

Financial statements

Woodlands County

December 31, 2015



Building a better
working world

Independent auditors' report

To the Members of Council of
Woodlands County

We have audited the accompanying financial statements of **Woodlands County**, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Administration's responsibility for the financial statements

Administration 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 administration 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 the auditors' 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, the auditors 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 administration, 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 **Woodlands 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.

Edmonton, Canada,
April 19, 2016

Ernst & Young LLP

Chartered Professional Accountants



Woodlands County

Statement of financial position

As at December 31

	2015	2014
	\$	\$
Financial assets		
Cash	3,952,468	1,640,408
Temporary investments	—	2,002,762
Receivables		
Taxes and grants in place of taxes <i>[note 2]</i>	432,292	263,893
Trade and other	3,235,983	4,899,621
Loans <i>[note 3]</i>	2,993,519	2,796,453
Under-levies	55,764	—
Long-term investments <i>[note 4]</i>	500,070	3,955,365
	<u>11,170,096</u>	<u>15,558,502</u>
Liabilities		
Accounts payable and accrued liabilities	2,815,368	3,667,764
Deferred revenue	20,989	78,831
Over-levies	—	64,557
Long-term debt <i>[note 5]</i>	9,079,712	11,653,609
	<u>11,916,069</u>	<u>15,464,761</u>
Net financial assets (debt)	<u>(745,973)</u>	93,741
Non-financial assets		
Tangible capital assets <i>[Schedule 1]</i>	101,897,833	100,943,817
Inventories <i>[note 6]</i>	1,513,737	1,275,333
Prepaid expenses	346,075	350,324
	<u>103,757,645</u>	<u>102,569,474</u>
Accumulated surplus <i>[Schedule 5 and note 7]</i>	<u>103,011,672</u>	102,663,215

Commitments and contingencies *[note 8]*

See accompanying notes

On behalf of the County:

Mayor

Chief Administrative Officer

Woodlands County

Statement of operations

Year ended December 31

	Budget	2015	2014
	\$	\$	\$
Revenues			
Net municipal property taxes <i>[Schedule 2]</i>	19,509,970	19,825,258	18,688,300
Government transfers for operations <i>[Schedule 3]</i>	2,511,914	1,287,440	3,306,204
User fees and sales of goods	4,162,311	729,616	953,498
Investment income	853,196	691,612	651,418
Penalties and costs on taxes	51,643	109,179	51,643
Development levies	17,000	86,016	40,044
Gain on disposal of tangible capital assets	—	78,600	31,968
Total revenues	27,106,034	22,807,721	23,723,075
Expenses <i>[Schedule 4 and note 9]</i>			
Roads, streets, walks and street lights	5,111,546	10,635,494	10,678,315
Administration	3,331,084	3,572,174	3,203,685
Recreation boards, parks and facilities	2,457,202	1,891,410	1,840,069
Fire, ambulance, bylaw enforcement and safety	1,676,713	1,631,025	1,628,050
Economic and agricultural development	1,233,201	1,155,112	1,070,559
Water and wastewater	780,803	775,067	784,066
Airport	541,942	649,853	660,446
Waste management	636,626	627,839	637,255
Legislative	659,458	613,104	620,208
Land use planning, zoning and development	668,757	504,689	510,435
Family and community support	343,238	359,689	370,031
Libraries	286,480	286,818	281,711
Total expenses	17,727,050	22,702,274	22,284,830
Excess of revenues over expenses, before other <i>[Schedule 6]</i>	9,378,984	105,447	1,438,245
Other			
Government transfers for capital <i>[Schedule 3]</i>	377,840	243,010	27,840
Excess of revenues over expenses	9,756,824	348,457	1,466,085
Accumulated surplus, beginning of the year	102,663,215	102,663,215	101,197,130
Accumulated surplus, end of the year	112,420,039	103,011,672	102,663,215

See accompanying notes

Woodlands County

Statement of change in net financial assets (debt)

