

Consolidated Financial Statements of

WHEATLAND COUNTY

Year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of Council of Wheatland County

We have audited the accompanying consolidated financial statements of Wheatland County, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Wheatland County as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 1(m) to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended December 31, 2014, has been adjusted.

The consolidated financial statements of Wheatland County as at and for the year ended December 31, 2014, excluding the adjustment described in Note 1(m) to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on May 19, 2015.

As part of our audit of the consolidated financial statements as at and for the year ended December 31, 2015, we audited the adjustment described in Note 1(m) to the consolidated financial statements that was applied to adjust the comparative information presented as at and for the year ended December 31, 2014. In our opinion, the adjustment is appropriate and has been properly applied.

We were not engaged to audit, review, or apply any procedures to the December 31, 2014, consolidated financial statements, other than with respect to the adjustment described in Note 1(m) to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Chartered Professional Accountants

April 19, 2016
Calgary, Canada

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of Wheatland County (the "County").

These consolidated financial statements have been prepared from information provided by management. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

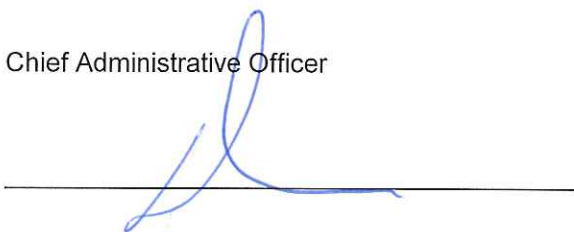
The County maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the County's assets are properly accounted for and adequately safeguarded.

The elected Council of Wheatland County is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the committee as a whole.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or reappointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by KPMG LLP, Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the County. KPMG LLP has full and free access to the Council.

Chief Administrative Officer

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be a cursive or semi-cursive name.

WHEATLAND COUNTY

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014


	2015	2014 (Adjusted – Note 1)
Financial Assets		
Cash and short-term investments (note 3)	\$ 70,019,173	\$ 68,592,020
Taxes and grants in place of taxes receivable (note 4)	912,144	1,095,162
Trade and other receivables	815,415	1,446,852
Land held for resale	244,568	244,568
Loan receivable (note 5)	–	102,588
Debt charges recoverable (note 6)	2,075,084	2,220,435
	<u>74,066,384</u>	<u>73,701,625</u>
Liabilities		
Accounts payable and accrued liabilities	4,050,729	3,587,958
Deferred revenue (note 8)	3,279,514	4,932,501
Long-term debt (note 9)	2,581,837	2,760,357
Provision for reclamation (note 23)	1,538,538	1,468,521
Employee benefit obligations (note 7)	1,309,657	1,090,513
	<u>12,760,275</u>	<u>13,839,850</u>
Net financial assets	61,306,109	59,861,775
Non-Financial Assets		
Tangible capital assets (Schedule 2)	218,215,099	212,726,217
Inventory for consumption	10,259,243	10,341,318
Prepaid expenses	310,190	271,275
	<u>228,784,532</u>	<u>223,338,810</u>
Commitments and contingencies (note 19)		
Accumulated surplus (note 10)	<u>\$ 290,090,641</u>	<u>\$ 283,200,585</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Council



Reeve



Councilor

WHEATLAND COUNTY

Consolidated Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget (note 24)	2015	2014 (Adjusted – Note 1)
Revenue:			
Net property taxes (note 13)	\$ 31,041,012	\$ 30,507,274	\$ 29,388,751
User fees and sales of goods	2,430,273	2,016,182	1,927,611
Investment income	473,400	1,416,784	1,371,334
Government transfers for operating (note 14)	1,434,322	576,838	976,090
Licenses and permits	610,700	534,308	744,407
Penalties and costs of taxes	98,100	173,737	150,431
Development levies	277,869	129,019	103,845
Rentals	64,600	43,519	31,733
Other revenue	50,161	(44,663)	29,641
	36,480,437	35,352,998	34,723,843
Expenses (note 15):			
Legislative	615,136	489,737	493,257
Administrative	4,782,850	3,859,743	3,254,588
Police, fire, disaster, ambulance and bylaw enforcement	3,211,958	2,364,717	2,613,834
Roads, streets, walks and lighting	20,878,477	22,129,259	20,966,125
Water supply and distribution	1,805,856	1,990,239	1,386,975
Wastewater treatment and disposal	534,154	546,059	603,134
Waste management	898,452	946,244	782,483
Recreation and culture	451,077	620,986	585,582
Subdivision land and development	1,789,013	1,127,578	763,979
Economic and agricultural development	1,463,738	914,473	810,178
Public health and welfare services	132,600	64,523	171,762
	36,563,311	35,053,558	32,431,897
(Loss) earnings before the undernoted items	(82,874)	299,440	2,291,946
Government transfers for capital (note 14)	8,521,080	6,158,889	7,000,745
Contributed assets	–	431,727	23,421
	8,521,080	6,590,616	7,024,166
Excess of revenue over expenses	8,438,206	6,890,056	9,316,112
Accumulated surplus, beginning of year	283,200,585	283,200,585	273,884,473
Accumulated surplus, end of year	\$ 291,638,791	\$ 290,090,641	\$ 283,200,585

