

**COUNTY OF PAINTEARTH NO. 18  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**COUNTY OF PAINT EARTH NO. 18  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of the County of Paintearth No. 18, which comprise the statement of financial position as at December 31, 2015 and the statement of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the County of Paintearth No. 18 as at December 31, 2015, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

HANNA, ALBERTA  
MARCH 4, 2016



**CHARTERED ACCOUNTANTS**

**COUNTY OF PAINT EARTH NO. 18**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 14,724,564	\$ 10,167,897
Receivables		
Taxes and grants in place of taxes (Note 3)	709,079	1,517,417
Trade and other receivables	167,627	143,687
Receivables from other governments	268,215	587,689
Land inventory held for resale	942,056	809,086
Investments (Note 4)	<u>50</u>	<u>1,499</u>
	<u>16,811,591</u>	<u>13,227,275</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,500,932	1,553,338
Deposit liabilities (Note 5)	14,000	
Deferred revenue (Note 6)	405,925	448,393
Gravel reclamation payable	273,256	431,990
Long-term debt (Note 7)	<u>2,210,694</u>	<u>2,677,361</u>
	<u>4,404,807</u>	<u>5,111,082</u>
<b>NET FINANCIAL ASSETS</b>	<u>12,406,784</u>	<u>8,116,193</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	47,796,994	47,237,516
Inventory for consumption	7,974,740	8,452,763
Prepaid expenses	294,166	301,968
Gravel reserves for development	<u>1,435,435</u>	<u>1,435,435</u>
	<u>57,501,335</u>	<u>57,427,682</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 69,908,119</u>	<u>\$ 65,543,875</u>
	<b>COMMITMENTS (SEE NOTE 13)</b>	

**COUNTY OF PAINT EARTH NO. 18**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget (Unaudited)	2015	2014
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 14,702,611	\$ 14,691,982	\$ 13,253,637
User fees and sale of goods	252,740	292,610	176,049
Government transfers for operating (Schedule 3)	384,072	502,585	508,645
Investment income	140,000	148,138	139,720
Penalties and costs on taxes	75,000	196,911	218,644
Licenses and permits	51,000	59,627	83,203
Other	11,000	16,319	22,649
Gain on disposal of tangible capital assets	<u>                    </u>	<u>19,071</u>	<u>59,159</u>
<b>Total Revenue</b>	<u>15,616,423</u>	<u>15,927,243</u>	<u>14,461,706</u>
<b>EXPENSES</b>			
Legislative	308,900	303,263	254,883
Administration	1,986,560	2,269,709	1,635,623
Protective services	423,218	365,156	318,971
Transportation	9,993,419	8,376,523	8,425,752
Water supply and distribution	633,000	594,748	502,363
Wastewater treatment and disposal	75	72	72
Public health and welfare	117,172	121,680	206,758
Land use planning, zoning and development	267,070	209,513	258,251
Economic/agricultural development	678,900	622,192	564,149
Parks and recreation	361,900	338,918	354,325
Culture	<u>38,300</u>	<u>30,979</u>	<u>30,512</u>
<b>Total Expenses</b>	<u>14,808,514</u>	<u>13,232,753</u>	<u>12,551,659</u>
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	807,909	2,694,490	1,910,047
Government transfers for capital (Schedule 3)	<u>2,528,324</u>	<u>1,669,754</u>	<u>2,922,359</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	3,336,233	4,364,244	4,832,406
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>65,543,875</u>	<u>65,543,875</u>	<u>60,711,469</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 68,880,108</u>	<u>\$ 69,908,119</u>	<u>\$ 65,543,875</u>



**COUNTY OF PAINT EARTH NO. 18**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**2015**

**2014**

**NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:**

**OPERATING**

Excess of revenues over expenses	\$ 4,364,244	\$ 4,832,406
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization	1,776,697	2,136,588
Gain or loss on disposal of tangible capital assets	<u>74,391</u>	<u>(51,390)</u>
	6,215,332	6,917,604
Changes in net financial asset(debt) items:		
Decrease (increase) in taxes and grants in place of taxes receivables	808,338	(490,576)
Decrease(increase) in trade and other receivables	(23,940)	36,848
Decrease(increase) in receivables from other governments	319,474	(348,834)
Decrease (increase) in land inventory held for resale	(132,970)	(24,418)
Decrease (increase) in inventory	478,053	(1,219,757)
Decrease(increase) in prepaid expenses	7,802	(38,696)
Decrease (increase) in long term investments	1,449	1,352
Increase(decrease) in accounts payable and accrued liabilities	(211,170)	(5,040)
Increase(decrease) in deposit liabilities	14,000	
Increase(decrease) in deferred revenue	<u>(42,468)</u>	<u>(1,205,838)</u>
Cash provided by (applied to) operating transactions	<u>7,433,900</u>	<u>3,622,645</u>

