



**DRAFT** **2017**  
**Audited Financial Statements**

*For the year ending December 31, 2017*

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# Sturgeon County

## 2017 Financial Statements

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# Sturgeon County

## Statement of Financial Position

December 31 <sup>st</sup>	2017	2016
		<i>(Restated Note 21)</i>
<b>Financial Assets</b>		
Cash and short-term investments (Note 3)	\$ 55,744,037	\$ 46,995,925
Accounts receivable (Note 4)	9,186,954	5,843,993
Loans Receivable (Note 5)	3,612,624	3,755,022
Investments (Note 6)	7,648,731	4,465,239
<b>Total financial assets</b>	<b>76,192,346</b>	<b>61,060,179</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	18,003,916	14,307,999
Long-term debt (Note 10)	32,702,364	30,383,410
Deferred revenue (Note 11)	33,166,987	33,835,600
<b>Total liabilities</b>	<b>83,873,267</b>	<b>78,527,009</b>
<b>Net Debt</b> (Note 17)	<b>(7,680,921)</b>	<b>(17,466,830)</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	526,138	533,773
Inventory for consumption (Note 7)	2,343,406	1,984,668
Tangible capital assets (Schedule 6) (Note 8)	261,543,239	249,869,902
<b>Total non-financial assets</b>	<b>264,412,783</b>	<b>252,388,343</b>
<b>Accumulated Surplus</b> (Schedule 1)	<b>\$ 256,731,862</b>	<b>\$ 234,921,513</b>

The accompanying schedules, summary of significant accounting policies and notes are an integral part of these financial statements.



# Sturgeon County

## Statement of Operations and Accumulated Surplus

For the year ended December 31 <sup>st</sup>	Budget	2017	2016
	<i>(unaudited)</i>		<i>(Restated Note 21)</i>
<b>Revenues</b>			
Net municipal taxes (Schedule 3)	\$ 45,556,029	\$ 47,600,187	\$ 42,565,265
Special levies	1,061,032	666,229	607,085
Government transfers for operating (Schedule 4)	1,590,956	1,707,541	1,573,833
User fees and sales of goods	8,764,915	8,145,784	7,951,851
Return on investments	302,230	857,384	526,570
Licenses and permits	875,460	744,859	844,654
Inter-municipal agreements	324,054	570,367	706,602
Penalties on taxes and service charges	280,000	356,243	338,295
Other revenue	458,917	658,696	1,467,555
	59,213,593	61,307,290	56,581,710
<b>Expenses (Schedule 5)</b>			
Transportation	21,691,448	20,600,183	22,292,475
Administration and Building Services	10,714,480	10,914,746	10,119,431
Utilities	6,556,986	6,608,214	6,522,689
Planning, Economic Development, and Engineering	6,164,583	5,826,456	5,183,991
Protective Services	3,729,103	3,847,538	3,204,866
Community Services	2,997,139	3,284,777	2,861,725
Agriculture Services	2,403,226	2,222,223	2,304,317
Council	768,064	677,334	682,267
Fleet	38,027	-	-
	55,063,056	53,981,471	53,171,761
<b>Annual surplus before other income</b>	4,150,537	7,325,819	3,409,949
<b>Other income</b>			
Government transfers for capital (Schedule 4)	10,684,780	12,952,362	5,312,665
Contributed tangible capital assets (Note 8)	-	1,478,615	-
Developer off site levies	-	53,553	74,743
	10,684,780	14,484,530	5,387,408
<b>Annual surplus</b>	14,835,317	21,810,349	8,797,357
Accumulated surplus at beginning of year	235,418,015	234,921,513	226,124,156
<b>Accumulated surplus at end of year (Schedule 1)</b>	\$ 250,253,332	\$ 256,731,862	\$ 234,921,513

The accompanying schedules, summary of significant accounting policies and notes are an integral part of these financial statements.

# Sturgeon County

## Statement of Cash Flow

For the year ended December 31<sup>st</sup> 2017 2016

### Cash provided by (used in)

#### Operating activities

Annual surplus	\$ 21,810,349	\$ 8,797,357
Non-cash items included in annual surplus:		
Contributed tangible capital assets	(1,478,615)	-
Amortization of tangible capital assets	8,385,880	8,673,549
Loss/(gain) on sale of tangible capital assets	240,215	(79,205)
	<u>28,957,829</u>	<u>17,391,701</u>

#### Changes in non-cash working capital

Accounts receivable	(3,342,961)	4,070,081
Loans receivable	142,398	140,787
Lands held for resale	-	213,536
Prepaid expenses	7,635	(59,691)
Accounts payable and accrued liabilities	3,695,917	(971,113)
Deferred revenue	(668,613)	984,601
Inventory for consumption	(358,738)	209,683
<b>Cash provided by operating activities</b>	<u><b>28,433,467</b></u>	<u><b>21,979,585</b></u>

#### Capital activities

Acquisition of tangible capital assets	(22,610,122)	(11,986,352)
Proceeds on disposal of tangible capital assets	3,789,305	1,330,084
<b>Cash used in capital activities</b>	<u><b>(18,820,817)</b></u>	<u><b>(10,656,268)</b></u>

#### Investing activities

Disposal (acquisitions) of investments	(3,183,492)	(3,062,465)
<b>Cash used in investing activities</b>	<u><b>(3,183,492)</b></u>	<u><b>(3,062,465)</b></u>

#### Financing activities

Long-term debt issued	5,190,000	2,550,000
Long-term debt repaid	(2,871,046)	(2,714,422)
<b>Cash provided by (used in) financing activities</b>	<u><b>2,318,954</b></u>	<u><b>(164,422)</b></u>

<b>Increase in cash during the year</b>	<b>8,748,112</b>	<b>8,096,430</b>
<b>Cash and short-term investments, beginning of year</b>	<u><b>46,995,925</b></u>	<u><b>38,899,495</b></u>
<b>Cash and short-term investments, end of year</b>	<u><b>\$ 55,744,037</b></u>	<u><b>\$ 46,995,925</b></u>

The accompanying schedules, summary of significant accounting policies and notes are an integral part of these financial statements.

# Sturgeon County

## Statement of Change in Net Debt

For the year ended December 31 <sup>st</sup>	Budget <i>(unaudited)</i>	2017	2016
<b>Annual surplus</b>	\$ 14,835,317	\$ 21,810,349	\$ 8,797,357
Acquisition of tangible capital assets	(21,997,725)	(22,610,122)	(11,986,353)
Contributed tangible capital assets	-	(1,478,615)	-
Amortization of tangible capital assets	8,969,077	8,385,880	8,673,549
Loss (gain) on disposal of tangible capital assets	-	240,215	(79,205)
Proceeds on sale of tangible capital assets	517,500	3,789,305	1,330,084
	<u>(12,511,148)</u>	<u>(11,673,337)</u>	<u>(2,061,925)</u>
Acquisition of supplies inventory	-	(2,343,406)	(1,984,668)
Acquisition of prepaid expense	-	(526,138)	(533,773)
Consumption of supplies inventory	-	1,984,669	2,194,351
Use of prepaid expense	-	533,773	474,082
	<u>-</u>	<u>(351,102)</u>	<u>149,992</u>
<b>Change in net debt</b>	2,324,169	9,785,909	6,885,424
<b>Net debt at beginning of year</b>	<u>(17,466,830)</u>	<u>(17,466,830)</u>	<u>(24,352,254)</u>
<b>Net debt at end of year (Note 17)</b>	\$ (15,142,661)	\$ (7,680,921)	\$ (17,466,830)

The accompanying schedules, summary of significant accounting policies and notes are an integral part of these financial statements.

