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**2016**

**Audited Financial Statements**

*For the year ending December 31, 2016*

  
**Sturgeon**  
County

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## **Sturgeon County**

### **2016 Financial Statements**

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# Sturgeon County

## Statement of Financial Position

December 31 <sup>st</sup>	2016	2015
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### Financial Assets

Cash and short-term investments (Note 3)	\$ 46,995,925	\$ 38,899,495
Accounts receivable (Note 4)	5,843,993	9,914,074
Loans Receivable (Note 5)	3,755,022	3,895,809
Investments (Note 6)	4,465,239	1,402,774
Land held for resale	-	213,536
<b>Total financial assets</b>	<b>61,060,179</b>	<b>54,325,688</b>

### Liabilities

Accounts payable and accrued liabilities (Note 9)	13,811,497	14,782,610
Long-term debt (Note 10)	30,383,410	30,547,831
Deferred revenue (Note 11)	33,835,600	32,850,999
<b>Total liabilities</b>	<b>78,030,507</b>	<b>78,181,440</b>

### Net Debt (Note 17)

(16,970,328)	(23,855,752)
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### Non-Financial Assets

Prepaid expenses	533,773	474,082
Inventory for consumption (Note 7)	1,984,668	2,194,351
Tangible capital assets (Schedule 6) (Note 8)	249,869,902	247,807,977
<b>Total non-financial assets</b>	<b>252,388,343</b>	<b>250,476,410</b>
<b>Accumulated Surplus (Schedule 1)</b>	<b>\$ 235,418,015</b>	<b>\$ 226,620,658</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 (unaudited)	2016	2015
<b>Revenues</b>			
Net municipal taxes (Schedule 3)	\$ 41,064,752	\$ 42,238,185	\$ 38,888,777
Special levies	1,126,797	934,165	1,029,198
Government transfers for operating (Schedule 4)	1,404,602	1,573,833	2,020,318
User fees and sales of goods	7,244,274	7,951,851	8,250,867
Return on investments	298,000	526,570	489,489
Licenses and permits	833,204	844,654	1,026,679
Inter-municipal agreements	312,572	706,602	720,538
Penalties on taxes and service charges	280,000	338,295	311,604
Other revenue	525,129	1,467,555	914,411
	<u>53,089,330</u>	<u>56,581,710</u>	<u>53,651,881</u>
<b>Expenses (Schedule 5)</b>			
Transportation	20,250,549	22,292,475	20,320,305
Administration and Building Services	10,229,940	10,119,431	8,994,257
Utilities	5,591,862	6,522,689	6,490,624
Planning, Economic Development, and Engineering	5,906,546	5,183,894	4,526,815
Protective Services	3,377,044	3,204,866	3,325,856
Community Services	2,693,567	2,861,725	3,254,775
Agriculture Services	2,493,107	2,304,414	2,249,654
Council	748,730	682,267	666,613
Fleet	50,887	-	69,382
	<u>51,342,232</u>	<u>53,171,761</u>	<u>49,898,281</u>
<b>Annual surplus before other income</b>	<b>1,747,098</b>	<b>3,409,949</b>	<b>3,753,600</b>
<b>Other income</b>			
Government transfers for capital (Schedule 4)	4,692,000	5,312,665	2,536,966
Developer off site levies	150,000	74,743	1,921,489
	<u>4,842,000</u>	<u>5,387,408</u>	<u>4,458,455</u>
<b>Annual surplus</b>	<b>6,589,098</b>	<b>8,797,357</b>	<b>8,212,055</b>
Accumulated surplus at beginning of year	226,620,658	226,620,658	218,408,603
<b>Accumulated surplus at end of year (Schedule 1)</b>	<b>\$ 233,209,756</b>	<b>\$ 235,418,015</b>	<b>\$ 226,620,658</b>

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>

2016

2015

### Cash provided by (used in)

#### Operating activities

Annual surplus	\$	8,797,357	\$	8,212,055
Non-cash items included in annual surplus:				
Amortization of tangible capital assets		8,673,549		8,551,002
Loss/(gain) on sale of tangible capital assets		(79,205)		205,032
		<u>17,391,701</u>		<u>16,968,089</u>
Changes in non-cash working capital				
Accounts receivable		4,070,081		(1,984,650)
Loans receivable		140,787		135,482
Lands held for resale		213,536		-
Prepaid expenses		(59,691)		(6,362)
Accounts payable and accrued liabilities		(971,113)		(2,147,982)
Deferred revenue		984,601		2,778,844
Inventory for consumption		209,683		(568,786)
Cash provided by (used in) operating activities		<u>21,979,585</u>		<u>15,174,635</u>

