

Woodlands County

Financial statements

December 31, 2017



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, 2017 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, 2017, 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
May 1, 2018

Ernst & Young LLP

Chartered Professional Accountants



Woodlands County

Statement of financial position

As at December 31

	2017	2016
	\$	\$
Financial assets		
Cash	863,806	1,769,488
Temporary investments	5,042,039	6,039,195
Receivables		
Taxes and grants in place of taxes [note 2]	869,350	825,128
Trade and other	1,148,038	1,276,620
Loans [note 3]	2,718,050	2,844,218
Long-term investments [note 4]	420,149	516,731
	<u>11,061,432</u>	<u>13,271,380</u>
Liabilities		
Accounts payable and accrued liabilities	3,155,169	3,184,044
Deferred revenue	16,247	25,971
Over-levies	21,085	83,571
Long-term debt [note 5]	11,812,043	13,481,051
	<u>15,004,544</u>	<u>16,774,637</u>
Net financial debt	<u>(3,943,112)</u>	<u>(3,503,257)</u>
Non-financial assets		
Tangible capital assets [schedule 1]	100,377,775	101,043,807
Inventories [note 6]	1,517,670	1,932,570
Prepaid expenses	372,698	345,940
	<u>102,268,143</u>	<u>103,322,317</u>
Accumulated surplus [schedule 5 and note 7]	<u>98,325,031</u>	<u>99,819,060</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	2017	2016
	\$	\$	\$
Revenues			
Net municipal property taxes <i>[schedule 2]</i>	17,983,478	18,010,042	18,939,207
Government transfers for operations <i>[schedule 3]</i>	558,218	1,405,163	753,887
User fees and sales of goods	1,237,602	1,269,043	681,203
Investment income	278,026	391,663	491,661
Penalties and costs on taxes	100,000	36,131	280,382
Development levies	6,000	12,185	6,200
Gain on disposal of tangible capital assets	164,427	30,359	79,071
	<u>20,327,751</u>	<u>21,154,586</u>	<u>21,231,611</u>
Expenses <i>[schedule 4]</i>			
Transportation	4,819,387	5,219,251	5,110,996
Administration	3,346,392	3,396,241	3,367,412
Recreation and culture	2,580,463	2,237,856	2,472,824
Protective services	1,879,806	1,831,399	2,066,602
Utilities and waste management	1,740,205	1,303,852	1,352,940
Planning and development	1,213,984	1,061,254	1,117,815
Agriculture services	866,209	626,012	715,568
Legislative	604,419	600,962	625,501
Community services	386,316	360,171	394,917
Amortization of tangible capital assets	—	7,323,629	7,199,648
	<u>17,437,181</u>	<u>23,960,627</u>	<u>24,424,223</u>
Excess (shortfall) of revenues over expenses before other	2,890,570	(2,806,041)	(3,192,612)
Other			
Government transfers for capital <i>[Schedule 3]</i>	(243,010)	1,312,012	—
Excess (shortfall) of revenues over expenses for the year	<u>2,647,560</u>	<u>(1,494,029)</u>	<u>(3,192,612)</u>
Accumulated surplus, beginning of year	99,819,060	99,819,060	103,011,672
Accumulated surplus, end of year	<u>102,466,620</u>	<u>98,325,031</u>	<u>99,819,060</u>

See accompanying notes

Woodlands County

Statement of change in net financial debt

Year ended December 31

	Budget	2017	2016
	\$	\$	\$
Excess (shortfall) of revenues over expenses for the year	2,647,560	(1,494,029)	(3,192,612)
Acquisition of tangible capital assets	—	(6,727,238)	(6,430,964)
Proceeds on disposal of tangible capital assets	—	100,000	164,413
Amortization of tangible capital assets	1,857	7,323,629	7,199,648
Gain on disposal of tangible capital assets	(162,570)	(30,359)	(79,071)
	<u>(160,713)</u>	<u>666,032</u>	<u>854,026</u>
Decrease (increase) in inventories	—	414,900	(418,833)
Decrease (increase) in prepaid expenses	—	(26,758)	135
	<u>—</u>	<u>388,142</u>	<u>(418,698)</u>
Increase (decrease) in net financial assets	2,486,847	(439,855)	(2,757,284)
Net financial debt, beginning of year	(3,503,257)	(3,503,257)	(745,973)
Net financial debt, end of year	(1,016,410)	(3,943,112)	(3,503,257)