Year ended December 31

	Budget	2015	2014
	\$	\$	\$
Excess of revenues over expenses	9,756,824	348,457	1,466,085
Acquisition of tangible capital assets	(7,742,322)	(8,889,755)	(5,489,663)
Proceeds on disposal of tangible capital assets	—	1,360,800	122,500
Amortization of tangible capital assets	—	6,653,539	6,691,449
Gain on disposal of tangible capital assets	—	(78,600)	(31,968)
	(7,742,322)	(954,016)	1,292,318
Decrease (increase) in inventories	—	(238,404)	465,627
Decrease (increase) in prepaid expenses	—	4,249	(64,376)
	—	(234,155)	401,251
Increase (decrease) in net financial assets	2,014,502	(839,714)	3,159,654
Net financial assets (debt), beginning of the year	93,741	93,741	(3,065,913)
Net financial assets (debt), end of the year	2,108,243	(745,973)	93,741

See accompanying notes

Woodlands County

Statement of cash flows

Year ended December 31

	2015	2014
	\$	\$
Operating activities		
Excess of revenues over expenses	348,457	1,466,085
Add (deduct) changes in non-cash items:		
Amortization of tangible capital assets	6,653,539	6,691,449
Gain on disposal of tangible capital assets	(78,600)	(31,968)
Gain on sale of long-term investments	(210,193)	(10,110)
Amortization of premium on long-term investments	(21,011)	21,011
Decrease (increase) in taxes and grants in place of taxes receivable	(168,399)	50,714
Decrease (increase) in trade and other receivables	1,663,638	(268,607)
Decrease (increase) in loans receivable	(197,066)	132,499
Decrease (increase) in prepaid expenses	4,250	(64,376)
Decrease (increase) in inventories	(238,404)	465,626
Increase (decrease) in accounts payable and accrued liabilities	(852,396)	646,891
Increase (decrease) in deferred revenue	(57,842)	2,501
Increase in over/under-levies	(120,321)	(2,520)
	<u>6,725,652</u>	<u>9,099,195</u>
Capital activities		
Acquisition of tangible capital assets	(8,889,755)	(5,489,663)
Proceeds on disposal of tangible capital assets	1,360,800	122,500
	<u>(7,528,955)</u>	<u>(5,367,163)</u>
Investing activities		
Proceeds on sale of long-term investments	3,686,498	1,997,004
Purchase of long-term investments	—	(2,414,417)
Proceeds on sale of temporary investments	2,002,762	1,150,000
Purchases of temporary investments	—	(2,002,762)
	<u>5,689,260</u>	<u>(1,270,175)</u>
Financing activities		
Repayment of long-term debt	(2,573,897)	(2,512,331)
Increase (decrease) in cash	2,312,060	(50,474)
Cash, beginning of the year	1,640,408	1,690,882
Cash, end of the year	<u>3,952,468</u>	<u>1,640,408</u>

See accompanying notes

Schedule of tangible capital assets

Year ended December 31

	2015						2014	
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Total	
	\$	\$	\$	\$	\$	\$	\$	
Cost								
Balance, beginning of the year	2,206,030	1,813,125	5,062,507	243,093,670	7,150,164	4,789,204	264,114,700	259,016,415
Acquisition of tangible capital assets	—	1,597,035	476,371	2,250,003	4,053,558	512,788	8,889,755	5,489,663
Disposal of tangible capital assets	—	—	—	—	(2,276,897)	—	(2,276,897)	(391,378)
Balance, end of the year	2,206,030	3,410,160	5,538,878	245,343,673	8,926,825	5,301,992	270,727,558	264,114,700
Accumulated amortization								
Balance, beginning of the year	—	429,968	1,807,704	156,360,799	2,695,966	1,876,446	163,170,883	156,780,280
Reclassifications	—	75,439	—	(75,439)	—	—	—	—
Annual amortization	—	—	132,304	5,789,088	362,398	369,749	6,653,539	6,691,449
Accumulated amortization on disposals	—	—	—	—	(994,697)	—	(994,697)	(300,846)
Balance, end of the year	—	505,407	1,940,008	162,074,448	2,063,667	2,246,195	168,829,725	163,170,883
Net carrying amount of tangible capital assets	2,206,030	2,904,753	3,598,870	83,269,225	6,863,158	3,055,797	101,897,833	100,943,817
2014 Net carrying amount of tangible capital assets	2,206,030	1,383,157	3,254,803	86,732,871	4,454,198	2,912,758	100,943,817	

