

Financial Statements of

WHEATLAND COUNTY

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of Council of Wheatland County

We have audited the accompanying financial statements of Wheatland County, which comprise the statement of financial position as at December 31, 2016, the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Wheatland County as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

April 4, 2017

Calgary, Canada

MANAGEMENT REPORT

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

These financial statements have been prepared from information provided by management. 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 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 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



WHEATLAND COUNTY

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial Assets		
Cash and short-term investments (note 3)	\$ 74,658,556	\$ 70,019,173
Taxes and grants in place of taxes receivable (note 4)	1,443,006	912,144
Trade and other receivables	2,196,841	815,415
Land held for resale	244,568	244,568
Loan receivable (note 5)	105,906	—
Debt charges recoverable (note 6)	1,925,889	2,075,084
	<u>80,574,766</u>	<u>74,066,384</u>
Liabilities		
Accounts payable and accrued liabilities	2,803,186	4,050,729
Deferred revenue (note 8)	5,411,281	2,042,100
Long-term debt (note 9)	2,391,198	2,581,837
Provision for reclamation (note 23)	1,539,193	1,538,538
Deposits	1,255,357	1,237,414
Employee benefit obligations (note 7)	1,223,515	1,309,657
	<u>14,623,730</u>	<u>12,760,275</u>
Net financial assets	65,951,036	61,306,109
Non-Financial Assets		
Tangible capital assets (Schedule 2)	218,375,814	218,215,099
Inventory for consumption	10,484,842	10,259,243
Prepaid expenses	345,881	310,190
	<u>229,206,537</u>	<u>228,784,532</u>
Commitments and contingencies (note 19)		
Accumulated surplus (note 10)	<u>\$ 295,157,573</u>	<u>\$ 290,090,641</u>

See accompanying notes to financial statements.

Approved on behalf of the Council

Reeve

Councilor

WHEATLAND COUNTY

Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 24)	2016	2015
Revenue:			
Net property taxes (note 13)	\$ 31,823,591	\$ 32,072,417	\$ 30,507,274
User fees and sales of goods	1,180,400	1,524,292	2,016,182
Investment income	482,500	1,226,581	1,416,784
Government transfers for operating (note 14)	683,359	652,080	576,838
Licenses and permits	705,090	478,650	534,308
Penalties and costs of taxes	195,500	207,637	173,737
Development levies	100,000	124,026	129,019
Rentals	65,500	58,309	43,519
Other revenue	6,286,673	365,361	(44,663)
	41,522,613	36,709,353	35,352,998
Expenses (note 15):			
Legislative	631,221	496,787	489,737
Administrative	5,818,934	5,037,211	3,859,743
Police, fire, disaster, ambulance and bylaw enforcement	3,028,719	1,720,410	2,364,717
Roads, streets, walks and lighting	20,881,543	22,653,384	22,129,259
Water supply and distribution	10,956,632	2,739,505	1,990,239
Wastewater treatment and disposal	675,382	487,171	546,059
Waste management	1,418,667	1,076,448	946,244
Recreation and culture	808,974	600,701	620,986
Subdivision land and development	1,756,596	1,185,380	1,127,578
Economic and agricultural development	1,417,561	994,600	914,473
Public health and welfare services	117,900	129,437	64,523
	47,512,129	37,121,034	35,053,558
(Deficiency) excess of revenue over expenses before the undernoted items	(5,989,516)	(411,681)	299,440
Government transfers for capital (note 14)	6,073,282	5,416,103	6,158,889
Contributed assets	66,000	62,510	431,727
	6,139,282	5,478,613	6,590,616
Excess of revenue over expenses	149,766	5,066,932	6,890,056
Accumulated surplus, beginning of year	290,090,641	290,090,641	283,200,585
Accumulated surplus, end of year	\$ 290,240,407	\$ 295,157,573	\$ 290,090,641

See accompanying notes to financial statements.