See accompanying notes

Woodlands County

Statement of cash flows

Year ended December 31

	2017	2016
	\$	\$
Operating activities		
Shortfall of revenues over expenses for the year	(1,494,029)	(3,192,612)
Add (deduct) items not affecting cash:		
Amortization of tangible capital assets	7,323,629	7,199,648
Gain on disposal of tangible capital assets	(30,359)	(79,071)
Increase in taxes and grants in place of taxes receivable	(44,222)	(392,836)
Decrease in trade and other receivables	128,582	1,959,363
Decrease in loans receivable	126,168	149,301
Decrease (increase) in prepaid expenses	(26,758)	135
Decrease (increase) in inventories	414,900	(418,833)
Increase (decrease) in accounts payable and accrued liabilities	(28,875)	368,676
Increase (decrease) in deferred revenue	(9,724)	4,982
Increase (decrease) in over/under-levies	(62,486)	139,335
Cash provided by operating activities	6,296,826	5,738,088
Capital activities		
Acquisition of tangible capital assets	(6,727,238)	(6,430,964)
Proceeds on disposal of tangible capital assets	100,000	164,413
Cash used in capital activities	(6,627,238)	(6,266,551)
Investing activities		
Proceeds on sale of long-term investments	96,582	—
Purchases of long-term investments	—	(16,661)
Proceeds on sale of temporary investments	997,156	—
Purchases of temporary investments	—	(6,039,195)
Cash provided by (used in) investing activities	1,093,738	(6,055,856)
Financing activities		
Proceeds from long-term debt	1,479,000	7,136,700
Repayment of long-term debt	(3,148,008)	(2,735,361)
Cash provided by (used in) financing activities	(1,669,008)	4,401,339
Net decrease in cash during the year	(905,682)	(2,182,980)
Cash, beginning of year	1,769,488	3,952,468
Cash, end of year	863,806	1,769,488

See accompanying notes

Schedule of tangible capital assets

Year ended December 31

	2017						2016	
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Total	
	\$	\$	\$	\$	\$	\$	\$	
Cost								
Balance, beginning of the year	2,216,470	2,422,188	7,873,282	251,471,670	7,562,346	5,110,765	276,656,721	270,727,558
Acquisition of tangible capital assets	—	458,375	3,975,962	664,787	508,061	1,120,052	6,727,238	6,430,964
Disposal of tangible capital assets	—	—	—	—	—	(167,138)	(167,138)	(501,801)
Balance, end of the year	2,216,470	2,880,563	11,849,244	252,136,457	8,070,407	6,063,679	283,216,820	276,656,721
Accumulated amortization								
Balance, beginning of the year	—	650,938	2,068,948	167,959,912	2,795,900	2,137,216	175,612,914	168,829,725
Annual amortization	—	108,281	244,913	5,977,686	680,674	312,075	7,323,629	7,199,648
Accumulated amortization on disposals	—	—	—	—	—	(97,497)	(97,497)	(416,459)
Balance, end of the year	—	759,219	2,313,861	173,937,598	3,476,574	2,351,794	182,839,046	175,612,914
Net book value of tangible capital assets	2,216,470	2,121,344	9,535,383	78,198,859	4,593,834	3,711,885	100,377,775	101,043,807
2016 net book value of tangible capital assets	2,216,470	1,771,250	5,804,334	83,511,758	4,766,446	2,973,549	101,043,807	