# Sturgeon County

## Schedule of Accumulated Surplus

Schedule 1

For the year ended December 31 <sup>st</sup>	2017	2016
<b>Deficit from operations</b>	<b>\$ (13,416,320)</b>	<b>\$ (14,439,570)</b>
<b>Internally designated</b> (Note 12 Reserve funds)		
Operating	12,105,355	11,201,797
Capital	19,515,971	12,104,994
<b>Total reserves</b>	<b>31,621,326</b>	<b>23,306,791</b>
<b>Equity in tangible capital assets</b> (Schedule 2)	<b>238,526,856</b>	<b>226,054,292</b>
<b>Accumulated Surplus</b>	<b>\$ 256,731,862</b>	<b>\$ 234,921,513</b>

# Sturgeon County

## Schedule of Equity in Tangible Capital Assets

Schedule 2

For the year ended December 31 <sup>st</sup>	2017	2016
<b>Equity balance at beginning of year</b>	<b>\$ 226,054,292</b>	<b>\$ 222,755,861</b>
<b>Acquisition of capital assets</b>		
Roadway network	12,048,212	2,347,566
Land	715,032	264,187
Land improvements	1,426,662	282,452
Vehicles	1,268,123	884,878
Buildings	975,855	351,987
Engineering structures	5,330,045	5,717,541
Machinery & equipment	2,324,808	2,137,741
<b>Total Acquisitions/Contributed Assets</b>	<b>24,088,737</b>	<b>11,986,352</b>
<b>Disposal of capital assets (Cost)</b>		
Machinery & equipment	5,491,085	1,770,293
Vehicles	440,475	323,420
Buildings	-	102,213
	<b>5,931,560</b>	<b>2,195,926</b>
<b>Net additions &amp; disposals</b>	<b>18,157,177</b>	<b>9,790,426</b>
<b>Annual amortization</b>	<b>(8,385,880)</b>	<b>(8,673,549)</b>
<b>Accumulated amortization related to disposed assets</b>	<b>1,902,041</b>	<b>945,047</b>
<b>Adjustments</b>		
<b>Capital Financing</b>		
Capital debt utilized	(1,898,162)	(1,309,699)
Capital debt repayment	2,697,388	2,546,206
<b>Change in equity balance</b>	<b>12,472,564</b>	<b>3,298,431</b>
<b>Equity balance at end of year</b>	<b>\$ 238,526,856</b>	<b>\$ 226,054,292</b>
<b>Equity in tangible capital assets consists of:</b>		
Capital assets (cost)	\$ 395,992,532	\$ 377,835,356
Accumulated amortization	(134,449,293)	(127,965,454)
Long-term debt utilized	(23,016,383)	(23,815,610)
	<b>\$ 238,526,856</b>	<b>\$ 226,054,292</b>



# Sturgeon County

## Schedule of Municipal Taxes Levied

Schedule 3

For the year ended December 31 <sup>st</sup>	Budget	2017	2016
	<i>(unaudited)</i>		
<b>Taxation</b>			
Real property taxes	\$ 46,219,810	\$ 48,382,483	\$ 44,859,929
Linear property taxes	9,911,308	9,748,043	7,555,780
Government grants in place of property taxes	4,833,389	4,809,453	5,015,566
	<u>60,964,507</u>	<u>62,939,979</u>	<u>57,431,275</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	14,053,902	13,985,476	13,548,090
Homeland Housing (formerly Sturgeon Foundation)	596,022	594,486	589,335
Greater St. Albert RCSSD #734	591,223	591,223	554,340
Elk Island CSRD #41	167,331	168,608	174,245
	<u>15,408,478</u>	<u>15,339,792</u>	<u>14,866,010</u>
Net municipal property taxes	\$ 45,556,029	\$ 47,600,187	\$ 42,565,265

# Sturgeon County

## Schedule of Government Transfers

Schedule 4

For the year ended December 31 <sup>st</sup>	Budget	2017	2016
	<i>(unaudited)</i>		
<b>For Operations</b>			
<b>Federal transfers</b>			
Shared-cost agreements and grants	\$ -	\$ -	15,091
<b>Provincial transfers</b>			
Shared-cost agreements and grants	1,590,956	1,707,541	1,558,742
<b>Total operating transfers</b>	<b>1,590,956</b>	<b>1,707,541</b>	<b>1,573,833</b>
<b>For Tangible Capital Assets</b>			
Provincial transfers	10,684,780	12,952,362	5,312,665
Federal transfers	-	-	-
<b>Total capital transfers</b>	<b>10,684,780</b>	<b>12,952,362</b>	<b>5,312,665</b>
<b>Total government grants</b>	<b>\$ 12,275,736</b>	<b>\$ 14,659,903</b>	<b>\$ 6,886,498</b>

# Sturgeon County

## Schedule of Segment Disclosure by Object

Schedule 5

For the year ended December 31<sup>st</sup>

2017

	Administration and		Planning, Economic Development, and			Community		Council	Fleet	Total
	Transportation	Building Services	Utilities	Engineering	Protective Services	Services	Agriculture Services			
<b>Revenues</b>										
Net municipal taxes	23,098,219	10,917,198	-	4,804,633	3,305,048	2,391,165	2,292,982	790,943	-	47,600,187
Special levies	-	666,229	-	-	-	-	-	-	-	666,229
Government transfers	693,365	116,711	-	66,610	18,498	620,789	191,568	-	-	1,707,541
User fees and sales of goods	319,060	179,388	7,142,689	89,500	287,334	82,041	45,772	-	-	8,145,784
Return on investments	-	849,494	-	7,890	-	-	-	-	-	857,384
Licenses and permits	-	71,288	-	655,606	17,965	-	-	-	-	744,859
Inter-municipal agreements	80,000	27,584	272,731	-	190,052	-	-	-	-	570,367
Penalties on taxes and service charges	-	339,236	17,007	-	-	-	-	-	-	356,243
Other revenue	135,127	(76,723)	3,798	258,866	269,592	6,042	61,994	-	-	658,696
	\$ 24,325,771	\$ 13,090,405	\$ 7,436,225	\$ 5,883,105	\$ 4,088,489	\$ 3,100,037	\$ 2,592,316	\$ 790,943	\$ -	\$ 61,307,290
<b>Expenses</b>										
Contracted and general services	2,922,499	2,659,675	201,125	1,022,693	542,539	438,711	764,126	108,692	52,944	8,713,004
Salaries, wages and benefits	5,313,815	7,501,684	1,126,182	4,565,067	1,959,289	1,183,538	937,278	567,284	905,845	24,059,982
Materials, goods and utilities	3,744,334	455,496	3,603,323	13,688	343,066	27,072	180,223	-	1,091,297	9,458,499
Amortization	6,216,019	208,731	1,054,583	778	458,027	210,963	170,451	-	66,328	8,385,880
Grants	-	18,224	-	88,602	82,546	1,119,768	6,532	-	-	1,315,672
Loss/(gain) on disposal of tangible capital assets	246,121	1,751	4,666	-	4,359	-	(18,111)	-	1,429	240,215
Purchases from other governments	-	10,356	270,590	46,896	241,489	301,477	1,130	1,358	67,515	940,811
Interest on long-term debt	444,683	188,405	176,471	-	-	-	-	-	-	809,559
Provision for allowances	-	54,278	1,812	-	-	-	-	-	-	56,090
Internal Allocations	1,712,712	(183,854)	169,462	88,732	216,223	3,248	180,594	-	(2,185,358)	1,759
	\$ 20,600,183	\$ 10,914,746	\$ 6,608,214	\$ 5,826,456	\$ 3,847,538	\$ 3,284,777	\$ 2,222,223	\$ 677,334	\$ -	\$ 53,981,471
<b>Annual surplus/(deficit) before other income</b>	<b>\$ 3,725,588</b>	<b>\$ 2,175,659</b>	<b>\$ 828,011</b>	<b>\$ 56,649</b>	<b>\$ 240,951</b>	<b>\$ (184,740)</b>	<b>\$ 370,093</b>	<b>\$ 113,609</b>	<b>\$ -</b>	<b>\$ 7,325,819</b>