WHEATLAND COUNTY

Statement of Change in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 24)	2016	2015
Excess of revenue over expenses	\$ 149,766	\$ 5,066,932	\$ 6,890,056
Acquisition of tangible capital assets	(27,233,900)	(14,959,803)	(18,897,096)
Amortization of tangible capital assets	12,652,800	13,942,377	13,437,835
Contributed assets	(66,000)	(62,510)	(431,727)
Loss on disposal of tangible capital assets	–	137,261	57,246
Proceeds on disposal of tangible capital assets	–	781,960	344,860
	(14,497,334)	4,906,217	1,401,174
Net change in inventory for consumption	–	(225,599)	82,075
Net change in prepaid expenses	–	(35,691)	(38,915)
(Decrease) increase in net financial assets	(14,497,334)	4,644,927	1,444,334
Net financial assets, beginning of year	61,306,109	61,306,109	59,861,775
Net financial assets, end of year	\$ 46,808,775	\$65,951,036	\$61,306,109

See accompanying notes to financial statements.

WHEATLAND COUNTY

Statement of Cash Flow

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 5,066,932	\$ 6,890,056
Change in non-cash items:		
Amortization of tangible capital assets	13,942,376	13,437,835
Loss on disposal of tangible capital assets	137,261	57,246
Contributed assets	(62,510)	(431,727)
(Increase) decrease in taxes and grants in place of taxes receivable	(530,862)	183,018
(Increase) decrease in trade and other receivables	(1,381,426)	631,437
(Increase) decrease in loans receivable	(105,906)	102,588
(Increase) decrease in inventory for consumption	(225,598)	82,075
(Increase) in prepaid expenses	(35,691)	(38,915)
Increase (decrease) in accounts payable and accrued liabilities	(1,247,543)	462,771
Increase (decrease) in deferred revenue and deposits	3,387,124	(1,652,987)
Increase in provision for reclamation	655	70,017
(Decrease) increase in employee benefit obligations	(86,142)	219,144
	<u>18,858,670</u>	<u>20,012,558</u>
Capital activities:		
Acquisition of tangible capital assets	(14,959,803)	(18,897,096)
Proceeds on disposal of tangible capital assets	781,960	344,860
	<u>(14,177,843)</u>	<u>(18,552,236)</u>
Financing activities:		
Debt charges recovered	149,195	145,351
Long-term debt repaid	(190,639)	(178,520)
	<u>(41,444)</u>	<u>(33,169)</u>
Increase in cash and short-term investments	4,639,383	1,427,153
Cash and short-term investments, beginning of year	70,019,173	68,592,020
Cash and short-term investments, end of year	<u>\$ 74,658,556</u>	<u>\$ 70,019,173</u>

See accompanying notes to financial statements.

WHEATLAND COUNTY

Notes to Financial Statements

Year ended December 31, 2016, with comparative information for 2015

1. Significant accounting policies:

The 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 accounting policies adopted by the County are as follows:

(a) Reporting entity:

The 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 departments that are included in the County's operations, 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 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.

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Notes to Financial Statements, page 2

Year ended December 31, 2016, with comparative information for 2015

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 Financial Statements, page 3

Year ended December 31, 2016, with comparative information for 2015

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 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.

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Notes to Financial Statements, page 4

Year ended December 31, 2016, with comparative information for 2015

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 financial statements.

(l) Liability for 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 adoption of this standard has not resulted in any changes to the measurement and recognition of liabilities in the County's financial statements.

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Notes to Financial Statements, page 5

Year ended December 31, 2016, with comparative information for 2015

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.

3. Cash and short-term investments:

	2016	2015
Cash	\$ 180,083	\$ 2,994,130
Short-term investments, including accrued interest	74,582,358	67,302,799
Cash and short-term investments held in trust (note 17)	(103,885)	(277,756)
	<hr/>	<hr/>
	\$74,658,556	\$ 70,019,173

Short-term investments are guaranteed investment certificates with maturities of one year or less with interest rates of 1.40% to 1.99% (2015 – 1.35% to 2.12%).

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, 2016 or 2015.