See accompanying notes

Schedule of net municipal property taxes

Year ended December 31

	Budget	2017	2016
	\$	\$	\$
Taxation			
Residential and farmland property	3,413,087	3,472,893	3,164,636
Linear property taxes	10,923,710	10,918,283	12,422,021
Commercial and industrial taxes	9,873,458	9,818,498	9,856,506
Government grants in place of property taxes	11,160	11,160	11,170
	<u>24,221,415</u>	<u>24,220,834</u>	<u>25,454,333</u>
Requisitions			
Alberta School Foundation Fund	(5,695,350)	(5,695,296)	(5,985,719)
Seniors Foundation	(542,587)	(515,496)	(529,407)
	<u>(6,237,937)</u>	<u>(6,210,792)</u>	<u>(6,515,126)</u>
Net municipal property taxes	<u>17,983,478</u>	<u>18,010,042</u>	<u>18,939,207</u>

See accompanying notes

Schedule of government transfers

Year ended December 31

	Budget	2017	2016
	\$	\$	\$
Transfers for operations			
Provincial government	422,376	1,317,960	753,687
Other local government	135,842	87,203	200
	<u>558,218</u>	<u>1,405,163</u>	<u>753,887</u>
Transfers for capital			
Provincial government	243,010	1,312,012	—
Total government transfers	<u>801,228</u>	<u>2,717,175</u>	<u>753,887</u>

See accompanying notes

Schedule of expenses by object

Year ended December 31

	Budget	2017	2016
	\$	\$	\$
Salaries, wages and benefits	6,816,796	6,397,482	6,717,221
Contracted and general services	3,807,820	3,538,454	3,606,734
Materials, goods and utilities	2,160,363	2,231,162	1,921,869
Transfers to other local governments	3,330,552	3,427,974	3,807,395
Transfers to individuals and organizations	1,028,616	779,060	926,553
Amortization of tangible capital assets	—	7,323,629	7,199,648
Provision for allowances	—	808	4,484
Bank charges and short-term interest	35,830	21,865	27,819
Interest on long-term debt	257,204	240,193	212,500
	<u>17,437,181</u>	<u>23,960,627</u>	<u>24,424,223</u>

See accompanying notes

Schedule of changes in accumulated surplus

Year ended December 31

	2017				2016	
	Budget – Unrestricted deficit	Unrestricted deficit	Reserves	Equity in tangible capital assets	Total	Total
	\$	\$	\$	\$	\$	\$
Accumulated surplus (deficit), beginning of the year	(10,927,915)	(5,328,975)	14,448,728	90,699,307	99,819,060	103,011,672
Excess (shortfall) of revenues over expenses	2,647,560	(1,494,029)	—	—	(1,494,029)	(3,192,612)
Transfers to reserves	(994,793)	(5,049,769)	5,049,769	—	—	—
Transfers from reserves	4,661,663	7,846,453	(7,846,453)	—	—	—
Acquisition of tangible capital assets	(9,599,179)	(6,727,238)	—	6,727,238	—	—
Disposal of tangible capital assets	—	69,641	—	(69,641)	—	—
Amortization of tangible capital assets	—	7,323,629	—	(7,323,629)	—	—
Repayment of long-term capital debt	(3,126,670)	(2,463,552)	—	2,463,552	—	—
Proceeds from long-term capital debt	905,400	1,479,000	—	(1,479,000)	—	—
Accumulated surplus (deficit), end of the year	(16,433,934)	(4,344,840)	11,652,044	91,017,827	98,325,031	99,819,060

