

Financial Statements

Woodlands County
December 31, 2014



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, 2014 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, 2014, 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 21, 2015

Ernst & Young LLP

Chartered Professional Accountants



Woodlands County

STATEMENT OF FINANCIAL POSITION

As at December 31

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	1,640,408	1,690,882
Temporary investments	2,002,762	1,150,000
Receivables:		
Taxes and grants in place of taxes <i>[note 2]</i>	263,893	314,607
Trade and other	4,899,621	4,631,014
Loans <i>[note 3]</i>	2,796,453	2,928,952
Long-term investments <i>[note 4]</i>	3,955,365	3,548,852
	<u>15,558,502</u>	<u>14,264,307</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,667,764	3,020,873
Deferred revenue	78,831	76,330
Over-levies	64,557	67,077
Long-term debt <i>[note 5]</i>	11,653,609	14,165,940
	<u>15,464,761</u>	<u>17,330,220</u>
NET FINANCIAL ASSETS (DEBT)	<u>93,741</u>	<u>(3,065,913)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>[Schedule 1]</i>	100,943,817	102,236,135
Inventories <i>[note 6]</i>	1,275,333	1,740,960
Prepaid expenses	350,324	285,948
	<u>102,569,474</u>	<u>104,263,043</u>
ACCUMULATED SURPLUS <i>[Schedule 5 and note 7]</i>	<u>102,663,215</u>	<u>101,197,130</u>

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	2014	2013
	\$	\$	\$
REVENUES			
Net municipal property taxes <i>[Schedule 2]</i>	18,362,900	18,688,300	16,910,355
Government transfers for operations <i>[Schedule 3]</i>	3,069,910	3,306,204	3,062,029
User fees and sales of goods	3,560,123	953,498	1,076,128
Investment income	1,110,318	651,418	776,958
Penalties and costs on taxes	48,169	51,643	48,849
Development levies	17,000	40,044	25,019
Gain (loss) on disposal of tangible capital assets	60,000	31,968	(50,029)
Total revenues	26,228,420	23,723,075	21,849,309
EXPENSES <i>[Schedule 4 and note 9]</i>			
Roads, streets, walks and street lights	5,576,147	10,678,315	10,174,770
Administration	3,090,697	3,203,685	2,911,659
Recreation boards, parks and facilities	2,085,164	1,840,069	1,806,668
Fire, ambulance, bylaw enforcement and safety	1,862,102	1,628,050	1,478,029
Economic and agricultural development	1,174,183	1,070,559	813,360
Water and wastewater	911,696	784,066	623,466
Airport	507,512	660,446	684,264
Waste management	696,105	637,255	962,925
Legislative	634,607	620,208	561,090
Land use planning, zoning and development	531,425	510,435	381,541
Family and community support	392,546	370,031	332,468
Libraries	294,328	281,711	259,376
Total expenses	17,756,512	22,284,830	20,989,616
Excess of revenues over expenses, before other <i>[Schedule 6]</i>	8,471,908	1,438,245	859,693
OTHER			
Government transfers for capital <i>[Schedule 3]</i>	27,840	27,840	312,042
Excess of revenues over expenses	8,499,748	1,466,085	1,171,735
Accumulated surplus, beginning of the year	101,197,130	101,197,130	100,025,395
Accumulated surplus, end of the year	109,696,878	102,663,215	101,197,130

See accompanying notes

Woodlands County

**STATEMENT OF CHANGE IN
NET FINANCIAL ASSETS (DEBT)**

Year ended December 31

	Budget	2014	2013
	\$	\$	\$
Excess of revenues over expenses	8,499,748	1,466,085	1,171,735
Acquisition of tangible capital assets	(9,184,212)	(5,489,663)	(9,327,851)
Proceeds on disposal of tangible capital assets	60,000	122,500	39,813
Amortization of tangible capital assets	—	6,691,449	6,299,187
Loss (gain) on disposal of tangible capital assets	—	(31,968)	50,029
	<u>(9,124,212)</u>	<u>1,292,318</u>	<u>(2,938,822)</u>
Decrease in inventories	—	465,627	374,471
Decrease (increase) in prepaid expenses	—	(64,376)	6,383
	<u>—</u>	<u>401,251</u>	<u>380,854</u>
Increase (decrease) in net financial assets	(624,464)	3,159,654	(1,386,233)
Net financial assets (debt), beginning of the year	(3,065,913)	(3,065,913)	(1,679,680)
Net financial assets (debt), end of the year	<u>(3,690,377)</u>	<u>93,741</u>	<u>(3,065,913)</u>