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Notes to Financial Statements, page 6

Year ended December 31, 2016, with comparative information for 2015

4. Taxes and grants in place of taxes receivables:

	2016	2015
Current	\$ 1,024,390	\$ 848,304
Arrears	831,493	476,717
	1,855,883	1,325,021
Allowance for doubtful taxes	(412,877)	(412,877)
	\$ 1,443,006	\$ 912,144

5. Loan receivable:

During the year, the County issued an unsecured loan in the amount of \$108,360 to the Dalum Fire Association that accrues interest at a rate of 2% per annum. As at December 31, 2016, the balance on the loan is \$105,906 (2015 - \$nil). Blended payments of \$997 are due monthly over ten years, and the loan has a maturity date of September 30, 2026.

6. Debt charges recoverable:

	2016	2015
Current debt charges recoverable	\$ 153,139	\$ 149,194
Non-current debt charges recoverable	1,772,750	1,925,890
	\$ 1,925,889	\$ 2,075,084

The principal balance plus interest at 2.658% (2015 – 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
2017	\$ 153,139	\$ 49,594	\$ 202,733
2018	157,189	45,544	202,733
2019	161,345	41,388	202,733
2020	165,612	37,121	202,733
2021	169,991	32,742	202,733
Thereafter	1,118,613	97,788	1,216,401
	\$ 1,925,889	\$ 304,177	\$ 2,230,066

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Notes to Financial Statements, page 7

Year ended December 31, 2016, with comparative information for 2015

7. Employee benefit obligations:

	2016	2015
Accrued salaries, vacation, and overtime	\$ 586,183	\$ 661,166
Early retirement incentive	637,332	648,491
	<u>\$ 1,223,515</u>	<u>\$ 1,309,657</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.

(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:

	2016	2015
Municipal Sustainability Initiative – capital	\$ 4,034,690	\$ 1,043,454
Offsite levies	596,183	596,183
Federal Gas Tax Fund – capital	498,886	22,110
Other operating	198,049	235,966
Other capital	81,854	81,854
Basic Municipal Transportation grant – capital	1,619	62,533
	<u>\$ 5,411,281</u>	<u>\$ 2,042,100</u>

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Notes to Financial Statements, page 8

Year ended December 31, 2016, with comparative information for 2015

9. Long term debt:

	2016	2015
Special levy and utility supported debentures	\$ 465,309	\$ 506,753
Self-supported debentures – operating	1,925,889	2,075,084
	2,391,198	2,581,837
Less current portion	196,788	190,640
	\$ 2,194,410	\$ 2,391,197

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2017	\$ 196,788	\$ 71,382	\$ 268,170
2018	203,164	65,006	268,170
2019	209,777	58,393	268,170
2020	216,637	51,533	268,170
2021	214,059	44,414	258,473
Thereafter	1,350,773	135,974	1,486,747
	\$ 2,391,198	\$ 426,702	\$ 2,817,900

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.63% to 6.63% per annum (2015 – 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:

	2016	2015
Unrestricted surplus	\$ 18,327,721	\$ 15,210,228
Internally restricted surplus (reserves) (note 11)	58,919,645	57,172,067
Equity in tangible capital assets (note 12)	217,910,207	217,708,346
	\$ 295,157,573	\$ 290,090,641

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Notes to Financial Statements, page 9

Year ended December 31, 2016, with comparative information for 2015

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.