# Sturgeon County

## Schedule of Segment Disclosure by Object

Schedule 5

For the year ended December 31<sup>st</sup>

2016

	Administration and		Planning, Economic			Community		Council	Fleet	Total
	Transportation	Building Services	Utilities	Development, and Engineering	Protective Services	Services	Agriculture Services			
<b>Revenues</b>										
Net municipal taxes	\$ 19,683,021	\$ 10,068,595	\$ -	\$ 4,428,939	\$ 3,090,598	\$ 2,077,624	\$ 2,136,576	\$ 752,832	\$ -	\$ 42,238,185
Special levies	190,043	607,086	137,036	-	-	-	-	-	-	934,165
Government transfers	663,405	121,554	-	83,481	32,651	498,166	174,576	-	-	1,573,833
User fees and sales of goods	255,479	84,228	7,003,917	94,942	412,212	71,276	29,797	-	-	7,951,851
Return on investments	-	521,508	-	5,062	-	-	-	-	-	526,570
Licenses and permits	-	116,592	-	710,952	17,110	-	-	-	-	844,654
Inter-municipal agreements	80,000	45,854	257,106	-	323,642	-	-	-	-	706,602
Penalties on taxes and service charges	-	324,151	14,144	-	-	-	-	-	-	338,295
Other revenue	72,372	312,905	67,782	359,734	443,631	51,198	159,933	-	-	1,467,555
	<u>\$ 20,944,320</u>	<u>\$ 12,202,473</u>	<u>\$ 7,479,985</u>	<u>\$ 5,683,110</u>	<u>\$ 4,319,844</u>	<u>\$ 2,698,264</u>	<u>\$ 2,500,882</u>	<u>\$ 752,832</u>	<u>\$ -</u>	<u>\$ 56,581,710</u>
<b>Expenses</b>										
Contracted and general services	2,436,279	2,371,919	200,919	1,116,656	778,898	680,421	779,954	121,194	58,021	8,544,261
Salaries, wages and benefits	5,347,606	6,889,679	1,049,553	3,967,708	1,745,405	999,112	1,028,559	561,073	971,462	22,560,157
Materials, goods and utilities	5,337,310	505,796	3,508,148	10,945	392,860	69,805	263,949	-	948,337	11,037,150
Amortization	6,605,024	197,018	1,032,921	972	477,828	139,952	162,110	-	57,724	8,673,549
Grants	-	-	-	9,789	82,154	962,866	-	-	-	1,054,809
Loss/(gain) on disposal of tangible capital assets	446,786	13,733	2,631	-	(462,972)	-	(79,383)	-	-	(79,205)
Purchases from other governments	-	-	299,982	-	-	-	-	-	-	299,982
Interest on long-term debt	502,451	153,840	173,036	-	-	-	-	-	-	829,327
Provision for allowances	-	189,136	80,229	-	-	-	-	-	-	269,365
Internal Allocations	1,617,019	(201,690)	175,270	77,824	190,693	9,569	149,225	-	(2,035,544)	(17,634)
	<u>\$ 22,292,475</u>	<u>\$ 10,119,431</u>	<u>\$ 6,522,689</u>	<u>\$ 5,183,894</u>	<u>\$ 3,204,866</u>	<u>\$ 2,861,725</u>	<u>\$ 2,304,414</u>	<u>\$ 682,267</u>	<u>\$ -</u>	<u>\$ 53,171,761</u>
<b>Annual surplus/(deficit) before other income</b>	<u>\$ (1,348,155)</u>	<u>\$ 2,083,042</u>	<u>\$ 957,296</u>	<u>\$ 499,216</u>	<u>\$ 1,114,978</u>	<u>\$ (163,461)</u>	<u>\$ 196,468</u>	<u>\$ 70,565</u>	<u>\$ -</u>	<u>\$ 3,409,949</u>

# Sturgeon County

## Schedule of Tangible Capital Assets

Schedule 6

For the year ended December 31<sup>st</sup>

2017

	Engineering Structures	Road Network	Machinery & Equipment	Buildings	Vehicles	Land	Land Improvements	Work in Progress	2017	2016
<b>Cost</b>										
Balance, beginning of year	\$ 67,335,573	\$ 227,061,901	\$ 18,012,082	\$ 12,322,966	\$ 8,860,229	\$ 26,339,163	\$ 2,760,647	\$ 15,142,795	\$ 377,835,356	\$ 368,044,930
Add:										
Additions during the year	829,441	663,121	1,890,926		1,268,123	715,032	116,254	18,605,840	24,088,737	11,986,352
Less:										
Disposals during the year	-	-	(5,491,085)		(440,476)	-	-	-	(5,931,561)	(2,195,926)
Adjustments										
Transfers	489,033	12,725,613	343,777				1,420,201	(14,978,624)		
<b>Balance, end of year</b>	<b>\$ 68,654,047</b>	<b>\$ 240,450,635</b>	<b>\$ 14,755,700</b>	<b>\$ 12,322,966</b>	<b>\$ 9,687,876</b>	<b>\$ 27,054,195</b>	<b>\$ 4,297,102</b>	<b>\$ 18,770,011</b>	<b>\$ 395,992,532</b>	<b>\$ 377,835,356</b>
<b>Accumulated Amortization</b>										
Balance, beginning of year	\$ 15,163,942	\$ 99,494,377	\$ 5,333,305	\$ 3,276,119	\$ 3,868,723	\$ -	\$ 828,988	\$ -	\$ 127,965,454	\$ 120,236,952
Add:										
Amortization	1,074,189	5,269,912	992,376	291,172	554,634	-	203,597	-	8,385,880	8,673,549
Less:										
Accumulated amortization on disposals	-	-	(1,556,277)		(345,764)	-	-	-	(1,902,041)	(945,047)
<b>Balance, end of year</b>	<b>\$ 16,238,131</b>	<b>\$ 104,764,289</b>	<b>\$ 4,769,404</b>	<b>\$ 3,567,291</b>	<b>\$ 4,077,593</b>	<b>\$ -</b>	<b>\$ 1,032,585</b>	<b>\$ -</b>	<b>\$ 134,449,293</b>	<b>\$ 127,965,454</b>
<b>Net Book Value</b>	<b>\$ 52,415,916</b>	<b>\$ 135,686,346</b>	<b>\$ 9,986,296</b>	<b>\$ 8,755,675</b>	<b>\$ 5,610,283</b>	<b>\$ 27,054,195</b>	<b>\$ 3,264,517</b>	<b>\$ 18,770,011</b>	<b>\$ 261,543,239</b>	<b>\$ 249,869,902</b>