See accompanying notes

Woodlands County

STATEMENT OF CASH FLOWS

Year ended December 31

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	1,466,085	1,171,735
Add (deduct) changes in non-cash items:		
Amortization of tangible capital assets	6,691,449	6,299,187
Loss (gain) on disposal of tangible capital assets	(31,968)	50,029
Gain on sale of long-term investments	(10,110)	(5,455)
Amortization of premium on long-term investments	21,011	10,005
Decrease (increase) in taxes and grants in place of taxes receivable	50,714	(78,143)
Decrease (increase) in trade and other receivables	(268,607)	835,093
Decrease in loans receivable	132,499	63,525
Decrease (increase) in prepaid expenses	(64,376)	6,383
Decrease in inventories	465,627	374,471
Increase (decrease) in accounts payable and accrued liabilities	646,891	(2,502,730)
Increase (decrease) in deferred revenue	2,501	(11,586)
Decrease in over-levies	(2,520)	(4,177)
	9,099,195	6,208,337
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(5,489,663)	(9,327,851)
Proceeds on disposal of tangible capital assets	122,500	39,813
	(5,367,163)	(9,288,038)
INVESTING ACTIVITIES		
Proceeds on sale of long-term investments	1,997,004	1,275,000
Purchase of long-term investments	(2,414,417)	(500,000)
Proceeds on sale of temporary investments	1,150,000	19,361,000
Purchases of temporary investments	(2,002,762)	(17,123,834)
	(1,270,175)	3,012,166
FINANCING ACTIVITIES		
Repayment of long-term debt	(2,512,331)	(3,097,708)
	(2,512,331)	(3,097,708)
Decrease in cash	(50,474)	(3,165,243)
Cash, beginning of the year	1,690,882	4,856,125
Cash, end of the year	1,640,408	1,690,882

See accompanying notes

SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year ended December 31

	2014						2013
	Land	Land Improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of the year	2,206,030	1,908,732	4,921,077	239,459,864	6,386,144	4,134,569	259,016,416
Reclassifications	—	(244,603)	—	(146,784)	391,387	—	—
Acquisition of tangible capital assets	—	148,996	141,430	3,780,591	433,165	985,482	5,489,663
Disposal of tangible capital assets	—	—	—	—	(60,532)	(330,846)	(391,378)
Balance, end of the year	2,206,030	1,813,125	5,062,507	243,093,670	7,150,164	4,789,204	264,114,700
ACCUMULATED AMORTIZATION							
Balance, beginning of the year	—	363,465	1,703,883	150,769,819	2,052,260	1,890,854	156,780,281
Reclassifications	—	(3,723)	—	(5,101)	(6,506)	15,330	—
Annual amortization	—	70,227	103,821	5,596,081	650,212	271,108	6,691,449
Accumulated amortization on disposals	—	—	—	—	—	(300,846)	(300,846)
Balance, end of the year	—	429,968	1,807,704	156,360,799	2,695,966	1,876,446	163,170,883
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
2013 Net carrying amount of tangible capital assets	2,206,030	1,545,267	3,217,194	88,690,045	4,333,884	2,243,715	102,236,135

See accompanying notes

SCHEDULE OF NET MUNICIPAL PROPERTY TAXES

Year ended December 31

	Budget	2014	2013
	\$	\$	\$
TAXATION			
Residential and farmland property	2,814,090	2,840,666	2,614,844
Linear property taxes	12,298,766	12,422,768	11,620,566
Commercial and industrial taxes	9,362,535	9,523,454	8,719,455
Government grants in place of property taxes	—	13,902	12,806
	<u>24,475,391</u>	<u>24,800,791</u>	<u>22,967,671</u>
REQUISITIONS			
Alberta School Foundation Fund	(5,572,245)	(5,572,245)	(5,519,399)
Seniors Foundation	(540,246)	(540,246)	(537,917)
	<u>(6,112,491)</u>	<u>(6,112,491)</u>	<u>(6,057,316)</u>
Net municipal property taxes	<u>18,362,900</u>	<u>18,688,300</u>	<u>16,910,355</u>