See accompanying notes

Schedule of net municipal property taxes

Year ended December 31

	Budget \$	2015 \$	2014 \$
Taxation			
Residential and farmland property	3,084,774	3,121,144	2,840,667
Linear property taxes	12,848,747	12,943,725	12,422,768
Commercial and industrial taxes	9,760,112	9,947,712	9,523,454
Government grants in place of property taxes	18,493	14,833	13,902
	<u>25,712,126</u>	<u>26,027,414</u>	<u>24,800,791</u>
Requisitions			
Alberta School Foundation Fund	(5,670,228)	(5,670,228)	(5,572,245)
Seniors Foundation	(531,928)	(531,928)	(540,246)
	<u>(6,202,156)</u>	<u>(6,202,156)</u>	<u>(6,112,491)</u>
Net municipal property taxes	<u>19,509,970</u>	<u>19,825,258</u>	<u>18,688,300</u>

See accompanying notes

Schedule of government transfers

Year ended December 31

	Budget	2015	2014
	\$	\$	\$
Transfers for operations			
Provincial government	2,471,914	1,259,440	3,232,021
Other local government	40,000	28,000	74,183
	<u>2,511,914</u>	<u>1,287,440</u>	<u>3,306,204</u>
Transfers for capital			
Provincial government	377,840	243,010	27,840
Total government transfers	<u>2,889,754</u>	<u>1,530,450</u>	<u>3,334,044</u>

See accompanying notes

Schedule of expenses by object

Year ended December 31

	Budget	2015	2014
	\$	\$	\$
Salaries, wages and benefits	6,155,534	6,197,325	5,715,063
Contracted and general services	4,815,890	3,239,441	3,514,494
Materials, goods and utilities	2,208,443	2,254,740	2,055,648
Transfers to other local governments	3,051,648	3,321,243	3,281,608
Transfers to individuals and organizations	1,246,083	771,101	734,642
Amortization of tangible capital assets	—	6,653,539	6,691,449
Provision for allowances	—	32,564	—
Bank charges and short-term interest	31,871	29,115	31,667
Interest on long-term debt	217,581	203,206	260,259
	17,727,050	22,702,274	22,284,830

See accompanying notes

Schedule of changes in accumulated surplus

Year ended December 31

	2015				2014	
	Budget – Unrestricted surplus (deficit)	Unrestricted surplus (deficit)	Reserves	Equity in tangible capital assets	Total	Total
	\$	\$	\$	\$	\$	\$
Accumulated surplus (deficit), beginning of the year	(3,553,169)	(3,553,169)	12,451,053	93,765,331	102,663,215	101,197,130
Excess of revenues over expenses	9,756,824	348,457	—	—	348,457	1,466,085
Transfers to reserves	3,693,853	(3,700,423)	3,700,423	—	—	—
Transfers from reserves	(6,080,929)	6,080,929	(6,080,929)	—	—	—
Acquisition of tangible capital assets	(7,742,322)	(8,889,755)	—	8,889,755	—	—
Disposal of tangible capital assets	—	1,282,200	—	(1,282,200)	—	—
Amortization of tangible capital assets	—	6,653,539	—	(6,653,539)	—	—
Payment of long-term capital debt	(1,919,556)	(1,919,556)	—	1,919,556	—	—
Accumulated surplus (deficit), end of the year	(5,845,299)	(3,697,778)	10,070,547	96,638,903	103,011,672	102,663,215