#### Capital activities

Acquisition of tangible capital assets		(11,986,352)		(21,022,633)
Proceeds on disposal of tangible capital assets		1,330,084		975,240
Cash used in capital activities		<u>(10,656,268)</u>		<u>(20,047,393)</u>

#### Investing activities

Disposal (acquisitions) of investments		(3,062,465)		(1,148,836)
Cash used in investing activities		<u>(3,062,465)</u>		<u>(1,148,836)</u>

#### Financing activities

Long-term debt issued		2,550,000		9,060,000
Long-term debt repaid		(2,714,422)		(3,408,021)
Cash provided by financing activities		<u>(164,422)</u>		<u>5,651,979</u>

#### Increase in cash during the year

8,096,430 (369,615)

#### Cash and short-term investments, beginning of year

38,899,495 39,269,110

#### Cash and short-term investments, end of year

\$ 46,995,925 \$ 38,899,495

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



# Sturgeon County

## Statement of Changes in Net Debt

For the year ended December 31 <sup>st</sup>	Budget (unaudited)	2016	2015
<b>Annual surplus</b>	\$ 6,589,098	\$ 8,797,357	\$ 8,212,055
Acquisition of tangible capital assets	(21,560,365)	(11,986,352)	(21,022,633)
Contributed assets	-	-	-
Amortization of tangible capital assets	8,199,294	8,673,549	8,551,002
Loss on disposal of tangible capital assets	-	(79,205)	205,032
Proceeds on sale of tangible capital assets	619,000	1,330,084	975,240
	(12,742,071)	(2,061,924)	(11,291,359)
Acquisition of supplies inventory	-	(1,984,668)	(2,194,351)
Acquisition of prepaid expense	-	(533,773)	(474,082)
Consumption of supplies inventory	-	2,194,351	1,625,565
Use of prepaid expense	-	474,082	467,720
	-	149,992	(575,148)
<b>Change in net debt</b>	(6,152,973)	6,885,424	(3,654,452)
<b>Net debt at beginning of year</b>	(23,855,752)	(23,855,752)	(20,201,300)
<b>Net debt at end of year (Note 17)</b>	\$ (30,008,725)	\$ (16,970,328)	\$ (23,855,752)

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>	Budget (unaudited)	2016	2015
Deficit from operations	\$ (6,921,226)	\$ (14,439,570)	\$ (15,978,223)
Internally designated (Note 12 Reserve funds)			
Operating	5,344,825	11,201,797	8,835,915
Capital	7,575,179	12,601,496	11,007,105
<b>Total reserves</b>	<b>12,920,004</b>	<b>23,803,293</b>	<b>19,843,020</b>
Equity in tangible capital assets (Schedule 2)	227,210,978	226,054,292	222,755,861
<b>Accumulated Surplus</b>	<b>\$ 233,209,756</b>	<b>\$ 235,418,015</b>	<b>\$ 226,620,658</b>

# Sturgeon County

## Schedule of Equity in Tangible Capital Assets

Schedule 2

For the year ended December 31 <sup>st</sup>	2016	2015
<b>Equity balance at beginning of year</b>	<b>\$ 222,755,861</b>	<b>\$ 216,813,371</b>
<b>Acquisition of capital assets</b>		
Roadway network	2,347,566	4,128,296
Land	264,187	1,093,874
Land Improvements	282,452	63,179
Vehicles	884,878	889,323
Buildings	351,987	5,701,835
Engineering structures	5,717,541	5,004,750
Machinery & equipment	2,137,741	4,141,376
<b>Total Acquisitions/Contributed Assets</b>	<b>11,986,352</b>	<b>21,022,633</b>
<b>Disposal of capital assets (Cost)</b>		
Roadway network	-	673,738
Engineering structures	-	-
Machinery & equipment	1,770,293	2,262,015
Vehicles	323,420	436,832
Buildings	102,213	-
	<b>2,195,926</b>	<b>3,372,585</b>
<b>Net additions &amp; disposals</b>	<b>9,790,426</b>	<b>17,650,048</b>
<b>Annual amortization</b>	<b>(8,673,549)</b>	<b>(8,551,002)</b>
<b>Accumulated amortization related to disposed assets</b>	<b>945,047</b>	<b>2,192,315</b>
<b>Adjustments</b>		
<b>Capital Financing</b>		
Capital debt utilized	(1,309,699)	(8,593,948)
Capital debt repayment	2,546,206	3,245,077
<b>Change in equity balance</b>	<b>3,298,431</b>	<b>5,942,490</b>
<b>Equity balance at end of year</b>	<b>\$ 226,054,292</b>	<b>\$ 222,755,861</b>
<b>Equity in tangible capital assets consists of:</b>		
Capital assets (cost)	\$ 377,835,356	\$ 368,044,930
Accumulated amortization	(127,965,454)	(120,236,953)
Long-term debt	(23,815,610)	(25,052,116)
	<b>\$ 226,054,292</b>	<b>\$ 222,755,861</b>