See accompanying notes

SCHEDULE OF GOVERNMENT TRANSFERS

Year ended December 31

	Budget	2014	2013
	\$	\$	\$
TRANSFERS FOR OPERATIONS			
Provincial government	3,029,910	3,232,021	2,987,376
Other local government	40,000	74,183	74,653
	<u>3,069,910</u>	<u>3,306,204</u>	<u>3,062,029</u>
TRANSFERS FOR CAPITAL			
Provincial government	27,840	27,840	312,042
Total government transfers	<u>3,097,750</u>	<u>3,334,044</u>	<u>3,374,071</u>

See accompanying notes

**SCHEDULE OF EXPENSES
BY OBJECT**

Year ended December 31

	Budget	2014	2013
	\$	\$	\$
Salaries, wages and benefits	5,725,067	5,715,063	5,344,755
Contracted and general services	4,611,818	3,514,494	2,835,822
Materials, goods and utilities	2,842,744	2,055,648	2,088,572
Transfers to other local governments	3,123,176	3,281,608	3,193,088
Transfers to individuals and organizations	1,148,229	734,642	876,830
Amortization of tangible capital assets	—	6,691,449	6,299,187
Provision for allowances	—	—	(2,288)
Bank charges and short-term interest	30,866	31,667	31,288
Interest on long-term debt	274,612	260,259	322,362
	<u>17,756,512</u>	<u>22,284,830</u>	<u>20,989,616</u>

See accompanying notes

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

Year ended December 31

	2014				2013	
	Budget - Unrestricted surplus (deficit)	Unrestricted surplus (deficit)	Reserves	Equity in tangible capital assets	Total	Total
Accumulated surplus (deficit), beginning of the year	(2,392,897)	(2,392,897)	10,418,948	93,171,079	101,197,130	100,025,395
Excess of revenues over expenses	8,499,748	1,466,085	—	—	1,466,085	1,171,735
Transfers to reserves	(801,230)	(4,834,267)	4,834,267	—	—	—
Transfers from reserves	4,559,291	2,802,162	(2,802,162)	—	—	—
Acquisition of tangible capital assets	(9,184,212)	(5,489,663)	—	5,489,663	—	—
Disposal of tangible capital assets	—	90,532	—	(90,532)	—	—
Amortization of tangible capital assets	—	6,691,449	—	(6,691,449)	—	—
Payment of long-term capital debt	(1,886,571)	(1,886,570)	—	1,886,570	—	—
Accumulated surplus (deficit), end of the year	(1,205,871)	(3,553,169)	12,451,053	93,765,331	102,663,215	101,197,130

See accompanying notes

SCHEDULE OF OPERATING REVENUES AND EXPENSES

Year ended December 31

2014

	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	18,688,300	—	—	—	—	—	—	—	—	—	—	—	—	18,688,300
Government transfers	—	—	—	—	2,328,296	40,000	—	—	96,795	—	193,353	647,760	—	3,306,204
User fees and sales	74,264	5,447	10,141	185,444	59,866	18,828	526,546	33,371	—	26,840	6,288	6,463	—	953,498
Investment income and rentals	540,246	—	—	—	—	88,745	—	—	—	—	22,427	—	—	651,418
Licenses and permits	—	—	—	—	—	—	—	—	—	40,044	—	—	—	40,044
Loss on disposal of tangible capital assets	—	—	—	—	31,968	—	—	—	—	—	—	—	—	31,968
Fines	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Royalties	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other revenues	51,643	—	—	—	—	—	—	—	—	—	—	—	—	51,643
Total revenues	19,354,453	5,447	10,141	185,444	2,420,129	147,573	526,546	33,371	96,795	66,884	222,068	654,222	—	23,723,075
EXPENSES														
Salaries, wages and benefits	—	416,786	1,224,650	437,124	2,251,206	193,003	106,958	177,355	7,605	328,612	361,171	210,594	—	5,715,063
Contracted and general services	—	184,017	745,703	230,055	963,615	222,081	223,494	192,740	40,817	177,363	318,299	194,718	21,591	3,514,494
Materials and supplies	—	16,005	98,042	185,373	1,381,491	35,767	138,940	20,395	2,690	4,459	140,074	32,411	—	2,055,648
Transfers to other local governments	—	—	1,012,584	680,290	—	—	—	243,708	119,728	—	217,074	950,756	57,468	3,281,608
Transfers to local organizations	—	3,400	15,000	—	—	—	—	—	199,191	—	16,500	304,556	195,994	734,642
Interest on long-term debt	—	—	—	—	107,637	—	60,444	—	—	—	—	92,178	—	260,259
Other expenses	—	—	31,667	—	—	—	—	—	—	—	—	—	—	31,667
Total expenses	—	620,208	3,127,646	1,532,841	4,703,949	450,851	529,837	634,199	370,031	510,435	1,053,118	1,785,213	275,053	15,593,381
Excess (shortfall) of revenues over expenses before amortization	19,354,453	(614,762)	(3,117,505)	(1,347,397)	(2,283,820)	(303,279)	(3,291)	(600,827)	(273,236)	(443,551)	(831,050)	(1,130,991)	(275,053)	8,129,694
Amortization of tangible capital assets	—	—	76,039	95,209	5,974,366	209,594	254,230	3,057	—	—	17,440	54,855	6,658	6,691,449
Excess (shortfall) of revenues over expenses	19,354,453	(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
Budget excess (shortfall) of revenues over expenses	19,653,161	(630,137)	(3,080,945)	(1,730,952)	(3,401,597)	1,649,714	165,526	(663,397)	(295,751)	(519,425)	(927,113)	(1,452,848)	(294,328)	8,471,908
2013 excess (shortfall) of revenues over expenses	17,716,801	(557,723)	(2,901,763)	(1,383,597)	(8,151,213)	(531,228)	134,405	(928,552)	(235,673)	(341,417)	(564,043)	(1,136,928)	(259,376)	859,693