See accompanying notes

Schedule of segmented information

Year ended December 31

	2017									Total \$
	Transportation \$	Administration \$	Recreation and culture \$	Protective services \$	Utilities and waste management \$	Planning and development \$	Agriculture services \$	Legislative \$	Community services \$	
Revenues										
Net municipal property taxes	-	-	-	-	-	-	-	(18,010,042)	-	(18,010,042)
Government transfers [operating]	(289,459)	(87,203)	(671,879)	(5,000)	-	-	(228,876)	-	(122,746)	(1,405,163)
User fees and sales of goods	(251,221)	(69,907)	(30,337)	(105,172)	(254,741)	(23,211)	(48,563)	(485,891)	-	(1,269,043)
Investment and other income	(104,371)	-	-	-	-	-	(7,759)	(279,533)	-	(391,663)
Penalties and costs on taxes	-	-	-	-	-	-	-	(36,131)	-	(36,131)
Development levies	-	-	-	-	-	(12,185)	-	-	-	(12,185)
Gain on disposal of tangible capital assets	(30,359)	-	-	-	-	-	-	-	-	(30,359)
	<u>(675,409)</u>	<u>(157,110)</u>	<u>(702,216)</u>	<u>(110,172)</u>	<u>(254,741)</u>	<u>(35,397)</u>	<u>(285,198)</u>	<u>(18,811,597)</u>	<u>(122,746)</u>	<u>(21,154,586)</u>
Expenses										
Salaries, wages and benefits	2,833,649	1,164,072	370,271	514,888	502,266	523,806	298,713	386,880	2,956	6,397,482
Contracted and general services	898,288	1,091,195	169,621	407,148	263,721	282,930	182,461	193,543	49,547	3,538,454
Materials, goods and utilities	1,571,985	159,449	33,239	170,850	126,908	67,591	87,338	9,908	3,894	2,231,162
Transfers to other local governments	-	939,018	1,125,644	727,513	305,000	196,927	-	-	143,872	3,427,974
Transfers to individuals and organizations	-	15,000	525,009	11,000	-	-	57,500	10,650	159,901	779,060
Interest on long-term debt	115,329	5,643	14,072	-	105,149	-	-	-	-	240,193
Other expenses	-	21,865	-	-	808	-	-	-	-	22,673
	<u>5,219,251</u>	<u>3,396,241</u>	<u>2,237,856</u>	<u>1,831,399</u>	<u>1,303,852</u>	<u>1,081,254</u>	<u>626,012</u>	<u>600,962</u>	<u>360,171</u>	<u>16,636,998</u>
Excess (shortfall) of revenues over expenses before amortization and other expenses	(4,543,841)	(3,239,131)	(1,535,640)	(1,721,228)	(1,049,111)	(1,025,858)	(340,814)	18,210,635	(237,425)	4,517,588
Amortization of tangible capital assets	6,654,875	90,488	90,601	123,614	314,460	1,778	47,813	-	-	7,323,629
Government transfers [capital]	(1,312,012)	-	-	-	-	-	-	-	-	(1,312,012)
Excess (shortfall) of revenues over expenses	<u>(9,886,705)</u>	<u>(3,329,619)</u>	<u>(1,626,240)</u>	<u>(1,844,842)</u>	<u>(1,363,572)</u>	<u>(1,027,635)</u>	<u>(388,627)</u>	<u>18,210,635</u>	<u>(237,425)</u>	<u>(1,494,029)</u>
2016 excess (shortfall) of revenues over expenses	(11,383,133)	(3,397,355)	(2,156,678)	(2,080,574)	(1,382,193)	(988,964)	(531,700)	19,000,157	(272,171)	(3,192,612)

See accompanying notes

Woodlands County

Notes to financial statements

December 31, 2017

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 ["PSAB"] 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, 2017

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, 2017

[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:

Land improvements	15-40 years
Buildings	25-50 years
Engineered structures	
Roadway system	10-50 years
Water and waste water systems	30-75 years
Machinery and equipment	5-20 years
Vehicles	10-25 years

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, 2017

2. Taxes and grants in place of taxes receivable

	2017	2016
	\$	\$
Current taxes and grants in place of taxes	714,410	694,386
Non-current taxes and grants in place of taxes	154,940	130,742
	869,350	825,128

3. Loans receivable

	2017	2016
	\$	\$
Lac Ste. Anne Foundation	2,423,467	2,530,885
Whitecourt Woodlands Winter Recreation Park Society	280,000	280,000
The Friends of Whitecourt Society	14,583	33,333
	2,718,050	2,844,218

The loan receivable from Lac Ste. Anne Foundation includes accrued interest of \$33,893 [2016 – \$35,396].

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 first two installments were not received as of December 31, 2017; however, they have been subsequently received by the County in 2018.