**CAPITAL**

Acquisition of tangible capital assets	(2,649,401)	(4,425,706)
Proceeds on sale of tangible capital assets	<u>238,835</u>	<u>492,840</u>
Cash provided by (applied to) capital transactions	<u>(2,410,566)</u>	<u>(3,932,866)</u>

**FINANCING**

Repayment on loans	<u>(466,667)</u>	<u>(466,667)</u>
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**CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR**

4,556,667 (776,888)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

10,167,897 10,944,785

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ 14,724,564 \$ 10,167,897

**Cash and cash equivalents is made up of:**

Cash and temporary investments (Note 2)	\$ <u>14,724,564</u>	\$ <u>10,167,897</u>
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**COUNTY OF PAINTEARTH NO. 18**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,346,607	\$ 720,529	\$ 5,059,804	\$ 47,999,422	\$ 12,104,708	\$ 4,833,569	\$ 72,064,639	\$ 68,804,470
Acquisition of tangible capital assets	10,350	3,484	9,462	958,916	1,225,015	194,996	2,402,223	2,763,558
Construction-in-progress	21,882		(369)	225,296	(806,634)	(154,580)	247,178	1,662,147
Disposal of tangible capital assets							(961,583)	(1,165,536)
BALANCE, END OF YEAR	<u>1,378,839</u>	<u>724,013</u>	<u>5,068,897</u>	<u>49,183,634</u>	<u>12,523,089</u>	<u>4,873,985</u>	<u>73,752,457</u>	<u>72,064,639</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	26,264	225,802	745,455	17,913,298	4,152,173	1,764,131	24,827,123	23,414,621
Annual amortization	11,170	26,933	102,130	987,272	345,612	303,580	1,776,697	2,136,588
Accumulated amortization adjustments			(369)		(545,813)	(102,175)	(648,357)	(724,086)
BALANCE, END OF YEAR	<u>37,434</u>	<u>252,735</u>	<u>847,216</u>	<u>18,900,570</u>	<u>3,951,972</u>	<u>1,965,536</u>	<u>25,955,463</u>	<u>24,827,123</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 1,341,405</u>	<u>\$ 471,278</u>	<u>\$ 4,221,681</u>	<u>\$ 30,283,064</u>	<u>\$ 8,571,117</u>	<u>\$ 2,908,449</u>	<u>\$ 47,796,994</u>	<u>\$ 47,237,516</u>



**COUNTY OF PAINT EARTH NO. 18**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Schedule 2**

	Budget (Unaudited)	2015	2014
<b>TAXATION</b>			
Residential land and improvement taxes	\$ 6,565,845	\$ 6,555,508	\$ 6,265,079
Non-residential linear property taxes	<u>10,898,363</u>	<u>10,898,071</u>	<u>9,676,901</u>
	<u>17,464,208</u>	<u>17,453,579</u>	<u>15,941,980</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	2,244,764	2,244,764	2,189,230
Seniors requisition	<u>516,833</u>	<u>516,833</u>	<u>499,113</u>
	<u>2,761,597</u>	<u>2,761,597</u>	<u>2,688,343</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 14,702,611</u>	<u>\$ 14,691,982</u>	<u>\$ 13,253,637</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Schedule 3**

	Budget (Unaudited)	2015	2014
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ <u>384,072</u>	\$ <u>502,585</u>	\$ <u>508,645</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>2,528,324</u>	<u>1,669,754</u>	<u>2,922,359</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 2,912,396</u>	<u>\$ 2,172,339</u>	<u>\$ 3,431,004</u>

**COUNTY OF PAINTEARTH NO. 18**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Schedule 4**

	Budget (Unaudited)	2015	2014
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 5,309,926	\$ 4,866,490	\$ 4,231,271
Contracted and general services	1,455,492	996,995	1,042,571
Materials, goods, supplies and utilities	4,818,603	4,069,488	4,229,424
Provision for allowances	7,000	602,937	3,677
Transfers to local boards and agencies	8,000	66,107	12,585
Transfers to individuals and organizations	783,918	687,940	796,898
Bank charges and short term interest	130,000	72,429	90,873
Amortization of tangible capital assets	2,243,575	1,776,697	2,136,588
Loss on disposal of tangible capital assets	50,000	93,462	7,770
Other expenses	2,000	208	2
	<u>\$ 14,808,514</u>	<u>\$ 13,232,753</u>	<u>\$ 12,551,659</u>