See accompanying notes

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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.

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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.

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.

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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.

[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	10-20
Buildings	10-50
Engineered structures	
Roadway system	9-70
Water and waste water systems	24-70
Machinery and equipment	2-25
Vehicles	3-25

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.

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

[c] Leases

Leases are classified as capital or operating leases. Leases which 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.

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2014	2013
	\$	\$
Current taxes and grants in place of taxes	170,064	207,720
Non-current taxes and grants in place of taxes	93,828	106,887
Less allowance for doubtful accounts	-	-
	93,828	106,887
	263,893	314,607

3. LOANS RECEIVABLE

	2014	2013
	\$	\$
Lac Ste. Anne Foundation	2,730,446	2,823,359
The Friends of Whitecourt Society	50,007	89,593
Whitecourt Woodlands Flying Club	16,000	16,000
	2,796,453	2,928,952

The loan receivable from Lac Ste. Anne Foundation includes accrued interest of \$38,191 [2013 - \$39,166].

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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 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.

The County passed motion C-15-379-11 on June 7, 2011 authorizing Council to lend \$20,000 to the Whitecourt Woodlands Flying Club for the purpose of assisting this community group. The remaining amount of the non-interest bearing loan is to be paid back in three payments as follows:

December 2012	4,000
December 2013	8,000
December 2014	4,000
	<u>16,000</u>

4. LONG-TERM INVESTMENTS

	2014		2013	
	Cost \$	Market value \$	Cost \$	Market value \$
Bonds and notes				
Provincial	794,121	815,373	998,928	1,018,612
Canadian banks	1,875,491	1,909,501	885,388	908,568
Public corporations	—	—	809,472	847,951
Crown corporations	1,285,683	1,326,296	854,994	901,751
	<u>3,955,295</u>	<u>4,051,170</u>	3,548,782	3,676,882
Alberta Capital Finance Authority – shares at cost	70	70	70	70
	<u>3,955,365</u>	<u>4,051,240</u>	3,548,852	3,676,952

Long-term investments have interest rates ranging from 1.75% to 5.76% with maturity dates from June 2, 2015 to June 15, 2024.

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

5. LONG-TERM DEBT

	2014	2013
	\$	\$
Tax supported debentures		
Tower & West Mountain Road paving - Alberta Capital Finance Authority, 1.6610%, due September 2017	5,637,880	7,455,852
Water & Sewer extension - Alberta Capital Finance Authority, 3.8448%, due September 2030	1,540,606	1,609,204
Town of Whitecourt multi-plex - Alberta Capital Finance Authority, 4.311%, due March 2017	145,644	199,690
Alberta Capital Finance Authority, 4.68%, due September 2017	649,747	847,050
Alberta Capital Finance Authority, 4.4925%, due December 2017	574,670	749,825
Alberta Capital Finance Authority, 4.04%, due March 2018	412,494	520,126
Lac Ste. Anne Foundation - Alberta Capital Finance Authority, 4.89%, due September 2032	2,692,568	2,784,193
	<u>11,653,609</u>	<u>14,165,940</u>

Interest on long-term debt was \$394,011 [2013 - \$460,497], and the County's total cash payment for interest on long-term debt was \$409,652 [2013 - \$479,741], for the year ended December 31, 2014.