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, 2017

4. Long-term investments

	2017		2016	
	Cost \$	Market value \$	Cost \$	Market value \$
Bonds and notes				
Canadian banks	420,079	420,079	516,661	516,661
Alberta Capital Finance Authority – shares at cost	70	70	70	70
	420,149	420,149	516,731	516,731

Long-term investments have interest rates of 0.9% with no maturity date.

5. Long-term debt

	2017 \$	2016 \$
Tower & West Mountain Road Paving		
Alberta Capital Finance Authority, 1.6610%, due September 2017	—	1,910,463
Water and Sewer Extension		
Alberta Capital Finance Authority, 3.8448%, due September 2030	1,318,415	1,395,316
Town of Whitecourt Multi-Plex		
Alberta Capital Finance Authority, 4.311%, due March 2017	—	30,384
Alberta Capital Finance Authority, 4.68%, due September 2017	—	226,676
Alberta Capital Finance Authority, 4.4925%, due December 2017	—	200,127
Alberta Capital Finance Authority, 4.04%, due March 2018	62,521	183,875
Water and Sewer Extension		
Alberta Capital Finance Authority, 2.351%, due June 2031	1,372,540	1,458,009
Alberta Capital Finance Authority, 2.151%, due September 2031	876,851	930,000
County Administration and Workshop Expansions		
Alberta Capital Finance Authority, 2.351%, due June 2031	1,830,053	1,944,012
Alberta Capital Finance Authority, 2.151%, due September 2031	2,080,588	2,206,700
Alberta Capital Finance Authority, 1.2625%, due September 2021	402,501	500,000
Alberta Capital Finance Authority, 2.2700%, due September 2022	879,000	—
Lac Ste. Anne Foundation		
Alberta Capital Finance Authority, 4.89%, due September 2032	2,389,574	2,495,489

Woodlands County

Notes to financial statements

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Airport

Alberta Capital Finance Authority, 2.2700%, due September 2022

600,000	—
11,812,043	13,481,051

Interest on long-term debt was \$240,193 [2016 – \$212,500], and the County's total cash payment for interest on long-term debt was \$249,706 [2016 – \$199,997] for the year ended December 31, 2017.

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

	Principal	Interest	Total
	\$	\$	\$
2018	1,022,179	340,185	1,362,364
2019	984,751	313,839	1,298,590
2020	1,010,600	287,980	1,298,580
2021	1,037,230	261,350	1,298,580
2022	960,839	234,207	1,195,046
Thereafter (cumulative 2023 through 2032)	6,796,444	1,085,761	7,882,205
	11,812,043	2,523,322	14,335,365

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:

	2017	2016
	\$	\$
Total debt limit	31,777,418	31,728,810
Total debt	11,812,043	13,481,051
Amount of debt limit unused	19,965,375	18,247,759
Debt servicing limit	5,296,236	5,288,135
Debt servicing	1,362,364	3,518,464
Amount of debt servicing limit unused	3,933,872	1,769,671

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.

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Notes to financial statements

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6. Inventories

	2017 \$	2016 \$
Gravel supplies	1,217,028	1,627,273
Public works and general municipal materials and supplies	300,642	305,297
	1,517,670	1,932,570

7. Accumulated surplus

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

	2017 \$	2016 \$
Unrestricted deficit	(4,344,840)	(5,328,975)
Restricted surplus		
Working capital	2,747,333	2,697,333
General capital	400,742	639,481
Fire protection	1,105,981	2,368,448
Infrastructure services	2,695,706	1,517,416
General operating	2,579,335	4,833,591
Property tax stabilization	656,122	656,122
Recreation boards, parks and facilities	272,113	304,744
Water line replacement	234,447	177,211
Sewer	318,000	253,000
Planning/land use	205,719	201,434
Economic/agricultural	91,700	459,948
Family and community support services	344,845	340,000
	11,652,044	14,448,728
Equity in tangible capital assets		
Tangible capital assets, net book value <i>[schedule 1]</i>	100,377,775	101,043,807
Long-term debt on tangible capital assets <i>[note 5]</i>	(9,359,948)	(10,344,500)
	91,017,827	90,699,307
	98,325,031	99,819,060

Woodlands County

Notes to financial statements

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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, 2017 was \$297,163 [2016 – \$304,958], which was 30.37% [2016 – 30.37%] 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.