**COUNTY OF PAINTEARTH NO. 18**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
<b>BALANCE, BEGINNING OF YEAR</b>	\$	18,306,359	\$ 47,237,516	\$ 65,543,875	\$ 60,711,469
Excess of revenues over expenses	4,364,244			4,364,244	4,832,406
Unrestricted funds designated for future use	(3,804,766)	3,804,766			
Restricted funds used for operations	(2,649,401)		2,649,401		
Disposal of tangible capital assets	313,226		(313,226)		
Annual amortization expense	1,776,697		(1,776,697)		
Change in accumulated surplus		3,804,766	559,478	4,364,244	4,832,406
<b>BALANCE, END OF YEAR</b>	\$	22,111,125	\$ 47,796,994	\$ 69,908,119	\$ 65,543,875

**COUNTY OF PAINTEARTH NO. 18**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the County of Paintearth No. 18 are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County are as follows:

**a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to the County Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

**b) Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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.

**c) Use of Estimates**

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

**d) Investments**

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

**COUNTY OF PAINT EARTH NO. 18**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**1.. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Debt Charges Recoverable**

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

**f) Requisition Over-levy and Under-levy**

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

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

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

**g) Inventories for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

**h) Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**i) Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the County is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

**j) Government Transfers**

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

**COUNTY OF PAINT EARTH NO. 18**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**1.. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**k) Non-Financial Assets**

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

**i. Tangible Capital Assets**

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

	<b>YEARS</b>
Land improvements	15-25
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	10-75
Machinery and equipment	5-20
Heavy equipment	Unit of output(hours)
Vehicles	10-25

In the year of acquisition of a capital asset, annual amortization is charged based on the number of months owned and in the year of disposal no amortization is charged. .

Assets under construction are not amortized until the asset is available for productive use.

**ii. Contributions of Tangible Capital Assets**

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

**iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the 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.

**iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**v. Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets but are disclosed.

**COUNTY OF PAINT EARTH NO. 18**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**2. CASH AND TEMPORARY INVESTMENTS**

	<b>2015</b>	<b>2014</b>
Cash	\$ 14,676,554	\$ 10,122,488
Temporary investments	48,010	45,409
	\$ 14,724,564	\$ 10,167,897

The temporary investment balance represents a guaranteed income certificates that bears interest at 1.90% and matures between October 28, 2016 and May 13, 2018.

Included in the cash account are restricted amount of \$405,925 (2014 - \$448,393) which relates to conditional grant revenues that have not yet been expended on the purposes intended.

The temporary investment balance is fully restricted as it represents the surplus funds received in relation to a tax sale under section 427(1) of the Municipal Government Act.

An ATB Financial operating line of credit is available in the amount of \$2,000,000, interest calculated at prime rate. The County had not utilized this line of credit as of December 31, 2015.

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<b>2015</b>	<b>2014</b>
Current taxes and grants in place receivables	\$ 469,724	\$ 603,103
Arrears taxes	241,870	918,176
	711,594	1,521,279
Less: allowance for doubtful accounts	(2,515)	(3,862)
	\$ 709,079	\$ 1,517,417

**4. INVESTMENTS**

	<b>2015</b>		<b>2014</b>	
	Cost	Market Value	Cost	Market Value
AAMD&C	\$ 50	\$ 1,499	\$ 1,499	\$ 1,499

**5. DEPOSIT LIABILITIES**

The County entered into a lot purchase agreement in 2015 whereby a deposit of \$14,000 was required to secure the purchase. The balance of funds are required to be paid on March 1, 2016.

**COUNTY OF PAINT EARTH NO. 18**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**6. DEFERRED REVENUE**

	<b>2015</b>	<b>2014</b>
Municipal Sustainability Initiative	\$ 405,480	\$ 447,948
Burma Park Donation	445	445
	<b>\$ 405,925</b>	<b>\$ 448,393</b>

**Municipal Sustainability Initiative**

The use of these funds is restricted to eligible capital projects, as approved under the funding agreement. Unexpended funds related to these advances are supported by cash held exclusively for this funding (refer Note 2).