See accompanying notes

Schedule of operating revenues and expenses

Year ended December 31

	2015													
	General municipal	Legislative	Administration	Fire, ambulance, bylaw enforcement and safety	Roads, streets, walks, and street lights	Airport	Water and wastewater	Waste management	Family and community support	Land use planning, zoning and development	Economic and agricultural development	Recreation boards, parks and facilities	Libraries	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues														
Net municipal property taxes	(19,825,258)	—	—	—	—	—	—	—	—	—	—	—	—	(19,825,258)
Government transfers	—	—	—	—	(268,135)	(40,000)	(71,265)	—	(104,055)	—	(178,059)	(625,926)	—	(1,287,440)
User fees and sales	(174,873)	(2,219)	(66,423)	(49,829)	(60,357)	(13,326)	(295,574)	(34,187)	(2,250)	(20,100)	(5,660)	(4,818)	—	(729,616)
Investment income and rentals	(594,696)	—	—	—	—	(87,586)	—	—	—	—	(9,330)	—	—	(691,612)
Licenses and permits	—	—	—	—	—	—	—	—	—	(86,016)	—	—	—	(86,016)
Gain on disposal of tangible capital assets	—	—	—	—	(78,600)	—	—	—	—	—	—	—	—	(78,600)
Penalties and costs on taxes	(109,179)	—	—	—	—	—	—	—	—	—	—	—	—	(109,179)
Total revenues	(20,704,006)	(2,219)	(66,423)	(49,829)	(407,092)	(140,912)	(366,839)	(34,187)	(106,305)	(106,116)	(193,049)	(630,744)	—	(22,807,721)
Expenses														
Salaries, wages and benefits	—	414,530	1,348,607	467,226	2,473,532	209,262	111,882	167,142	7,681	289,038	391,335	317,090	—	6,197,325
Contracted and general services	910	186,427	859,031	224,809	742,874	180,152	118,639	177,328	64,943	173,769	310,118	176,810	23,631	3,239,441
Materials, goods and utilities	—	8,387	97,398	151,791	1,484,212	46,832	222,472	8,232	1,686	18,382	159,694	55,654	—	2,254,740
Transfers to other local governments	—	—	1,090,224	644,692	—	—	—	270,748	130,422	—	274,881	844,299	65,977	3,321,243
Transfers to local organizations	—	2,850	15,000	12,000	—	—	—	—	154,957	23,500	—	372,242	190,552	771,101
Interest on long-term debt	—	—	—	—	77,170	—	57,752	—	—	—	—	68,284	—	203,206
Other expenses	—	—	61,679	—	—	—	—	—	—	—	—	—	—	61,679
Total expenses	910	612,194	3,471,939	1,500,518	4,777,788	436,246	510,745	623,450	359,689	504,689	1,136,028	1,834,379	280,160	16,048,735
Excess (shortfall) of revenues over expenses before amortization	20,703,096	(609,975)	(3,405,516)	(1,450,689)	(4,370,696)	(295,334)	(143,906)	(589,263)	(253,384)	(398,573)	(942,979)	(1,203,635)	(280,160)	6,758,986
Amortization of tangible capital assets	—	—	100,235	130,507	5,857,706	213,607	264,322	4,389	—	—	19,084	57,031	6,658	6,653,539
Excess (shortfall) of revenues over expenses	20,703,096	(609,975)	(3,505,751)	(1,581,196)	(10,228,402)	(508,941)	(408,228)	(593,652)	(253,384)	(398,573)	(962,063)	(1,260,666)	(286,818)	105,447
Budget excess (shortfall) of revenues over expenses	21,770,664	(654,988)	(3,320,844)	(1,588,613)	(3,503,467)	1,615,284	(311,671)	(606,431)	(246,443)	(636,757)	(1,037,342)	(1,813,928)	(286,480)	9,378,984
2014 excess (shortfall) of revenues over expenses	19,354,454	(614,762)	(3,193,544)	(1,442,605)	(8,258,186)	(512,873)	(257,521)	(603,884)	(273,236)	(443,551)	(848,490)	(1,185,846)	(281,711)	1,438,245

See accompanying notes

Woodlands County

Notes to financial statements

December 31, 2015

1. Significant accounting policies

The financial statements of Woodlands County [the "County"] are prepared by the County's administration in accordance with Canadian generally accepted accounting principles for local governments recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

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 completion 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.

Schedule 2 – Net Municipal Property Taxes includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

Use of estimates

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

Cash and cash equivalents

Cash and cash equivalents consist of cash and term deposits with initial maturity dates of less than 90 days.

Temporary investments

Term deposits with initial maturity dates of between 90 and 365 days are presented as temporary investments.