# Sturgeon County

## Schedule of Tangible Capital Assets

Schedule 6

For the year ended December 31<sup>st</sup>

2016

	Engineering Structures	Road Network	Machinery & Equipment	Buildings	Vehicles	Land	Land Improvements	Work in Progress	2016	2015
<b>Cost</b>										
Balance, beginning of year	\$ 62,521,710	\$ 225,402,993	\$ 17,644,634	\$ 12,299,755	\$ 8,298,771	\$ 26,074,976	\$ 2,601,294	\$ 13,200,797	\$ 368,044,930	\$ 350,394,883
Add:										
Additions during the year	134,503	13,058	2,137,741	125,424	884,878	264,187	306	8,648,218	12,208,315	21,022,633
Adjustments	(221,963)	-	-	-	-	-	-	-	(221,963)	-
Total Additions									11,986,352	-
Less:										
Disposals during the year	-	-	(1,770,293)	(102,213)	(323,420)	-	-	-	(2,195,926)	(3,372,585)
Transfers	4,901,323	1,645,850	-	-	-	-	159,047	(6,706,220)	-	-
<b>Balance, end of year</b>	<b>\$ 67,335,573</b>	<b>\$ 227,061,901</b>	<b>\$ 18,012,082</b>	<b>\$ 12,322,966</b>	<b>\$ 8,860,229</b>	<b>\$ 26,339,163</b>	<b>\$ 2,760,647</b>	<b>\$ 15,142,795</b>	<b>\$ 377,835,356</b>	<b>\$ 368,044,931</b>
<b>Accumulated Amortization</b>										
Balance, beginning of year	\$ 14,113,310	\$ 93,959,208	\$ 4,915,616	\$ 3,047,122	\$ 3,504,368	\$ -	\$ 697,328	\$ -	\$ 120,236,952	\$ 113,878,267
Add:										
Amortization	1,050,632	5,535,169	1,102,093	301,057	552,938	-	131,660	-	8,673,549	8,551,002
Less:										
Accumulated amortization on disposals	-	-	(684,404)	(72,060)	(188,583)	-	-	-	(945,047)	(2,192,315)
<b>Balance, end of year</b>	<b>\$ 15,163,942</b>	<b>\$ 99,494,377</b>	<b>\$ 5,333,305</b>	<b>\$ 3,276,119</b>	<b>\$ 3,868,723</b>	<b>\$ -</b>	<b>\$ 828,988</b>	<b>\$ -</b>	<b>\$ 127,965,454</b>	<b>\$ 120,236,954</b>
<b>Net Book Value</b>	<b>\$ 52,171,631</b>	<b>\$ 127,567,524</b>	<b>\$ 12,678,777</b>	<b>\$ 9,046,847</b>	<b>\$ 4,991,506</b>	<b>\$ 26,339,163</b>	<b>\$ 1,931,659</b>	<b>\$ 15,142,795</b>	<b>\$ 249,869,902</b>	<b>\$ 247,807,977</b>

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## 1. Significant Accounting Policies

The financial statements of Sturgeon County are the representations of management prepared in accordance with the Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by Sturgeon County are as follows:

### **a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of Sturgeon County.

The schedule of taxes levied includes requisitions for education, 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**

Sturgeon County follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenses recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

### **c) Government Transfers**

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

### **d) Pension Expenses**

Sturgeon County participates in a multi - employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

### **e) Loans Receivable**

The basis of initial valuation of the loans are that they are based on an original lending amount. Where there is no longer reasonable assurance of timely collection of the full amount of principal and interest of a loan, a provision for credit loss is made and the carrying amount of the loan is reduce to its estimated realizable amount.

### **f) Inventories**

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the most recent invoice cost method.

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.

# Sturgeon County

## Notes to Financial Statements

December 31, 2017

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### 1. Significant Accounting Policies (*continued ...*)

#### **g) Tangible Capital Assets**

Capital assets are reported at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, interest charges are not capitalized. An asset that is donated or contributed to Sturgeon County is considered to be equal to its fair value at the date of contribution. Engineering structures, road network, vehicles, buildings and machinery & equipment are amortized over their useful lives in a manner that reflects the consumption of their future economic benefits. Amortization is calculated on either the straight-line basis or declining balance, using rates which are reviewed annually. Useful life for each class of depreciable asset are:

Roadway network		
-roads	Straight Line	10 - 60 years
-bridges	Straight Line	40 - 75 years
-swales, curb & gutter	Straight Line	30 - 50 years
-railway	Straight Line	50 years
Engineering structures		
-forcemain/collection/supply/distribution lines	Straight Line	75 years
-storm water systems	Straight Line	75 years
-plants, facilities, reservoirs & lagoons	Straight Line	40 years
-equipment & pump and lift stations	Straight Line	15 - 40 years
Land improvements		
-landscaping/asphalt paths	Straight Line	25 years
-fences/ball diamonds	Straight Line	20 years
-gravel paths/parking lots	Straight Line	15 - 20 years
-playground structures	Straight Line	10 years
Buildings		
-brick/steel frame	Straight Line	40 years
-wood/portable structures	Straight Line	25 years
-leasehold improvements	Straight Line	as per lease agreement
Machinery & equipment		
- heavy	Straight Line	10 years
- light & various	Straight Line	4 - 20 years
- office & computer	Declining Balance	5 years
Vehicles		
- light	Declining Balance	10 years
- heavy & fire	Straight Line	15 - 20 years
- trailers	Straight Line	15 years

For all assets other than roads, a full year of amortization is charged in the year of acquisition and none is charged in the year of disposal. For roads, no amortization is charged in the year of construction and a full year is charged in the year of reconstruction. Assets under construction are not amortized until the asset is available for productive use.

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**1. Significant Accounting Policies (continued ...)**

***h) Investments***

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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.

***i) Cash and Short-term Investments***

Short term investments are conventional liquid term deposits that mature in three months or less from the acquisition date.

***j) 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.

***k) Post Retirement Benefit Plans***

Sturgeon County accrues its obligations for post retirement employee benefit plans. The cost of non-pension post-retirement benefits earned by employees is determined by management's best estimate based on service, salary escalation, retirement ages of employees and expected health care costs. The present value of the cost of providing employees with future benefits programs is recognized as employees earn these entitlements through services rendered. The benefit plans are unfunded. Sturgeon County pays the benefits as they become due.

***l) Tax Revenue***

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by Sturgeon County are recognized as revenue in the year they are levied.

***m) Deferred Revenue***

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user fees and charges 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.

***n) Allowances for Operating and Tangible Capital Assets***

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a decrease of expenditures in the respective operating and capital fund. Sturgeon County uses estimates to determine accrued liabilities and tangible capital assets useful life.

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**1. Significant Accounting Policies (continued ...)**

***o) 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 life extending beyond the current year and are not intended for sale in the ordinary 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 for the year.