**7. LONG TERM DEBT**

	<b>2015</b>	<b>2014</b>
Tax supported loans	\$ 2,210,694	\$ 2,677,361

The current portion of the long-term debt amounts to \$466,667 (2014 - \$466,667)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2016	\$ 466,667	\$ 59,689	\$ 526,356
2017	466,667	47,089	513,756
2018	466,667	34,489	501,156
2019	466,667	21,889	488,556
2020	344,026	9,289	353,315
	<b>\$ 2,210,694</b>	<b>\$ 172,445</b>	<b>\$ 2,383,139</b>

ATB Financial loan bears interest at prime rate is and is repayable in annual instalments of principal and interest. The loan matures July 31, 2020.

The County's total cash payments for interest in 2015 were \$72,314 (2014 - \$90,651).



**COUNTY OF PAINT EARTH NO. 18**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**8. DEBT LIMITS**

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

	<b>2015</b>	<b>2014</b>
Total debt limit	\$ 23,890,865	\$ 21,692,559
Total debt	2,210,694	2,677,361
Amount of debit limit unused	\$ 21,680,171	\$ 19,015,198
Debt servicing limit	\$ 3,981,811	\$ 3,615,427
Debt servicing	526,356	560,988
Amount of debt servicing limit unused	\$ 3,455,455	\$ 3,054,439

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

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2015</b>	<b>2014</b>
Tangible capital assets	\$ 73,752,457	\$ 72,064,639
Accumulated amortization	(25,955,463)	(24,827,123)
	\$ 47,796,994	\$ 47,237,516

**COUNTY OF PAINT EARTH NO. 18**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**10. ACCUMULATED SURPLUS**

	<u>2015</u>	<u>2014</u>
Restricted surplus:		
Operating:		
General legislative	\$ 1,090,812	\$ 1,085,812
General administration	209,181	209,181
Roads, streets, walks, lighting	3,837,572	3,837,572
Culture	10,000	10,000
Subdivision land and development	1,902,275	1,892,775
Operating contingency	130,000	130,000
Capital:		
Administration	473,821	330,821
Fire fighting & preventive services	957,766	902,766
Roads, streets, walks, lighting	7,019,937	4,310,387
Water and wastewater	5,298,244	4,531,528
Economic development	68,296	60,296
Agricultural services	946,152	856,152
Recreation, parks and culture	167,069	149,069
Equity in Tangible Capital Assets	<u>47,796,994</u>	<u>47,237,516</u>
	<u>\$ 69,908,119</u>	<u>\$ 65,543,875</u>

**COUNTY OF PAINT EARTH NO. 18**  
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**11. SALARY AND BENEFITS**

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

	<b>2015</b>			<b>2014</b>
	<u>Salary</u>	<u>Benefits &amp; allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Reeve Glazier	\$ 31,890	\$ 4,743	\$ 36,633	\$ 37,695
Councillor Bunbury	18,240	842	19,082	21,016
Councillor Dahmer	16,050	4,026	20,076	21,026
Councillor Elliott	22,280	4,679	26,959	25,849
Councillor Hewitt	18,740	4,134	22,874	22,968
Councillor Weber	19,150	3,642	22,792	24,974
Councillor Blumhagen	15,490	4,001	19,491	17,781
Chief Administrative Officer	173,285	32,937	206,222	202,220
Designated Officer - Assessors (2 Positions)	130,482		130,482	122,432

1. Salary includes regular base pay, bonuses, overtime, lump sum 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 and short-term disability plans, professional memberships and tuition.

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

**12. LOCAL AUTHORITIES PENSION PLAN**

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

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

Total current service contributions by the County to the LAPP in 2015 were \$368,564 (2014 - \$318,155). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2015 were \$344,171 (2014 - \$296,349).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.45 billion.

**COUNTY OF PAINTEARTH NO. 18**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13.COMMITMENTS**

The Shirley McClellan Regional Water Services Commission is constituted under the Municipal Government Act and was approved by the Province of Alberta Order in Council on October 10, 2007 of which the County, as a member, has a 9.96% equity involvement. The County is committed to funding its share of any net capital requirements.

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

The County, as per a Ministerial Order is a member of the Castor & District Housing Authority and is required to provide requisition amounts to fund the operational and capital requirements of the Housing Authority.

The County has entered into an agreement for the supply and delivery of gravel for the 2016 through to 2018 year for a total cost of \$3,694,200.

The County is committed to the development of 42 acres of land intended as an industrial subdivision, the full estimated cost of which is not fully determinable at this time.

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**14.FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash, accounts receivable, investments, deferred revenue, accounts payable and long term debt. It is management's opinion that the County is not exposed to significant interest or currency risks arising from these financial instruments.

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

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**15.APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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