Loans receivable

Loans receivable are recorded at cost. A valuation allowance for uncollectible amounts is recorded in the period in which collectability is assessed to be uncertain. Interest revenue is recorded in the period in which the interest is earned.

Woodlands County

Notes to financial statements

December 31, 2015

Long-term investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized to revenue over the term of the respective investments. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Over-levies and under-levies

Over-levies and under-levies arise from the difference between the actual 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 amounts, 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.

Pension expenses

The County participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan whereby contributions are expensed as incurred.

Tax revenue

Tax revenue is 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.

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 are not expected to result in 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.

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 revenues over expenses, provides the change in net financial assets for the year.

Woodlands County

Notes to financial statements

December 31, 2015

[a] Tangible capital assets

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

	<u>Years</u>
Land improvements	10-40
Buildings	25-50
Engineered structures	
Roadway system	10-50
Water and waste water systems	30-75
Machinery and equipment	5-20
Vehicles	10-25

No annual amortization is charged in the year of acquisition and the full annual amortization is charged in the year of disposal.

[b] 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.

[c] Leases

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

[d] Inventories

Inventories comprise materials and supplies for consumption and are valued at the lower of cost and net realizable value, with cost determined by the average cost method.

Equity in tangible capital assets

Equity in tangible capital assets represents the County's net investment in its tangible capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing, capitalized leases and other capital liabilities.

Woodlands County

Notes to financial statements

December 31, 2015

2. Taxes and grants in place of taxes receivable

	2015 \$	2014 \$
Current taxes and grants in place of taxes	<u>361,569</u>	170,065
Non-current taxes and grants in place of taxes	70,723	93,828
Less allowance for doubtful accounts	—	—
	<u>70,723</u>	93,828
	<u>432,292</u>	263,893

3. Loans receivable

	2015 \$	2014 \$
Lac Ste. Anne Foundation	2,632,933	2,730,446
Whitecourt Woodlands Winter Recreation Park Society	280,000	—
The Friends of Whitecourt Society	64,586	50,007
Whitecourt Woodlands Flying Club	16,000	16,000
	<u>2,993,519</u>	2,796,453

The loan receivable from Lac Ste. Anne Foundation includes accrued interest of \$36,827[2014 - \$38,191].

The County passed Bylaw 216/06 on July 4, 2006 authorizing Council to lend \$3,250,000 to the Lac Ste. Anne Foundation for the purpose of assisting the Foundation to undertake and complete the construction of the Seniors' Lodge in Onoway, Alberta. The loan was advanced during 2007 and is repayable in 50 semi-annual installments of \$113,333, including interest of 4.89% per annum, commencing March 15, 2008. The loan was financed by an equivalent borrowing from the Alberta Capital Finance Authority [see note 5].

The County passed motion C-15-648-15 on October 20, 2015 authorizing Council to lend \$280,000 to the Whitecourt Woodlands Winter Recreation Park Society for the purpose of assisting this community group. The loan is non-interest bearing and repayable in 14 annual installments of \$20,000 commencing November 1, 2016.

The County passed Bylaw 243/07 on January 16, 2007 authorizing Council to lend money to The Friends of Whitecourt Society for the purpose of assisting the Society in inducing physicians to relocate to the Town of Whitecourt. Loans have been made in increments of \$25,000, are non-interest bearing and are generally repayable in three annual installments of \$8,333 commencing on the anniversary of the advance of each loan, although repayments may be made earlier in differing amounts.

Woodlands County

Notes to financial statements

December 31, 2015

4. Long-term investments

	2015		2014	
	Cost \$	Market value \$	Cost \$	Market value \$
Bonds and notes				
Provincial	—	—	794,121	815,373
Canadian banks	500,000	500,000	1,875,491	1,909,501
Crown corporations	—	—	1,285,683	1,326,296
	500,000	500,000	3,955,295	4,051,170
Alberta Capital Finance Authority – shares at cost	70	70	70	70
	500,070	500,070	3,955,365	4,051,240

Long-term investments have interest rates ranging from 2.25% to 2.45% with maturity dates from April 3, 2016 to April 3, 2017.