See accompanying notes to consolidated financial statements.

WHEATLAND COUNTY

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	Budget (note 24)	2015	2014
Excess of revenue over expenses	\$ 8,438,206	\$ 6,890,056	\$ 9,316,112
Acquisition of tangible capital assets	(35,734,305)	(18,897,096)	(15,600,271)
Amortization of tangible capital assets	12,504,400	13,437,835	12,850,148
Contributed assets	—	(431,727)	(23,421)
Loss (gain) on disposal of tangible capital assets	203,727	57,246	(74,768)
Proceeds on disposal of tangible capital assets	—	344,860	1,246,457
	(23,026,178)	(5,488,882)	(1,601,855)
Net change in inventory for consumption	—	82,075	145,581
Net change in prepaid expenses	—	(38,915)	(125,702)
(Decrease) increase in net financial assets	(14,587,972)	1,444,334	7,734,136
Net financial assets, beginning of year	59,861,775	59,861,775	52,127,639
Net financial assets, end of year	\$ 45,273,803	\$61,306,109	\$59,861,775

See accompanying notes to consolidated financial statements.

WHEATLAND COUNTY

Consolidated Statement of Cash Flow

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 6,890,056	\$ 9,316,112
Change in non-cash items:		
Amortization of tangible capital assets	13,437,835	12,850,148
Loss (gain) on disposal of tangible capital assets	57,246	(74,768)
Contributed assets	(431,727)	(23,421)
Decrease (increase) in taxes and grants in place of taxes receivable	183,018	(153,221)
Decrease in trade and other receivables	631,437	3,353,042
Decrease in loans receivable	102,588	82,921
Decrease in inventory for consumption	82,075	145,581
(Increase) in prepaid expenses	(38,915)	(125,702)
Increase (decrease) in accounts payable and accrued liabilities	462,771	(2,474,200)
(Decrease) in deferred revenue	(1,652,987)	(3,665,588)
Increase in provision for reclamation	70,017	408,102
Increase in employee benefit obligations	219,144	33,471
	<u>20,012,558</u>	<u>19,672,477</u>
Capital activities:		
Acquisition of tangible capital assets	(18,897,096)	(15,600,271)
Proceeds on disposal of tangible capital assets	344,860	1,246,457
	<u>(18,552,236)</u>	<u>(14,353,814)</u>
Financing activities:		
Debt charges recovered	145,351	151,594
Long-term debt repaid	(178,520)	(185,475)
	<u>(33,169)</u>	<u>(33,881)</u>
Increase in cash and short-term investments	1,427,153	5,284,782
Cash and short-term investments, beginning of year	68,592,020	63,307,238
Cash and short-term investments, end of year	<u>\$ 70,019,173</u>	<u>\$ 68,592,020</u>

See accompanying notes to consolidated financial statements.

WHEATLAND COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2015, with comparative information for 2014

1. Significant accounting policies:

The consolidated financial statements of Wheatland County (the "County") are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all accounts for the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organization transactions and balances are eliminated.

(b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. Revenue is recorded when it is earned and measureable. Expenses are recognized as they are incurred and measureable based upon receipt of goods or services and/or a legal obligation to pay is established.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the complete of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Cash and short-term investments:

Cash is comprised of cash deposits held with Canadian chartered banking institutions.

Short-term investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Interest is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2015, with comparative information for 2014

1. Significant accounting policies (continued):

(d) Debt charges recoverable:

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(e) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Retained development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective junction.