***p) Requisition Over-levies and Under-levies***

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 Sturgeon County's actual tax levy exceeds an external organization's requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual tax levy is less than an external organization's requisition amount, the under-levy is accrued as a receivable and as property taxes. Requisition tax rates in the subsequent year are adjusted for any over/under levies of the prior year.

***q) Use of Estimates***

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions such as amortization of tangible capital assets, post retirement benefits and allowances for doubtful accounts that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

***r) Foreign Exchange***

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at December 31. Gains (losses) on foreign currency translation are included as revenues (expenses).

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**2. Segmented Information**

Sturgeon County is a diversified municipal government that provides a wide range of services to its citizens, including bylaw enforcement, fire, utilities, and recreational programming. The segment reporting format reflects Sturgeon County's management and internal reporting structure and is divided into eight segments as follows:

***Transportation***

Transportation's mandate is to provide and maintain a safe and reliable road network for the travelling public. Transportation is responsible for winter and summer road maintenance as well as bridge maintenance. Sturgeon County's road construction program operates through the summer months.

***Utilities***

The utilities department provides drinking water to approximately 2,450 customers in Sturgeon County. The department is also responsible for the collection and delivery to a treatment facility of wastewater.

***Protective Services***

Protective Services is responsible for providing fire protection, disaster services and bylaw enforcement to the residents of Sturgeon County. Fire Services is directly responsible for two fire departments in Sturgeon County (the Districts of Calahoo and Namao) and collaborates with five fire departments in the urban centers located within Sturgeon County's borders. Bylaw Enforcement enforces all bylaws of Sturgeon County and assists local RCMP when required.



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**2. Segmented Information (continued ...)**

**Community Services**

Community Services focuses on promoting healthy lifestyles for Sturgeon residents. The department provides a variety of community and recreational activities designed for all ages, counselling for families that are experiencing difficulties and grants to community associations that provide a social or recreational service for Sturgeon County residents. The transit service is included for Sturgeon County seniors and Edmonton Garrison commuters.

**Planning, Economic Development & Engineering**

The planning department ensures development within Sturgeon County is well thought out, safe and reflective of Sturgeon County's visions and strategies. Economic Development focuses its efforts on attracting new business, developing a strong relationship with existing business and developing partnerships with neighbouring municipalities. Engineering provides related services to all departments within Sturgeon County.

**Agriculture Services**

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

**Administration & Building Services**

Administration includes assessment services, financial services, human resources, information and geographic systems, records management, general administration, building/site management, legislative services and communications.

**Fleet**

Fleet and Building Services provides preventative maintenance and repairs to Sturgeon County's fixed and mobile assets.

**Council**

Council is the elected representatives and support staff.

**3. Cash and Short-term Investments**

	2017	2016
Cash	\$ 18,736,802	\$ 5,677,907
Short-term investments *3 months or less	37,007,235	41,318,018
	<u>\$ 55,744,037</u>	<u>\$ 46,995,925</u>

Included in cash and short-term investments is \$707,726 (2016 - \$899,153) of funds restricted for municipal parks. Short-term investments which are term deposits have effective interest rate(s) of 1.42% - 1.51% (2016 - 1.12% - 1.34%) and mature in three months or less from the acquisition date.

**Sturgeon County**  
Notes to Financial Statements

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December 31, 2017

**4. Accounts Receivable**

	2017	2016
Taxes and grants in place of taxes	\$ 1,432,320	\$ 1,252,774
Trade and other	1,940,414	2,397,989
Local improvement taxes **	1,163,845	1,487,181
Receivable from other governments	4,835,544	865,997
Allowance for doubtful accounts	(185,169)	(159,948)
	<u>\$ 9,186,954</u>	<u>\$ 5,843,993</u>

**\*\* Local Improvement Taxes**

	2017	2016
Local Improvement Bylaw 1005-04, expiring 2018	\$ 32,970	\$ 68,745
Local Improvement Bylaw 1006-04, expiring 2018	12,646	25,293
Local Improvement Bylaw 1076-06, expiring 2020	73,202	103,578
Local Improvement Bylaw 1077-06, expiring 2020	196,193	263,052
Local Improvement Bylaw 1111-07, expiring 2021	91,079	113,848
Local Improvement Bylaw 1147-08, expiring 2022	748,054	868,936
Local Improvement Bylaw 1288-13, expiring 2017	-	34,761
Local Improvement Bylaw 1353-13, expiring 2030	9,701	8,968
	<u>\$ 1,163,845</u>	<u>\$ 1,487,181</u>

**5. Loans Receivable**

	2017	2016
West Sturgeon Aging in Place Foundation* (Note 10)	\$ 3,580,202	\$ 3,708,136
Morinville Municipal Seed Cleaning Co-op**	32,422	46,886
	<u>\$ 3,612,624</u>	<u>\$ 3,755,022</u>

\* The West Sturgeon Aging in Place Foundation loan receivable is secured by a mortgage and assignment of rents. This loan receivable bears interest at a rate equal to the corresponding Alberta Capital Finance Authority (ACFA) of 3.0757% with repayment in semi-annual installments of \$120,504, maturing 2037.

\*\* The Morinville Municipal Seed Cleaning Co-op receivable is an unsecured loan agreement that has a rate equal to the ACFA of 2.000% with annual repayments of \$16,700, including principal plus interest, maturing in 2019. Note that in 2017, the loan payment was forgiven (see Council Motion #249/17).

The basis of initial valuation of the loans are that they are based on an original lending amount. No valuation adjustments, write-offs or recoveries are made in 2017. Interest is recorded on an accrual basis.

**6. Investments**

	2017	2016
Corporate Bonds	\$ 7,182,940	\$ 4,017,683
Servus Credit Union Member Equity	206,991	205,438
Alcomdale Local Development Co-op (1 share)	1,500	1,500
River Valley Alliance (1 share)	1,000	1,000
Alberta Municipal Finance Corporation (18 shares)	180	180
United Farmers of Alberta (15 shares)	75	75
MuniSerp Retirement Plan	256,045	239,363
	<u>\$ 7,648,731</u>	<u>\$ 4,465,239</u>

Corporate Bonds are made up of 14 bonds with interest rate(s) of 2.34% - 3.5%. Market value of these investments total \$6,850,623 and is based on quoted market values received as at December 31, 2017.

Maturity dates range from 2021 - 2031. All bonds are recorded at their book value.

**Sturgeon County**  
Notes to Financial Statements

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December 31, 2017

**7. Inventory for Consumption**

	2017	2016
Common services (transportation)	\$ 2,040,686	\$ 1,633,348
Equipment maintenance shop	152,101	154,128
Agricultural services	150,620	197,192
	<u>\$ 2,343,406</u>	<u>\$ 1,984,668</u>

Inventory is comprised of items such as gravel, traffic supplies, road construction, maintenance materials, roadside chemicals, tires and parts used in repairs.

**8. Tangible Capital Assets**

	2017	2016
Road network	\$ 142,835,527	\$ 134,319,676
Engineering structures	62,834,328	60,189,629
Machinery and equipment	9,986,297	12,678,776
Buildings	9,958,092	9,046,847
Vehicles	5,610,285	4,991,507
Land improvements	3,264,515	2,304,304
Land for government use	27,054,195	26,339,163
	<u>\$ 261,543,239</u>	<u>\$ 249,869,902</u>

Contributed tangible capital assets for 2017 total \$1,478,615 received from developers for subdivision roads, water supply line and wastewater collection line. (2016 - \$0).