9. Liability for contaminated sites

The County adopted PSAB Standard PS3260, *Liability for Contaminated Sites*, on a retroactive basis effective April 1, 2014. The County has not identified any financial liabilities as a result of the adoption of this standard.

Woodlands County

Notes to financial statements

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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:

	2017			2016		
	No. of persons	Salary ¹ \$	Benefits ² \$	Total \$	No. of persons	Salary and benefits \$
Councillors						
Anselmo – Sylvia Bonnett		44,250	6,261	50,511		44,175
Whitecourt West – Chad Merrifield		45,068	5,261	50,329		64,633
Whitecourt Central – Ron Govenlock		41,750	5,838	47,588		53,884
Whitecourt East – Jim Rennie [Mayor]		110,370	4,137	114,507		107,890
Blue Ridge – Dan Pritchard		48,068	7,567	55,635		78,505
Goose Lake – Dale McQueen		43,050	1,537	44,587		43,002
Fort Assiniboine/Timeu – Dale Kluin		38,200	1,348	39,548		38,651
Blue Ridge – Councillor Prestidge		5,511	227	5,738		
Whitecourt West– Councillor Burrows		6,440	667	7,107		
Chief Administrative Officer	1	216,132	44,285	260,417	1	261,700
Designated Officers	1	93,476	22,157	115,633	1	115,632

[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 253,862 people and 417 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

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Notes to financial statements

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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 2017 were \$496,494 [2016 – \$539,867]. Total current and past service contributions made by the employees of the County to the LAPP in 2017 were \$457,036 [2016 – \$497,312].

As at December 31, 2016, the Plan disclosed an actuarial deficiency of \$637,357,000.

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. Segmented information

Segmented information has been identified based upon services provided by the County. County services are provided by departments and their activities are reported by functional area in schedule 6 to the financial statements. The lines of service disclosed in the segmented information are as follows:

[a] Transportation

Transportation provides and maintains a safe and reliable road network for the travelling public. Transportation is responsible for winter and summer road maintenance as well as bridge maintenance. The County's road construction program operates through the summer months.

[b] Administration

Administration is responsible for the administration of the municipality as a whole. Administration includes assessment services, financial services, records management and general administration.

[c] Recreation and culture

Recreation and culture provides recreational and cultural services, activities which promote the health and well-being of its citizens, and activities related to parks and cemetery maintenance and operation.

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Notes to financial statements

December 31, 2017

[d] Protective services

Protective services is comprised of enhanced policing, enforcement services, fire, disaster and emergency management. The purpose of enhanced policing is to provide additional manpower targeted towards specific enforcement initiatives. Enforcement services provides enforcement in the areas of Provincial Acts and Municipal Bylaws. Fire is responsible to provide fire suppression services, fire prevention programs, training and education related to prevention, and detection or extinguishment of fires. The mandate of Emergency Management is to help maintain safe communities and manage risk.

[e] Utilities and waste management

The County is responsible for environmental programs such as the engineering and operation of water and wastewater systems and waste management. This includes water conservation, efficiency, and protection and promoting green construction, energy and technology, identifying natural areas for preservation, restoration and rehabilitation, and promoting awareness regarding environmental protection, conservancy, recycling and other initiatives.

[f] Planning and development

Planning and development manages current and long-term planning, and subdivision development permits.

[g] Agriculture services

Agriculture services develops and promotes agricultural policies that will control vegetation growth on County land, control pests that have a detrimental effect on the agricultural industry and work towards preservation of the County's agricultural environment. The department also provides information on agricultural concerns.

[h] Legislative

County Council makes decisions regarding service delivery and service levels on behalf of the municipality in order to balance the needs and wants of County residents in a financially responsible manner.

[i] Community services

Community services focuses on promoting healthy lifestyles for County residents. The department provides a variety of community and recreational activities designed for all ages and awards grants to community associations that provide social or recreational services for County residents.

14. Approval of financial statements

Council and administration have approved these financial statements.