(f) Requisition over-levy and under-levy:

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(g) Government transfers:

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(h) Tax revenue:

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

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Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2015, with comparative information for 2014

1. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(j) Deferred revenue:

Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or tangible capital assets acquired.

(k) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	15-30
Buildings	25-50
Engineered structures	20-55
Machinery and equipment	5-40
Vehicles	5-15

Certain sub-classes of vehicles, machinery and equipment use the units of production method of amortization.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. For certain sub-classes of vehicles, machinery and equipment, actual units are used in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2015, with comparative information for 2014

1. Significant accounting policies (continued):

(k) Non-financial assets (continued):

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefit and risks incidental to ownership are accounted for as capital lease. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventory for consumption:

Inventories held for consumption are recorded at the lower of cost and replacement cost, with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets:

Works of art and cultural and historical assets are not recorded as assets in these consolidated financial statements.

(l) Adoption of new accounting standard:

Effective January 1, 2015, the County adopted the new PS 3260, Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the County is: directly responsible; or accepts responsibility
- the County expects the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The prospective adoption of the new PS 3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the County's consolidated financial statements.

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Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2015, with comparative information for 2014

1. Significant accounting policies (continued):

(m) Cultural and Historical Assets adjustment:

The County has recast its cultural and historical assets, and opening accumulated surplus at December 31, 2014 to write-off immaterial costs incurred in maintaining non-operational historical items, as these costs were not eligible to be recognized as tangible capital assets under Canadian public sector accounting standards. As a result, cultural and historical assets and opening and closing accumulated surplus decreased by \$509,641 at December 31, 2014.

2. Future accounting pronouncements:

The Public Sector Accounting Board recently announced the following accounting pronouncements:

(a) Financial instruments:

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2019 for governments, with early adoption encouraged.

(b) Foreign currency translation:

This accounting pronouncement establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. It is effective for fiscal years beginning on or after April 1, 2019 for governments, with early adoption encouraged.

Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2015, with comparative information for 2014

3. Cash and short-term investments:

	2015	2014
Cash	\$ 2,994,130	\$ 1,794,656
Short-term investments, including accrued interest	67,302,799	67,280,588
Cash and short-term investments held in trust (note 17)	(277,756)	(483,224)
	<u>\$70,019,173</u>	<u>\$ 68,592,020</u>

Short-term investments are guaranteed investment certificates with maturities of one year or less with interest rates of 1.35% to 2.12% (2014 – 1.9% to 2.55%).

The County has an operating loan facility of up to \$2,000,000, repayable on demand with interest at bank prime minus 0.25% per annum. The facility was not being used at December 31, 2015 or 2014.

4. Taxes and grants in place of taxes receivables:

	2015	2014
Current	\$ 848,304	\$ 774,462
Arrears	476,717	538,961
	<u>1,325,021</u>	<u>1,313,423</u>
Allowance for doubtful taxes	(412,877)	(218,261)
	<u>\$ 912,144</u>	<u>\$ 1,095,162</u>

5. Loan receivable:

The Strathmore Rural Fire Association loan was an unsecured loan that accrued interest at a rate of 1.4% annually. Payments on the loan were made monthly over ten years. The loan was repaid in full during 2015.

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Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2015, with comparative information for 2014

6. Debt charges recoverable:

	2015	2014
Current debt charges recoverable	\$ 149,194	\$ 145,352
Non-current debt charges recoverable	1,925,890	2,075,083
	<u>\$ 2,075,084</u>	<u>\$ 2,220,435</u>

The principal balance plus interest at 2.658% (2014 – 2.658%), is recoverable from Strathmore Seed Cleaning Plant in semi-annual installments of \$101,367 including interest until maturity on December 17, 2027.

	Principal	Interest	Total
2016	\$ 149,194	\$ 53,539	\$ 202,733
2017	153,140	49,593	202,733
2018	157,189	45,544	202,733
2019	161,345	41,388	202,733
2020	165,612	37,121	202,733
Thereafter	1,288,604	130,531	1,419,135
	<u>\$ 2,075,084</u>	<u>\$ 357,716</u>	<u>\$ 2,432,800</u>

7. Employee benefit obligations:

	2015	2014
Accrued salaries, vacation, and overtime	\$ 661,166	\$ 592,483
Early retirement incentive	648,491	498,030
	<u>\$ 1,309,657</u>	<u>\$ 1,090,513</u>

(a) Vacation and overtime:

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and they are vested) or are entitled to these benefits within the next budgetary year.