	2016	2015
Transportation – unpaved roads	\$21,245,643	\$19,805,767
Transportation – paved roadways	13,823,889	9,600,892
Municipal equipment	4,114,065	6,318,538
Transportation – bridges/culverts	3,448,742	3,526,178
Regional water and wastewater	3,328,713	797,833
Fire capital	2,062,875	2,024,623
Municipal reserve	1,587,633	1,571,914
Utilities – Gleichen	1,150,052	5,099,062
Gravel reclamation	1,112,303	975,052
Brownfields	1,000,000	1,000,000
Agriculture Service Board	691,882	685,032
Facility infrastructure	667,325	736,445
Capital continuity	508,298	629,123
Recreation	500,000	-
Operating continuity	390,353	451,835
Storm drainage	359,063	402,543
Carseland Fire Capital	268,800	195,118
Cluny community infrastructure	263,352	260,745
Emergency preparedness	248,662	246,200
Professional development	242,414	240,014
Land development	233,040	266,433
Wheatland West Fire	218,157	195,118
Community aggregate payment levy	192,646	190,739
Utilities - Carseland	175,850	200,991
Waste	160,971	165,356
Tax stabilization	153,404	151,885
Safety	134,495	165,837
Utilities – Speargrass	118,380	117,207
Information services	110,448	140,996
Perpetual Care Fund – Gleichen	102,805	102,805
Standard site	75,981	75,228
Library	49,720	47,455
Utilities – Rosebud	47,740	47,268
Utilities – Cluny	46,448	45,988
Gleichen community infrastructure	36,254	35,895
Rosebud water and wastewater	30,282	29,983
Community enhancement	18,131	13,760
Cenotaph	593	588
Perpetual Care Fund – Gleichen Catholic	236	234
Hwy 1 WHASP Off-site levy	-	596,183
Strathmore Fire Association	-	15,204
	<u>\$58,919,645</u>	<u>\$ 57,172,067</u>

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Notes to Financial Statements, page 10

Year ended December 31, 2016, with comparative information for 2015

12. Equity in tangible capital assets:

	2016	2015
Tangible capital assets (Schedule 2)	\$ 574,670,396	\$ 561,887,160
Accumulated amortization (Schedule 2)	(356,294,582)	(343,672,061)
Capital long term debt	(465,607)	(506,753)
	<u>\$ 217,910,207</u>	<u>\$ 217,708,346</u>

13. Net municipal property taxes:

	Budget (note 24)	2016	2015
Taxation:			
Real property taxes	\$ 23,627,614	\$ 23,890,378	\$ 20,973,226
Linear property taxes	18,916,012	18,916,012	19,964,678
Government grants in place of property taxes	45,105	42,399	44,908
Community aggregate levy	25,000	52,999	24,869
	<u>42,613,731</u>	<u>42,901,788</u>	<u>41,007,681</u>
Requisitions:			
Alberta School Foundation Fund	10,215,070	10,254,302	9,939,337
Wheatland Foundation and Housing Management Body	263,140	263,139	257,507
Drumheller Solid Waste Management Association	311,930	311,930	303,563
	<u>10,790,140</u>	<u>10,829,371</u>	<u>10,500,407</u>
	<u>\$ 31,823,591</u>	<u>\$ 32,072,417</u>	<u>\$ 30,507,274</u>

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Notes to Financial Statements, page 11

Year ended December 31, 2016, with comparative information for 2015

14. Government transfers:

	Budget (note 24)	2016	2015
Transfers for operating:			
Provincial unconditional grants	\$ 621,570	\$ 582,466	\$ 405,325
Other local government transfers	61,789	69,614	171,513
	683,359	652,080	576,838
Transfers for capital:			
Provincial unconditional grants	6,073,282	5,416,103	6,158,889
	\$ 6,756,641	\$ 6,068,183	\$ 6,735,727

15. Expenses by object:

	2016	2015
Salaries, wages and benefits	\$ 11,686,378	\$ 11,094,106
Contracted and general services	3,836,484	4,222,707
Materials, goods, supplies and utilities	3,717,157	3,572,642
Bank charges and short term interest	14,735	13,476
Interest on long term debt	34,313	13,298
Transfers to organizations and others	3,553,861	2,550,627
Provision for allowances	223,654	91,621
Amortization of tangible capital assets	13,942,376	13,437,835
Loss on disposal of tangible capital assets	112,076	57,246
	\$ 37,121,034	\$ 35,053,558

WHEATLAND COUNTY

Notes to Financial Statements, page 12

Year ended December 31, 2016, with comparative information for 2015

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:

	2016	2015
Total debt limits	\$ 55,059,529	\$ 53,029,497
Total debt	2,391,198	2,581,837
	<u>\$ 52,668,331</u>	<u>\$ 50,447,660</u>
	2016	2015
Debt servicing limit	\$ 9,176,588	\$ 8,838,250
Debt servicing	268,170	268,170
	<u>\$ 8,908,418</u>	<u>\$ 8,570,080</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:

	2016	2015
Madsen charity	\$52,309	\$51,586
Madsen scholarship	40,459	40,658
Thurston School	7,689	7,583
Seniors and physically challenged	2,628	2,592
Wheatland Society Arts	800	-
Wheatland and Adjacent Districts Emergency Medical Services Association	-	175,337
	<u>\$ 103,885</u>	<u>\$ 277,756</u>

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

WHEATLAND COUNTY

Notes to Financial Statements, page 13

Year ended December 31, 2016, with comparative information for 2015

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 244,000 people and 426 employers. 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 2016 were \$872,177 (2015 - \$771,248). Total current service contributions by the employees of the County to the LAPP in 2016 were \$805,875 (2015 - \$711,019).

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 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. The County has also committed to contribute \$3,000,000 of Provincial and Federal grant funding to the Regional Recreation Facility.

From time to time, the County is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable. At the time of the financial statement preparation, there has been no resolution or indication that the settlement of these actions will result in any material liabilities.

WHEATLAND COUNTY

Notes to Financial Statements, page 14

Year ended December 31, 2016, with comparative information for 2015

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.

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)	2016	2015
Council:				
Armstrong	\$ 29,900	\$ 30,826	\$ 60,726	\$ 59,016
Bland	28,482	21,509	49,991	47,347
Booth	28,482	27,901	56,383	56,033
Harwood	28,482	17,769	46,251	42,134
Knight	28,482	32,346	60,828	56,191
Koester	32,588	37,794	70,382	66,296
Vander Velde	28,482	17,352	45,834	44,569
Chief Administrative Officer Parkin	170,865	32,808	203,673	230,870

(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.

WHEATLAND COUNTY

Notes to Financial Statements, page 15

Year ended December 31, 2016, with comparative information for 2015

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, 2016, the County has incurred cumulative costs of \$509,641 (2015 - \$509,641) to maintain these assets.

23. Provision for reclamation:

	2016	2015
Balance, beginning of year	\$ 1,538,538	\$ 1,468,521
Liabilities incurred	—	—
Liabilities settled	—	—
Inflation and other adjustments	655	70,017
Balance, end of year	\$ 1,539,193	\$ 1,538,538

24. Budget data:

The 2016 budget for the County was approved by Council on April 19, 2016.

25. Comparative information:

Certain comparative figures have been reclassified to be consistent with current year presentation.

WHEATLAND COUNTY

Notes to Financial Statements, page 16

Year ended December 31, 2016, with comparative information for 2015

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 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, 2016, with comparative information for 2015

	Equity in Tangible			2016	2015
	Unrestricted	Restricted	Capital Assets		
Balance, beginning of year	\$15,210,228	\$57,172,067	\$217,708,346	\$290,090,641	\$283,200,585
Excess of revenue over expenses	5,066,932	—	—	5,066,932	6,890,056
Net restricted funds used for operations	(1,747,578)	1,747,578	—	—	—
Current year funds used for tangible capital assets	(14,897,295)	—	14,897,295	—	—
Contributed tangible capital assets	(62,510)	—	62,510	—	—
Disposal of tangible capital assets	855,715	—	(855,715)	—	—
Amortization of tangible capital assets	13,943,374	—	(13,943,374)	—	—
Long-term debt repaid	(41,145)	—	41,145	—	—
Change in accumulated surplus	3,117,493	1,747,578	201,861	5,066,932	6,890,056
Balance, end of year	\$18,327,721	\$58,919,645	\$217,910,207	\$295,157,573	\$290,090,641