Road network includes roads, bridges, curb & gutter, swales as well as railway. Road network includes \$7,149,179 (2016 - \$6,752,150) of Work in Progress that is not in service and not being amortized.

Engineering structures include water supply lines, distribution lines and reservoirs, wastewater transmission forcemains, lift stations and collection systems as well as a transportation fueling system. Engineering structures also include buildings and equipment used in the supply of water or collection of wastewater. Engineering structures includes \$10,418,414 (2016 - \$8,017,999) of Work in Progress that is not in service and not being amortized.

Machinery and equipment includes heavy equipment, agriculture equipment, fire protection equipment (other than fire vehicles), office equipment, furniture and other equipment. In 2017, no amount remains in Work in Progress. (2016 - \$0)

Buildings include offices, shops and storage buildings as well as Sturgeon County owned fire halls and buildings used for recreational purposes. In 2017 \$1,202,418 remains in Work in Progress. (2016 - \$0).

Vehicles include trailers, light and heavy duty vehicles as well as fire engines and tenders. In 2017, no amount remains in Work in Progress. (2016 - \$0).

Land improvements include fencing, trails, playgrounds, parking lots, ball diamonds and landscaping. In 2017, no amount remains in Work in Progress. (2016 - \$ 372,645).

Land for government use includes land acquired for building sites, infrastructure and other program use. In 2017, no amount remains in Work in Progress (2016 - \$0).

**9. Accounts Payable and Accrued Liabilities**

	2017	2016
Trade and other accounts payable	\$ 8,200,761	\$ 5,101,168
Earned vacation and overtime liability	967,515	1,039,872
Post retirement benefits obligation (Note 15)	4,097,944	3,219,496
Accrued long-term debt interest	87,378	90,847
Deposit liabilities	3,753,083	4,239,605
Reclamation liability (gravel)	897,234	617,011
	<u>\$ 18,003,916</u>	<u>\$ 14,307,999</u>

# Sturgeon County

## Notes to Financial Statements

December 31, 2017

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### 10. Long-Term Debt

	2017	2016
<b><u>Debentures</u></b>		
Reservoir & Pumphouse debenture, bylaw 956/02 repayable in annual installments of \$91,107 including interest at 5.75%, maturing 2017.	\$ -	\$ 86,153
Road debenture, bylaw 964/03 repayable in annual installments of \$212,419 including interest at 5.375%, maturing 2018.	201,584	392,886
Water distribution debenture, bylaw 991B/03 repayable in annual installments of \$43,541 including interest at 5.375%, maturing 2018.	41,320	80,532
Water supply debenture, bylaw 991A/03 repayable in annual installments of \$56,839 including interest at 5.375%, maturing 2018.	53,940	105,129
Road overlay debenture, bylaw 1037/04 repayable in semi-annual installments of \$32,678 including interest at 4.654%, maturing 2019.	123,447	181,039
Wastewater forcemain debenture, bylaw 1055/05 repayable in semi-annual installments of \$29,843 including interest at 4.422%, maturing 2020.	165,977	216,637
Water distribution debenture, bylaw 1056/05 repayable in semi-annual installments of \$16,682 including interest at 4.422%, maturing 2020.	92,781	121,099
Wastewater collection debenture, bylaw 1057/05 repayable in semi-annual installments of \$33,183 including interest at 4.422%, maturing 2020.	184,555	240,885
Road debenture, bylaw 1099/06 repayable in semi-annual installments of \$32,310 including interest at 4.4925%, maturing 2017.	-	62,506
Road debenture, bylaw 1112/07 repayable in semi-annual installments of \$62,852 including interest at 4.614%, maturing 2022.	555,607	652,315
Road debenture, bylaw 1156/08 repayable in semi-annual installments of \$73,085 including interest at 4.565%, maturing 2023.	759,653	867,440
Road debenture, bylaw 1177/09 repayable in semi-annual installments of \$193,610 including interest at 4.214%, maturing 2024.	2,326,330	2,606,628
Road debenture, bylaw 1181/09 repayable in semi-annual installments of \$125,084 including interest at 3.488%, maturing 2025.	1,733,313	1,918,173

# Sturgeon County

## Notes to Financial Statements

December 31, 2017

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### 10. Long-Term Debt (continued ...)

	2017	2016
<b>Debentures (continued ...)</b>		
Road debenture, bylaw 1181/09 repayable in semi-annual installments of \$32,337 including interest at 3.885%, maturing 2025.	441,073	487,262
Road debenture, bylaw 1214/10 repayable in semi-annual installments of \$29,585 including interest at 3.140%, maturing 2021.	194,677	246,509
Water supply debenture, bylaw 1239/11 repayable in semi-annual installments of \$9,214 including interest at 2.788%, maturing 2026.	145,789	159,857
Bridge debenture, bylaw 1276/12 repayable in semi-annual installments of \$13,664 including interest at 2.627%, maturing 2027.	238,967	259,610
Bridge debenture, bylaw 1276/12 repayable in semi-annual installments of \$7,744 including interest at 2.627%, maturing 2027.	135,438	147,138
Road debenture, bylaw 1270/12 repayable in semi-annual installments of \$37,460 including interest at 2.177%, maturing 2022.	353,116	419,267
Road debenture, bylaw 1277/12 repayable in semi-annual installments of \$26,669 including interest at 2.177%, maturing 2022.	251,398	298,493
Road debenture, bylaw 1270/12 repayable in semi-annual installments of \$11,741 including interest at 2.177%, maturing 2022.	110,678	131,412
West Sturgeon Aging in Place Foundation, bylaw 1282/12 repayable in semi-annual installments of \$120,504 including interest at 3.0757%, maturing 2037.	3,580,202	3,708,136
Water supply debenture, bylaw 1294/13 repayable in semi-annual installments of \$34,711 including interest at 3.586%, maturing 2028.	626,462	672,186
Wastewater collection debenture, bylaw 1295/13 repayable in semi-annual installments of \$42,515 including interest at 3.295%, maturing 2028.	779,264	837,182
Bridge debenture, bylaw 1303/13 repayable in semi-annual installments of \$30,356 including interest at 3.295%, maturing 2028.	41,448	44,529
Road debenture, bylaw 1319/14 repayable in semi-annual installments of \$24,531 including interest at 2.314%, maturing 2024.	315,387	356,438



**Sturgeon County**  
Notes to Financial Statements

December 31, 2017

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10. Long-Term Debt (continued ...)