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

	Principal	Interest	Total
	\$	\$	\$
2015	2,573,897	348,087	2,921,984
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
Thereafter	3,317,296	1,057,329	4,374,625
	<u>11,653,609</u>	<u>2,232,674</u>	<u>13,886,283</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:

	2014	2013
	\$	\$
Total debt limit	35,536,661	32,773,963
Total debt	11,653,609	14,165,940
Amount of debt limit unused	23,883,052	18,608,023
Debt servicing limit	5,922,777	5,462,327
Debt servicing	2,921,984	2,921,984
Amount of debt servicing limit unused	3,000,793	2,540,343

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.

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

6. INVENTORIES

	2014	2013
	\$	\$
Gravel supplies	918,236	1,392,244
Public works and general municipal materials and supplies	357,097	348,716
	1,275,333	1,740,960

7. ACCUMULATED SURPLUS

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

	2014	2013
	\$	\$
Unrestricted deficit	(3,553,169)	(2,392,897)
Restricted surplus		
Working capital	3,525,204	3,513,745
General capital	3,359,812	2,140,278
Fire protection	1,992,247	1,016,275
Infrastructure services	1,964,934	2,159,361
General operating	723,584	803,696
Property tax stabilization	656,122	656,122
Recreation boards, parks and facilities	126,100	126,100
Water line replacement	63,050	3,371
Sewer	40,000	—
	12,451,053	10,418,948
Equity in tangible capital assets		
Tangible capital assets, net book value <i>[Schedule 1]</i>	100,943,817	102,236,135
Long-term debt on tangible capital assets <i>[note 5]</i>	(7,178,486)	(9,065,056)
	93,765,331	93,171,079
	102,663,215	101,197,130

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014 was \$243,708 [2013 - \$205,546], which was 31.77% [2013 – 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.

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.

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

9. RECONCILIATION OF BUDGET TO ACTUAL EXPENSES

The County does not budget for amortization. The following table provides for tables provides for a reconciliation of the budgeted 2014 expenses to the actual 2014 expenses without amortization.

	2014 Budget \$	2014 Actual \$
EXPENSES (without amortization)		
Road, streets, walks and street lights	5,576,147	4,703,949
Administration	3,090,697	3,127,646
Recreation boards, parks and facilities	2,085,164	1,785,213
Fire, ambulance ,bylaw enforcement and safety	1,862,102	1,532,841
Economic and agricultural development	1,174,183	1,053,118
Water and wastewater	911,696	529,837
Airport	507,512	450,851
Waste management	696,105	634,199
Legislative	634,607	620,208
Land use planning, zoning and development	531,425	510,435
Family and community support	392,546	370,031
Libraries	294,328	275,053
Total expenses	17,756,512	15,593,381

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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:

	2014			2013		
	No. of persons	Salary ¹ \$	Benefits ² \$	Total \$	No. of persons	Salary & Benefits \$
Councillors:						
Anselmo - Sylvia Bonnett		45,150	5,229	50,379		4,946
Whitecourt West - Chad Merrifield		58,650	5,419	64,069		50,855
Whitecourt Central - Ron Govenlock		43,500	5,216	48,716		4,946
Whitecourt East - Jim Rennie (Mayor)		104,550	3,763	108,313		85,727
Blue Ridge - Dan Pritchard		67,050	5,470	72,520		60,819
Goose Lake - Dale McQueen		46,650	1,617	48,267		41,834
Fort Assiniboine/Timeu - Dale Kluin		44,100	1,520	45,620		7,481
Chief Administrative Officer	1	208,377	47,774	256,151	1	220,331
Designated Officers	2	195,136	45,343	233,980	2	207,033

[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.

Woodlands County

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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 230,534 people and 418 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.

Total current and past service contributions made by the County to the LAPP in 2014 were \$439,361 [2013 - \$373,036]. Total current and past service contributions made by the employees of the County to the LAPP in 2014 were \$404,874 [2013 - \$340,846].

As at December 31, 2013, the Plan disclosed an actuarial deficiency of \$4,861,516,000.

12. FINANCIAL INSTRUMENTS

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.