5. Long-term debt

	2015 \$	2014 \$
Tax supported debentures		
Tower & West Mountain Road paving –		
Alberta Capital Finance Authority, 1.6610%, due September 2017	3,789,585	5,637,880
Water & Sewer extension –		
Alberta Capital Finance Authority, 3.8448%, due September 2030	1,469,344	1,540,606
Town of Whitecourt multi-plex –		
Alberta Capital Finance Authority, 4.311%, due March 2017	89,243	145,644
Alberta Capital Finance Authority, 4.68%, due September 2017	443,103	649,747
Alberta Capital Finance Authority, 4.4925%, due December 2017	391,558	574,670
Alberta Capital Finance Authority, 4.04%, due March 2018	300,470	412,494
Lac Ste. Anne Foundation –		
Alberta Capital Finance Authority, 4.89%, due September 2032	2,596,409	2,692,568
	9,079,712	11,653,609

Interest on long-term debt was \$332,359 [2014 – \$394,011], and the County's total cash payment for interest on long-term debt was \$348,086 [2014 – \$409,652], for the year ended December 31, 2015.

Woodlands County

Notes to financial statements

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Principal and interest repayment requirements on long-term debt over the next five years and thereafter are as follows:

	Principal \$	Interest \$	Total \$
2016	2,637,382	284,601	2,921,983
2017	2,671,821	219,123	2,890,944
2018	253,566	166,700	420,266
2019	199,647	156,834	356,481
2020	208,643	147,839	356,482
Thereafter	3,108,653	909,488	4,018,141
	<u>9,079,712</u>	<u>1,884,585</u>	<u>10,964,297</u>

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 limit	32,162,524	35,536,661
Total debt	9,079,712	11,653,609
Amount of debt limit unused	23,082,812	23,883,052
Debt servicing limit	5,360,421	5,922,777
Debt servicing	2,921,983	2,921,984
Amount of debt servicing limit unused	2,438,438	3,000,793

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 .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.

6. Inventories

	2015 \$	2014 \$
Gravel supplies	1,173,427	918,236
Public works and general municipal materials and supplies	340,310	357,097
	1,513,737	1,275,333

Woodlands County

Notes to financial statements

December 31, 2015

7. Accumulated surplus

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

	2015 \$	2014 \$
Unrestricted deficit	(3,697,778)	(3,553,169)
Restricted surplus		
Working capital	1,616,060	3,525,204
General capital	695,617	3,359,812
Fire protection	2,127,184	1,992,247
Infrastructure services	1,678,208	1,964,934
General operating	1,534,647	723,584
Property tax stabilization	656,122	656,122
Recreation boards, parks and facilities	98,669	126,100
Water line replacement	64,940	63,050
Sewer	173,000	40,000
Planning/Land Use	121,100	—
Economic/Agricultural	1,005,000	—
FCSS	300,000	—
	10,070,547	12,451,053
Equity in tangible capital assets		
Tangible capital assets, net book value <i>[Schedule 1]</i>	101,897,833	100,943,817
Long-term debt on tangible capital assets <i>[note 5]</i>	(5,258,930)	(7,178,486)
	96,638,903	93,765,331
	103,011,672	102,663,215

8. Commitments and contingencies

The County is committed to sharing the capital and operating costs of the Whitecourt Regional Waste Management Authority [the "Authority"] with the Town of Whitecourt. The Authority is responsible for the management of a regional landfill site serving the County and Town of Whitecourt. Capital and operating costs for the Authority are shared by the County and the Town of Whitecourt on a pro-rated per capita basis, calculated on the current population of the Town of Whitecourt and the County. The County's share of the Authority's capital and operating costs for the year ended December 31, 2015 was \$270,748 [2014 – \$243,708], which was 30.37% [2014 – 31.77%] of the total operating deficit of the Authority.

The County is committed to sharing the capital and operating costs for certain functions with the Town of Whitecourt on a pro-rated per capita basis, calculated on the current population of the Town of Whitecourt and the County. The County's commitment under these cost-sharing arrangements varies from year to year.