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2015, with comparative information for 2014

7. Employee benefit obligations (continued):

(b) Early retirement incentive:

The County provides an early retirement incentive plan. Employees who have at least five years of service and are over the age of 55 are eligible to be paid 3% of their annual salary for every year of service, up to a maximum of 50% of their annual salary.

Council passed a motion restricting participation in the program for new employees of Wheatland County. Employees hired on or after January 2, 2013 are not eligible for this program.

8. Deferred revenue:

	2015	2014
Golden Hills School Deposit	\$ 1,237,414	\$ 1,218,385
Municipal Sustainability Initiative – capital	1,043,454	976,461
Offsite levies	596,183	479,150
Other operating	235,966	112,374
Other capital	81,854	37,890
Basic Municipal Transportation grant – capital	62,533	61,196
Federal Gas Tax Fund – capital	22,110	212,232
Alberta Municipal Infrastructure Program – capital	–	1,728,263
Dalum Fire Association – capital	–	106,550
	<u>\$ 3,279,514</u>	<u>\$ 4,932,501</u>

9. Long term debt:

	2015	2014
Special levy and utility supported debentures	\$ 506,753	\$ 539,922
Self-supported debentures – operating	2,075,084	2,220,435
	<u>2,581,837</u>	<u>2,760,357</u>
Less current portion	190,640	184,709
	<u>\$ 2,391,197</u>	<u>\$ 2,575,648</u>

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Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2015, with comparative information for 2014

9. Long term debt (continued):

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2016	\$ 190,640	\$ 77,530	\$ 268,170
2017	196,788	71,382	268,170
2018	203,164	65,006	268,170
2019	209,777	58,393	268,170
2020	216,710	51,460	268,170
Thereafter	1,564,758	180,168	1,744,926
	<u>\$ 2,581,837</u>	<u>\$ 503,939</u>	<u>\$ 3,085,776</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.63% to 6.63% per annum (2014 – 2.63% to 6.63% per annum) and matures in periods 2020 to 2027. Debenture debt is issued on the credit and security of the County at large.

10. Accumulated surplus:

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

	2015	2014 (Adjusted – Note 1)
Unrestricted surplus	\$ 15,210,228	\$ 13,501,574
Internally restricted surplus (reserves) (note 11)	57,172,067	57,512,714
Equity in tangible capital assets (note 12)	217,708,346	212,186,297
	<u>\$ 290,090,641</u>	<u>\$ 283,200,585</u>

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2015, with comparative information for 2014

11. Reserves:

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenditures.

	2015	2014
Transportation – unpaved roads	\$19,805,767	\$ 20,783,939
Transportation – paved roadways	9,600,892	7,719,287
Municipal equipment	6,318,538	8,239,446
Utilities – Gleichen	5,099,062	4,927,834
Transportation – bridges/culverts	3,526,178	3,868,024
Fire capital	2,024,623	1,439,285
Municipal reserve	1,571,914	1,512,996
Brownfields	1,000,000	1,000,000
Gravel reclamation	975,052	943,986
Regional water and wastewater	797,833	1,547,833
Facility infrastructure	736,445	1,420,226
Agriculture Service Board	685,032	550,092
Capital continuity	629,123	534,123
Hwy 1 WHASP Off-site levy	596,183	–
Operating continuity	451,835	446,382
Storm drainage	402,543	442,100
Land development	266,433	194,503
Cluny community infrastructure	260,745	255,173
Emergency preparedness	246,200	246,200
Professional development	240,014	100,912
Utilities - Carseland	200,991	161,411
Wheatland West Fire	195,118	–
Carseland Fire Capital	195,118	–
Community aggregate payment levy	190,739	219,070
Safety	165,837	136,142
Waste	165,356	165,356
Tax stabilization	151,885	9,179
Information services	140,996	265,543
Utilities – Speargrass	117,207	96,467
Perpetual Care Fund – Gleichen	102,805	–
Standard site	75,228	78,918
Library	47,455	42,875
Utilities – Rosebud	47,268	60,522
Utilities – Cluny	45,988	39,325
Gleichen community infrastructure	35,895	35,128
Rosebud water and wastewater	29,983	29,342
Strathmore Fire Association	15,204	–
Community enhancement	13,760	–
Cenotaph	588	558
Perpetual Care Fund – Gleichen Catholic Cemetery	234	–
	–	507
	<u>\$57,172,067</u>	<u>\$ 57,512,714</u>