WHEATLAND COUNTY

Schedule of Tangible Capital Assets

Schedule 2

Year ended December 31, 2016, with comparative information for 2015

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction progress	2016	2015
Costs:									
Balance, beginning 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
Acquisitions	36,058	674,558	18,517	6,824,564	3,763,013	1,550,279	2,092,814	14,959,803	24,171,520
Disposals	(15,539)	—	—	(130,410)	(1,150,612)	(742,575)	(137,431)	(2,176,567)	(6,686,316)
Balance, end of year	13,124,348	3,297,731	10,778,783	506,344,799	26,804,319	10,299,283	4,021,133	574,670,396	561,887,160
Accumulated amortization:									
Balance, beginning of year	—	1,087,033	2,647,062	326,527,401	9,389,429	4,021,136	—	343,672,061	331,675,737
Annual amortization	—	130,070	228,907	11,320,446	1,663,557	600,394	—	13,943,374	13,437,835
Disposals	—	—	—	(121,769)	(699,791)	(499,293)	—	(1,320,853)	(1,441,511)
Balance, end of year	—	1,217,103	2,875,969	337,726,078	10,353,195	4,122,237	—	356,294,582	343,672,061
Net book value	\$13,124,348	\$ 2,080,628	\$7,902,814	168,618,721	16,451,124	6,177,046	4,021,133	218,375,814	\$218,215,099
2015 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	

WHEATLAND COUNTY

Schedule of Segmented Disclosure

Schedule 3

Year ended December 31, 2016

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net property taxes	\$32,072,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$32,072,417
User fees and sales of goods	114,123	410,861	139,173	612,450	1,050	197,892	48,743	1,524,292
Investment income	1,226,582	-	-	-	-	-	-	1,226,582
Government transfers for operating	128,310	20,500	79,801	46,280	6,704	370,484	-	652,079
Licenses and permits	171,261	7,610	-	-	-	299,779	-	478,650
Penalties and costs of taxes	207,637	-	-	-	-	-	-	207,637
Development levies	-	-	-	-	-	124,026	-	124,026
Rentals	54,971	-	-	-	-	3,338	-	58,309
Other	60,450	69,475	169,794	12,538	20,000	18,062	15,042	365,361
	34,035,751	508,446	388,768	671,268	27,754	1,013,581	63,785	36,709,353
Expenses:								
Salaries, wages and benefits	2,837,163	824,945	5,598,515	1,030,313	-	1,377,600	17,842	11,686,378
Contracted and general services	1,108,489	240,669	1,105,327	733,764	6,909	568,765	72,561	3,836,484
Materials, goods, supplies and utilities	283,866	77,697	2,883,779	268,151	90	203,574	-	3,717,157
Bank charges and short term interest	14,735	-	-	-	-	-	-	14,735
Interest on long term debt	-	-	-	34,313	-	-	-	34,313
Transfers to organization and others	837,635	563,820	-	1,511,191	73,257	20,785	547,173	3,553,861
Provision for allowances	178,525	-	44,865	264	-	-	-	223,654
Amortization of tangible capital assets	292,885	13,282	12,847,251	767,397	971	9,255	11,335	13,942,376
(Gain) loss on disposal of tangible capital assets	(19,300)	-	120,627	10,749	-	-	-	112,076
	5,533,998	1,720,413	22,600,364	4,356,142	81,227	2,179,979	648,911	37,121,034
Excess (deficiency) of revenue over expenses before								
Other items	28,501,753	(1,211,967)	(22,211,596)	(3,684,874)	(53,473)	(1,166,398)	(585,126)	(411,681)
Other								
Government transfers for capital	32,788	-	4,905,890	451,015	-	-	26,410	5,416,103
Contributed assets	27,070	35,440	-	-	-	-	-	62,510
	59,858	35,440	4,905,890	451,015	-	-	26,410	5,478,613
Excess of revenue over expenses	\$28,561,611	\$(1,176,527)	\$(17,305,706)	\$(3,233,859)	\$ (53,473)	\$(1,166,398)	\$(558,716)	\$ 5,066,932