	2017	2016
<b>Debentures (continued ...)</b>		
Road debenture, bylaw 1330/14 repayable in semi-annual installments of \$131,731 including interest at 2.314%, maturing 2024.	1,693,610	1,914,049
Road debenture, Bylaw 1331/14 repayable in semi-annual installments of \$123,850 including interest at 2.314%, maturing 2024.	1,592,284	1,799,534
Road debenture, bylaw 1317/14 repayable in semi-annual installments of \$11,892 including interest at 2.314%, maturing 2024	152,895	172,796
Wastewater collection debenture, bylaw 1334/14 repayable in semi-annual installments of \$100,150 including interest at 2.459%, maturing 2030.	2,217,186	2,360,321
Building debenture, bylaw 1342/14 repayable in semi-annual installments of \$181,025 including interest at 2.831%, maturing 2035	5,078,462	5,292,193
Road debenture, bylaw 1328/14 repayable in semi-annual installments of \$36,054 including interest at 2.459%, maturing 2030.	798,187	849,716
Road debenture, bylaw 1330/14 repayable in semi-annual installments of \$8,843 including interest at 1.949%, maturing 2025.	130,433	145,360
Reservoir Expansion, bylaw 1350/15 repayable in semi-annual installments of \$41,045, including interest at 2.798%, maturing 2031	945,511	1,000,000
Land Servicing, bylaw 1359/15 repayable in semi-annual installments of \$51,307 including interest at 2.798%, maturing 2031	1,181,888	1,250,000
Road debenture, bylaw 1349/15 repayable in semi-annual installments of \$18,458 including interest at 2.195%, maturing 2025	269,502	300,000
Road debenture, bylaw 1389/17 repayable in semi-annual installments of \$5,691 including interest at 2.532%, maturing 2027	100,000	-
Reservoir Expansion, bylaw 1350/15 repayable in semi-annual installments of \$43,312 including interest at 2.764%, maturing 2031	1,000,000	-
Road debenture, bylaw 1349/15 repayable in semi-annual installments of \$23,490 including interest at 2.408%, maturing 2025	340,000	-
Land Servicing, bylaw 1359/15 repayable in semi-annual installments of \$153,591 including interest at 2.768%, maturing 2032	3,750,000	-
	<u>\$ 32,702,364</u>	<u>\$ 30,383,410</u>

**Sturgeon County**  
Notes to Financial Statements

December 31, 2017

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**10. Long-Term Debt (continued ...)**

The required principal and interest repayments until maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,128,316	\$ 965,273	\$ 4,093,589
2019	2,921,402	859,387	3,780,789
2020	2,948,273	767,162	3,715,435
2021	2,850,550	675,884	3,526,434
2022	2,908,535	574,433	3,482,968
Thereafter	17,945,288	2,719,910	20,665,198
	<u>\$ 32,702,364</u>	<u>\$ 6,562,049</u>	<u>\$ 39,264,413</u>

Sturgeon County's total cash payments for interest in 2017 were \$809,559 (2016 - \$829,327).

**11. Deferred Revenue**

Deferred revenue comprises the amounts noted below, the use of which, together with any earnings thereon, is externally restricted to eligible expenditures on operating or capital projects as approved by the governments. These funds are recognized as revenue in the period the stipulations are met.

	<u>2016</u>	<u>Contributions</u>	<u>Interest Earned</u>	<u>Contributions Recognized</u>	<u>2017</u>
Fort Hills Upgrader tax prepayment (See Note 17)	\$ 11,636,121	-	-	\$ (515,040)	\$ 11,121,081
Northwest Redwater Partnership tax prepayment (See Note 17)	5,588,000	-	-	-	5,588,000
Government transfer payments	9,095,288	12,472,131	21,791	(13,725,130)	7,864,080
Off site levies	7,085,025	1,119,769	-	(53,553)	8,151,241
Other	431,166	16,262	-	(4,843)	442,584
	<u>\$ 33,835,600</u>	<u>\$ 13,608,162</u>	<u>\$ 21,791</u>	<u>\$ (14,298,566)</u>	<u>\$ 33,166,987</u>

# Sturgeon County

## Notes to Financial Statements

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### 12. Reserves

The balance of reserves at year-end consist of the following:

	2017	2016
<b><u>Operating</u></b>		
General operating	\$ 4,586,612	\$ 4,260,313
Carry forward - projects	1,492,949	1,835,801
Drainage	1,402,200	985,907
Community enhancement	777,413	674,326
Corporate support	754,012	627,845
Utility	621,000	620,999
Planning	654,717	576,702
Sturgeon industrial community fund	421,535	403,082
Economic development	429,395	326,095
Contingency	293,252	282,456
Agriculture services	283,183	219,182
Subdivision oiling	187,404	187,404
Severe weather	100,000	100,000
Transportation	77,318	77,318
Fleet	8,000	8,000
Other	16,367	16,367
	<u>\$ 12,105,355</u>	<u>\$ 11,201,797</u>
<b><u>Capital</u></b>		
Utility	\$ 3,820,670	\$ 4,005,135
Road network	6,299,899	3,024,264
Equipment & vehicle	6,944,303	2,458,723
Corporate support	1,477,397	1,499,651
Municipal park	707,726	899,153
Other	265,976	218,068
	<u>19,515,971</u>	<u>12,104,994</u>
<b>Total Reserves</b>	<u><u>\$ 31,621,326</u></u>	<u><u>\$ 23,306,791</u></u>

Reserves include \$707,726 (2016 - \$899,153) subject to external restrictions with respect to their use.

# Sturgeon County

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### 13. Salary and Benefits

Disclosure of salaries and benefits for elected Sturgeon County officials and the chief administrative officer as required by Alberta Regulations 313/00 is as follows:

	Salary <sup>1</sup>	Honoraria <sup>2</sup>	Benefits <sup>3</sup>	2017	2016
Mayor	\$ 63,127	2,520	9,461	\$ 75,108	\$ 91,511
Mayor elected Oct 24	\$ 12,997	1,530	1,403	\$ 15,931	N/A
Councillor Division 1 <sup>5</sup>	\$ 47,484	2,520	8,748	\$ 58,752	\$ 63,115
Councillor Division 1 elected Oct 24	\$ 8,684	900	2,332	\$ 11,917	N/A
Councillor Division 2 <sup>4</sup>	\$ 52,032	1,710	9,009	\$ 62,751	\$ 66,087
Councillor Division 3	\$ 51,155	4,950	8,994	\$ 65,099	\$ 68,936
Councillor Division 4	\$ 42,496	2,790	6,725	\$ 52,011	\$ 61,772
Councillor Division 4 elected Oct 24	\$ 8,674	720	1,874	\$ 11,267	N/A
Councillor Division 5	\$ 51,155	3,960	11,846	\$ 66,961	\$ 66,430
Councillor Division 6 <sup>6</sup>	\$ 52,453	90	13,292	\$ 65,834	\$ 65,144
Chief administrative officer (CAO)	\$ 299,755	-	51,642	\$ 351,397	\$ 301,535
Severance Pay Settlement CAO <sup>8</sup>	\$ 291,201	-	90,074	\$ 381,275	N/A

<sup>1</sup>Salary includes regular base pay, and Mayor/Deputy Mayor allowance. 1/3 of this is tax free (tax free portion applies to elected officials only). In addition to attending Regular Council Meetings during normal business hours, Council Members also attend Public Hearings and serve on 6-13 internal Committees/Boards and 207 external Committees/Boards and for community functions which they do not receive additional remuneration.

<sup>2</sup>Council honoraria is based on \$180 per day for attendance at conferences or conventions. Attendance at conferences and conventions typically requires travel away from home for extended periods of time. CAO honoraria is based on \$20 per overnight stay at conferences or conventions.

<sup>3</sup>Employer's share of employee benefits and contributions or payments made on behalf of employees including pension, extended health care, dental coverage, group life insurance, accident death and dismemberment insurance, long and short-term disability plans, auto allowance, distance allowance (1/3 tax free portion applies to elected officials only), professional memberships and tuition.