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 11

Year ended December 31, 2015, with comparative information for 2014

12. Equity in tangible capital assets:

	2015	2014
Tangible capital assets (Schedule 2)	\$ 561,887,160	\$ 544,401,956
Accumulated amortization (Schedule 2)	(343,672,061)	(331,675,737)
Capital long term debt	(506,753)	(539,922)
	<u>\$ 217,708,346</u>	<u>\$ 212,186,297</u>

13. Net municipal property taxes:

	Budget (note 24)	2015	2014
Taxation:			
Real property taxes	\$ 21,762,772	\$ 20,973,226	\$ 20,471,591
Linear property taxes	19,667,100	19,964,678	19,667,110
Government grants in place of property taxes	43,100	44,908	43,533
Community aggregate levy	50,000	24,869	84,656
	<u>41,522,972</u>	<u>41,007,681</u>	<u>40,266,890</u>
Requisitions:			
Alberta School Foundation Fund	9,921,830	9,939,337	10,299,186
Wheatland Foundation and Housing Management Body	257,051	257,507	266,373
Drumheller Solid Waste Management Association	303,079	303,563	312,580
	<u>10,481,960</u>	<u>10,500,407</u>	<u>10,878,139</u>
	<u>\$ 31,041,012</u>	<u>\$ 30,507,274</u>	<u>\$ 29,388,751</u>

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 12

Year ended December 31, 2015, with comparative information for 2014

14. Government transfers:

	Budget (note 24)	2015	2014
Transfers for operating:			
Provincial unconditional grants	\$ 1,141,922	\$ 405,325	\$ 653,375
Other local government transfers	292,400	171,513	322,715
	1,434,322	576,838	976,090
Transfers for capital:			
Provincial unconditional grants	8,521,080	6,158,889	7,000,745
	\$ 9,955,402	\$ 6,735,727	\$ 7,976,835

15. Expenses by object:

	2015	2014
Salaries, wages and benefits	\$ 11,094,106	\$ 9,516,817
Contracted and general services	4,222,707	4,429,248
Materials, goods, supplies and utilities	3,572,642	3,363,458
Bank charges and short term interest	13,476	14,551
Interest on long term debt	13,298	87,996
Transfers to organizations and others	2,550,627	2,426,998
Provision for allowances	91,621	(2,662)
Amortization of tangible capital assets	13,437,835	12,850,148
Loss (gain) on disposal of tangible capital assets	57,246	(74,768)
	\$ 35,053,558	\$ 32,611,786

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 13

Year ended December 31, 2015, with comparative information for 2014

16. Debt limits:

Section 276 (2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County be disclosed as follows:

	2015	2014
Total debt limits	\$ 53,029,497	\$ 52,085,765
Total debt	2,581,837	2,760,357
	<u>\$ 50,447,660</u>	<u>\$ 49,325,408</u>
	2015	2014
Debt servicing limit	\$ 8,838,250	\$ 8,680,961
Debt servicing	268,170	268,170
	<u>\$ 8,570,080</u>	<u>\$ 8,412,791</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which 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.

17. Trust funds:

Trust funds administered by the County on behalf of others consist of the following:

	2015	2014
Wheatland and Adjacent Districts Emergency		
Medical Services Association	\$ 175,337	\$ 380,110
Madsen charity	51,586	53,127
Madsen scholarship	40,658	40,029
Thurston School	7,583	7,421
Seniors and physically challenged	2,592	2,537
	<u>\$ 277,756</u>	<u>\$ 483,224</u>

The above trust funds are not recorded in the consolidated financial statements.

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 14

Year ended December 31, 2015, with comparative information for 2014

18. Local authorities pension plan:

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves approximately 230,000 people and 418 employees. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP fund.

Contributions for current services are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2015 were \$771,248 (2014 - \$672,287). Total current service contributions by the employees of the County to the LAPP in 2015 were \$711,019 (2014 - \$619,820).

19. Commitments and contingencies:

Wheatland County is a member of the Jubilee Reciprocal Insurance Exchange (JRIE) and the Genesis Reciprocal Insurance Exchange (GRIE) which provide liability insurance. The investment in these programs is not reflected as an asset in the accompanying consolidated financial statements.

Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by either exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The County has committed to contribute \$604,000 from its Municipal reserve (note 11) to the Wheatland Crossing School, as well as loan \$150,000 on an interest-free basis to the Wheatland Regional Corporation.

20. Financial instruments:

It is management's opinion that the County is not exposed to significant interest or currency risk arising from its financial instruments. The County is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 15

Year ended December 31, 2015, with comparative information for 2014

21. Salary and benefits disclosure:

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & allowances (2)	2015	2014
Council:				
Armstrong	\$ 29,100	\$ 29,916	\$ 59,016	\$ 64,893
Bland	27,720	19,627	47,347	53,749
Booth	27,720	28,313	56,033	58,709
Harwood	27,720	14,414	42,134	43,664
Knight	27,720	28,471	56,191	55,627
Koester	31,716	34,580	66,296	59,629
Vander Velde	27,720	16,849	44,569	49,036
Chief Administrative Officer Parkin	167,797	63,073	230,870	208,859

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

22. Works of Art and Historical Treasures:

The County manages and controls works of art and non-operational historical cultural assets including the Gleichen Water Tower. These assets are not recorded as tangible capital assets and are not amortized, which is consistent with Canadian public sector accounting standards. As at December 31, 2015, the County has incurred cumulative costs of \$509,641 (2014 - \$509,641) to maintain these assets.

WHEATLAND COUNTY

Notes to Consolidated Financial Statements, page 16

Year ended December 31, 2015, with comparative information for 2014

23. Provision for reclamation:

	2015	2014
Balance, beginning of year	\$ 1,468,521	\$ 1,060,419
Liabilities incurred	–	500,000
Liabilities settled	–	(153,913)
Inflation and other adjustments	70,017	62,015
Balance, end of year	\$ 1,538,538	\$ 1,468,521

24. Budget data:

The 2015 budget for the County was approved by Council on April 14, 2015.

25. Comparative information:

Certain comparative figures have been reclassified to be consistent with current year presentation and have been recast as further described in note 1(m).

26. Segmented disclosure:

The County provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. Refer to the schedule of segmented disclosure (Schedule 3).

The segments have been selected based on the Financial Information Return segmentation reported annually to Alberta Municipal Affairs. Segments include:

- General Government is comprised of Legislative and Administrative services
- Protective Services is comprised of Police, Fire, Disaster, Ambulance, and Bylaw services
- Transportation Services is comprised of Roads, Streets, Walks, and Lighting services
- Environmental Services is comprised of Water Supply and Distribution, Wastewater Treatment and Disposal, and Waste Management services
- Public Health Services is comprised of Public Health and Welfare services
- Planning and Development is comprised of Subdivision Land and Development, and Economic and Agricultural Development services
- Recreation and Culture is comprised of Library, and Parks and Recreation services

WHEATLAND COUNTY

Schedule of Changes in Accumulated Surplus

Schedule 1

Year ended December 31, 2015, with comparative information for 2014

	Unrestricted	Restricted	Equity in Tangible Capital Assets	2015	2014 (Adjusted – Note 1)
Balance, beginning of year	\$13,501,574	\$57,512,714	\$212,186,297	\$283,200,585	\$273,884,473
Excess of revenue over expenses	6,890,056	–	–	6,890,056	9,316,112
Net restricted funds used for operations	340,647	(340,647)	–	–	–
Current year funds used for tangible capital assets	(18,897,096)	–	18,897,096	–	–
Contributed tangible capital assets	(431,727)	–	431,727	–	–
Disposal of tangible capital assets	402,106	–	(402,106)	–	–
Amortization of tangible capital assets	13,437,835	–	(13,437,835)	–	–
Long-term debt repaid	(33,169)	–	33,169	–	–
Change in accumulated surplus	1,708,654	(340,647)	5,522,049	6,890,056	9,316,112
Balance, end of year	\$15,210,228	\$57,172,067	\$217,708,346	\$290,090,641	\$283,200,585