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Notes to financial statements

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The County is a member of the Alberta Municipal Insurance Exchange ["MUNIX"]. Under the terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by MUNIX. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

In the normal conduct of operations, various legal claims are pending against the County in connection with road maintenance and construction and other matters. The County carries liability insurance, subject to certain deductibles and policy limits, against such claims. Administration believes that the County has recognized adequate provisions for probable and reasonably estimable liabilities associated with these claims, and that their ultimate resolutions will not materially exceed insurance coverage's nor have a material adverse effect on the financial position of the County or its financial activities.

9. Reconciliation of budget to actual expenses

The County does not budget for amortization. The following table provides for a reconciliation of the budgeted 2015 expenses to the actual 2015 expenses without amortization.

	2015 Budget	2015 Actual
	\$	\$
Expenses (without amortization)		
Road, streets, walks and street lights	5,111,546	4,777,788
Administration	3,331,084	3,471,939
Recreation boards, parks and facilities	2,457,202	1,834,379
Fire, ambulance, bylaw enforcement and safety	1,676,713	1,500,518
Economic and agricultural development	1,233,201	1,136,028
Water and wastewater	780,803	510,745
Airport	541,942	436,246
Waste management	636,626	623,450
Legislative	659,458	613,104
Land use planning, zoning and development	668,757	504,689
Family and community support	343,238	359,689
Libraries	286,480	280,160
Total expenses	17,727,050	16,048,735

Woodlands County

Notes to financial statements

December 31, 2015

10. Salary and benefits disclosure

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

	2015			2014		
	No. of persons	Salary ¹ \$	Benefits ² \$	Total \$	No. of persons	Salary and benefits \$
Councillors						
Anselmo – Sylvia Bonnett		48,600	4,863	53,463		50,379
Whitecourt West – Chad Merrifield		67,650	5,524	73,174		64,069
Whitecourt Central – Ron Govenlock		56,700	4,991	61,691		48,716
Whitecourt East – Jim Rennie (Mayor)		95,750	3,735	99,485		108,313
Blue Ridge – Dan Pritchard		69,750	6,294	76,044		72,520
Goose Lake – Dale McQueen		47,700	1,640	49,340		48,267
Fort Assiniboine/Timeu – Dale Kluin		39,450	1,308	40,758		45,620
Chief Administrative Officer	1	211,633	60,679	272,312	1	256,151
Designated Officers	1	94,700	22,500	117,200	2	233,980

[1] Salary includes regular base pay, bonuses, overtime, severance payments, gross honoraria and any other direct cash remuneration.

[2] 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-term disability plans, Workers' Compensation Board, Canada Pension Plan and Employment Insurance.

11. Local authorities pension plan

Employees of the County participate in the Local Authorities Pension Plan ["LAPP" or the "Plan"], which is covered by the Public Sector Pension Plans Act. The Plan serves about 237,612 people and 423 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The County is required to make current service contributions to the Plan of 11.39% of pensionable earnings up to the Canada Pension Plan's Yearly Maximum Pensionable Earnings and 15.84% for the excess. Employees of the County are required to make current service contributions to the Plan of 10.39% of pensionable earnings up to the Canada Pension Plan's Yearly Maximum Pensionable Earnings and 14.84% for the excess.

Woodlands County

Notes to financial statements

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Total current and past service contributions made by the County to the LAPP in 2015 were \$515,360 [2014 – \$439,631]. Total current and past service contributions made by the employees of the County to the LAPP in 2015 were \$474,824 [2014 – \$404,874].

As at December 31, 2014, the Plan disclosed an actuarial deficiency of \$2,454,636,000.

12. Financial instruments and risk management

The County's financial instruments consist of cash, temporary investments, receivables, loans receivable, long-term investments, accounts payable and accrued liabilities, over-levies and long-term debt. It is the administration's opinion that the County is not exposed to significant interest rate or currency risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The County is subject to credit risk with respect to taxes and grants in place of taxes, trade and other, and loans receivable. Credit risk arises from the possibility that taxpayers and entities to which the County provides services and loans may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The County is exposed to interest rate price risk in respect of investments and long-term debt, which bear interest at fixed interest rates.

13. Approval of financial statements

Council and administration have approved these financial statements.