<sup>4</sup>Division 2 Councillor was Deputy Mayor from January through February 2017

<sup>5</sup>Division 1 Councillor was Deputy Mayor from March through October 2017

<sup>6</sup>Division 6 Councillor was Deputy Mayor from October through December 2017

<sup>7</sup>Interim CAO from November 28 - December 31, 2017 included.

<sup>8</sup>Severance Pay and Benefits Settlement - CAO

### 14. Local Authorities Pension Plan

Employees of Sturgeon County participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves 253,862 members and about 417 employers. It is financed by employer, employee contributions and investment earnings of the LAPP Fund.

Sturgeon 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.

Total contributions by Sturgeon County to the LAPP in 2017 were \$ 1,983,580 (2016 - \$1,881,599). Total contributions by the employees of Sturgeon County to the LAPP in 2017 were \$ 1,838,897 (2016 - \$1,731,764).

At December 31, 2016, the Local Authorities Plan disclosed an actuarial deficit of approximately \$637 million.

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**15. Post Retirement Benefits Obligation (Note 9)**

Sturgeon County makes available to qualifying employees with 15 years of continuous service who retire at or after the age of 55, the opportunity to continue their coverage for extended health and dental benefits. Coverage ceases at the age of 70. Sturgeon County pays 80 percent of benefit costs and the employee pays the remaining 20 percent. Amounts provided for in the current year amounted to \$ 47,417 (2016 - \$42,687). Retirees contributed \$ 12,560 in 2017 (2016 - \$14,543). In addition to the post retirement benefits, Sturgeon County provides a retirement allowance lump-sum payment based on years of service commencing with 35% of salary after a minimum of 20 years' consecutive service. Amounts provided for in the current year amounted to \$ 47,771 (2016 - \$388,601). Significant assumptions used in the valuation include a discount rate of 2.355% (2016 - 1.706%), compensation increases of 4% for 2017, also an inflationary increase of 6% was used in the calculation of health and dental premiums over several years.

**16. Trust Funds**

A summary of trust funds held by Sturgeon County is as follows:

	2017	2016
Tax sale surplus	\$ 52,254	\$ 50,472
Dale MacMillan Memorial Scholarship Fund	115,741	117,936
Further Education & Literacy funds	158,868	158,868
Campaign Trust	-	4,599
	<u>\$ 326,863</u>	<u>\$ 331,875</u>

Trust funds administered by Sturgeon County have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

**17. Net Debt**

Net debt is one indicator of a government's financial position. It is calculated as the difference between the sum of a municipality's financial assets and the sum of the liabilities. Net debt also represents the municipality's future revenue requirements to pay for past events such as debenture repayment. Net debt cannot be considered in isolation. The financial condition of the municipality both long and short term must be considered in the context of the overall economic and financial environment the municipality is operating in.

In 2010 Sturgeon County expended the remainder of Fort Hills Energy Corporation's tax prepayment of \$12,700,000. Although the funds have been expended, there is a 10 year recognition period for this amount in line with Public Sector Accounting Board standard. The revenue recognition in 2017 - \$515,040 (2016 - \$1,063,879).

On August 24, 2012 Sturgeon County entered into an agreement with North West Redwater Partnership (NWRP) for the prepayment of \$5,588,000 in property taxes. The prepayment was received by Sturgeon County on December 21, 2012. In accordance with Public Sector Accounting Board standards, Sturgeon County may begin recognizing the revenue in 5 equal annual amounts of \$1,117,600 commencing June 30, 2018. Although the funds have been expended, they are recognized as deferred revenue until a period beginning in 2018.

# Sturgeon County

## Notes to Financial Statements

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### 18. Debt Limits

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

MGA Debt Limit Calculation	2017	2016
Total debt limit	\$ 92,041,263	\$ 84,984,680
Total debt	<u>32,702,364</u>	<u>30,383,410</u>
Amount of debt limit available	<u>\$ 59,338,899</u>	<u>\$ 54,601,270</u>
Debt servicing limit	\$ 15,340,210	\$ 14,164,113
Debt servicing	<u>4,093,589</u>	<u>3,797,147</u>
Amount of debt servicing limit available	<u>\$ 11,246,621</u>	<u>\$ 10,366,966</u>

  

Internal Debt Limit Calculation	2017	2016
Total debt limit	\$ 73,633,010	\$ 67,987,744
Total debt	<u>32,702,364</u>	<u>30,383,410</u>
Amount of debt limit available	<u>\$ 40,930,646</u>	<u>\$ 37,604,334</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times revenue as defined by the Statement of Operations and Accumulated Surplus. 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.

On October 13, 2015 council approved through motion 302/15 the debt management policy stating an internal debt limit of 1.2 times the revenue be adopted to mitigate potential financial risk. In the above note, both the MGA limit of 1.5 times the revenue and the internal debt limit of 1.2 times the revenue has been calculated. The calculation taken alone does not represent the financial stability of Sturgeon County. Rather, the financial statements must be interpreted as a whole.

### 19. Financial Instruments

Sturgeon County's financial instruments consist of cash and short-term investments, accounts receivable, loans receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that Sturgeon County is not exposed to significant interest or currency risks arising from these financial instruments.

Sturgeon County is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to whom Sturgeon 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.

# Sturgeon County

## Notes to Financial Statements

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### 20. Budget Figures

The 2017 Budget figures appearing in the financial statement below have not been audited. Budgets that are established for capital acquisitions and related financing are calculated on a project oriented basis, as they may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts.

	Budget <i>(unaudited)</i>	2017	2016
<b>Budget Figures</b>			
<b>Annual Surplus</b>	\$ 14,835,317	\$ 21,810,349	\$ 8,797,357
Internal Transfers (net operating & capital)	(760,793)	(7,995,188)	(4,664,535)
Proceeds on disposal of Tangible Capital Assets	517,500	3,789,305	1,330,084
Repayment of long-term debt	(2,684,876)	(2,697,388)	(2,546,206)
Loss/(Gain) on isposal of Tangible Capital Assets	-	240,215	(79,205)
Capital costs	(21,997,725)	(22,610,121)	(11,986,352)
Contributed assets	-	(1,478,615)	-
Debt utilized	1,121,500	1,898,162	1,309,699
Amortization	8,969,077	8,385,880	8,673,549
<b>Operating Surplus (before yearend transfer)</b>	<u>-</u>	<u>1,342,599</u>	<u>\$ 834,391</u>
Internal Transfers (net operating & capital)	<u>-</u>	<u>(1,342,599)</u>	<u>(834,391)</u>
<b>Operating Surplus (after yearend transfer)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note that the above unaudited budget data presented above is based upon the 2017 operating and capital budgets that have been approved by Council. Amortization and gain/loss of disposed tangible capital assets were not contemplated to be funded in the development of the budget and, as such, have not been included.

### 21. Prior Period Surplus Adjustment

During 2017, Sturgeon County discovered that a water connection fee in the amount of \$496,502 that should have been expensed in 2014 was not recorded. This has been corrected retroactively in 2017 and comparative figures have been restated by reducing 2016 accumulated surplus at beginning of year by \$496,502.

### 22. Comparative Information

Certain comparative values have been reclassified to conform with the current year financial statement presentation.

### 23. Approval of Financial Statements

Council and Management have approved these financial statements.

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**Sturgeon County**  
Notes to Financial Statements

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