transfers to other organizations	11,200	145,363	-	-	91,881	639,199	137,063	2,000	1,026,706
Interest	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	-	-	(143,268)	-	-	-	-	-	(143,268)
	<u>4,760,619</u>	<u>1,428,966</u>	<u>12,323,932</u>	<u>1,700,258</u>	<u>426,672</u>	<u>1,419,860</u>	<u>841,895</u>	<u>731,770</u>	<u>23,633,972</u>
Net surplus (deficit)	<u>\$ 16,662,767</u>	<u>\$ (1,040,190)</u>	<u>\$ (7,916,277)</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>

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

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20. Segmented Information (continued)

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

County of Wetaskiwin No. 10
Notes to Consolidated Financial Statements

December 31, 2015

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 2015	Total 2014
Councillors:				
Division 1	\$ 46,819	\$ 2,018	\$ 48,837	\$ 46,669
Division 2	46,819	8,333	55,152	52,988
Division 3	47,269	8,359	55,628	53,464
Division 4	46,819	8,333	55,152	54,364
Division 5	46,894	8,337	55,231	53,063
Division 6 Reeve	54,843	9,092	63,935	62,211
Division 7	47,419	8,368	55,787	54,178
Chief Administrative Officer (Note 2)	226,806	15,825	242,631	226,486
Designated Officer - Assessment	118,661	27,123	145,784	135,232
Retirement bonus (Note 1)	168,870	-	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 the year 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 the year under a new employment contract.

22. Comparative Figures

Comparative figures have been adjusted for current period presentation.

23. Approval of Financial Statements

Council and Management have approved these financial statements.