WHEATLAND COUNTY

Schedule of Tangible Capital Assets

Schedule 2

Year ended December 31, 2015, with comparative information for 2014

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction progress	2015	2014
Costs:									
Balance, beginning of year	\$ 12,966,583	\$ 2,013,583	\$ 8,666,023	\$ 484,707,855	\$ 22,253,622	\$ 7,843,238	\$ 5,951,052	\$ 544,401,956	\$ 532,574,256
Acquisitions	197,464	609,590	2,094,243	15,219,813	3,444,674	1,648,341	957,395	24,171,520	15,624,206
Disposals	(60,218)	-	-	(277,023)	(1,506,378)	-	(4,842,697)	(6,686,316)	(3,796,506)
Balance, end of year	13,103,829	2,623,173	10,760,266	499,650,645	24,191,918	9,491,579	2,065,750	561,887,160	544,401,956
Accumulated amortization:									
Balance, beginning of year	-	978,824	2,437,923	315,843,358	8,978,855	3,436,777	-	331,675,737	321,449,894
Annual amortization	-	108,209	209,139	10,954,973	1,581,155	584,359	-	13,437,835	12,850,148
Disposals	-	-	-	(270,930)	(1,170,581)	-	-	(1,441,511)	(2,624,305)
Balance, end of year	-	1,087,033	2,647,062	326,527,401	9,389,429	4,021,136	-	343,672,061	331,675,737
Net book value	\$ 13,103,829	\$ 1,536,140	\$ 8,113,204	\$ 173,123,244	\$ 14,802,489	\$ 5,470,443	\$ 2,065,750	\$ 218,215,099	\$ 212,726,217
2014 net book value	\$ 12,966,583	\$ 1,034,759	\$ 6,228,100	\$ 168,864,497	\$ 13,274,767	\$ 4,406,461	\$ 5,951,052	\$ 212,726,217	

WHEATLAND COUNTY

Schedule of Segmented Disclosure

Schedule 3

Year ended December 31, 2015

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net property taxes	\$30,507,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,507,274
User fees and sales of goods	170,890	720,476	359,088	581,780	50	132,438	51,460	2,016,182
Investment income	1,219,187	5,440	13,502	142,745	2,480	33,430	-	1,416,784
Government transfers for operating	170,219	15,000	-	18,602	-	373,017	-	576,838
Licenses and permits	123,791	9,960	-	-	-	400,557	-	534,308
Penalties and costs of taxes	173,737	-	-	-	-	-	-	173,737
Development levies	-	-	-	-	-	129,019	-	129,019
Rentals	41,024	-	-	-	-	2,495	-	43,519
Other	(211,717)	39,962	-	12,258	100,000	770	14,064	(44,663)
	32,194,405	790,838	372,590	755,385	102,530	1,071,726	65,524	35,352,998
Expenses:								
Salaries, wages and benefits	2,501,784	806,649	5,533,376	941,456	9,148	1,275,188	26,505	11,094,106
Contracted and general services	1,164,278	267,991	1,381,756	715,120	6,470	588,944	98,148	4,222,707
Materials, goods, supplies and utilities	315,565	115,871	2,694,212	296,653	1,151	148,921	269	3,572,642
Bank charges and short term interest	13,476	-	-	-	-	-	-	13,476
Interest on long term debt	-	-	-	13,298	-	-	-	13,298
Transfers to organization and others	50,461	1,169,174	-	781,250	46,783	19,059	483,900	2,550,627
Provision for allowances	92,445	-	-	(824)	-	-	-	91,621
Amortization of tangible capital assets	225,023	5,032	12,479,003	705,703	971	9,939	12,164	13,437,835
(Gain) loss on disposal of tangible capital assets	(13,552)	-	40,911	29,887	-	-	-	57,246
	4,349,480	2,364,717	22,129,258	3,482,543	64,523	2,042,051	620,986	35,053,558
Excess (deficiency) of revenue over expenses before								
Other items	27,844,925	(1,573,879)	(21,756,668)	(2,727,158)	38,007	(970,325)	(555,462)	299,440
Other								
Government transfers for capital	120,641	-	4,909,179	1,091,547	-	-	37,522	6,158,889
Contributed assets	6,029	407,561	100	-	18,037	-	-	431,727
	126,670	407,561	4,909,279	1,091,547	18,037	-	37,522	6,590,616
Excess of revenue over expenses	\$27,971,595	\$ (1,166,318)	\$(16,847,389)	\$(1,635,611)	\$ 56,044	\$ (970,325)	\$ (517,940)	\$ 6,890,056