# Sturgeon County

## Schedule of Municipal Taxes Levied

Schedule 3

For the year ended December 31 <sup>st</sup>		Budget (unaudited)	2016	2015
<b>Taxation</b>				
Real property taxes	\$	43,252,681	\$ 44,532,849	\$ 40,428,399
Linear property taxes		7,754,093	7,555,780	7,550,574
Government grants in place of property taxes		5,016,142	5,015,566	4,776,973
		<u>56,022,916</u>	<u>57,104,195</u>	<u>52,755,947</u>
<b>Requisitions</b>				
Alberta School Foundation Fund		13,637,124	13,548,090	12,671,506
Homeland Housing (formerly Sturgeon Foundation)		592,748	589,335	561,271
Greater St. Albert RCSSD #734		554,330	554,340	485,474
Elk Island CSRD #41		173,962	174,245	148,919
		<u>14,958,164</u>	<u>14,866,010</u>	<u>13,867,170</u>
Net municipal property taxes	\$	<u>41,064,752</u>	\$ <u>42,238,185</u>	\$ <u>38,888,777</u>

# Sturgeon County

## Schedule of Government Transfers

Schedule 4

For the year ended December 31 <sup>st</sup>	Budget (unaudited)	2016	2015
<b>For Operations</b>			
<b>Federal transfers</b>			
Shared-cost agreements and grants	\$ -	\$ 15,091	\$ -
<b>Provincial transfers</b>			
Shared-cost agreements and grants	1,404,602	1,558,742	2,020,318
<b>Total operating transfers</b>	1,404,602	1,573,833	2,020,318
<b>For Tangible Capital Assets</b>			
Provincial transfers	4,692,000	5,312,665	2,536,966
Federal transfers	-	-	-
<b>Total capital transfers</b>	4,692,000	5,312,665	2,536,966
<b>Total government grants</b>	\$ 6,096,602	\$ 6,886,498	\$ 4,557,285

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# Sturgeon County

## Schedule of Segment Disclosure by Object

Schedule 5

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

2016

	Transportation	Administration and Building Services	Utilities	Planning, Economic Development, and Engineering	Protective Services	Community Services	Agriculture Services	Council	Fleet	Consolidated
<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	683,405	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
	\$ 20,944,320	\$ 12,202,473	\$ 7,479,985	\$ 5,683,110	\$ 4,319,844	\$ 2,698,264	\$ 2,500,882	\$ 752,832	\$ -	\$ 56,581,710
<b>Expenses</b>										
Contracted and general services	2,436,279	2,371,919	200,919	1,116,656	778,898	680,421	779,954	121,104	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	283,949	-	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	-	-	-	9,769	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)
	\$ 22,292,475	\$ 10,119,431	\$ 6,522,689	\$ 5,183,894	\$ 3,204,866	\$ 2,861,725	\$ 2,304,414	\$ 682,267	\$ -	\$ 53,171,781
<b>Annual surplus/(deficit) before other income</b>	\$ (1,348,155)	\$ 2,083,042	\$ 957,296	\$ 499,216	\$ 1,114,978	\$ (163,461)	\$ 196,468	\$ 70,565	\$ -	\$ 3,409,949

# Sturgeon County

## Schedule of Segment Disclosure by Object

Schedule 5

For the year ended December 31st

2015

	Transportation		Administration and Building Services		Planning, Economic Development, and Engineering		Utilities		Protective Services		Community Services		Agriculture Services		Council	Fleet	Consolidated	
Revenues																		
Net municipal taxes	\$	18,428,659	\$	8,546,849	\$	-	\$	4,236,311	\$	2,950,986	\$	1,998,736	\$	2,129,208	\$	751,744	\$	39,042,492
Special levies		190,043		685,440		153,714		-		-		-		-		-		1,029,197
Government transfers		1,211,272		74,935		-		121,192		-		444,560		168,359		-		2,020,318
User fees and sales of goods		325,391		185,971		7,133,610		74,673		242,999		85,440		49,068		-		8,097,153
Return on investments		-		482,920		-		6,569		-		-		-		-		489,489
Licenses and permits		-		26,974		-		982,825		16,880		-		-		-		1,026,679
Inter-municipal agreements		80,000		52,714		378,872		-		208,952		-		-		-		720,538
Penalties on taxes and service charges		-		-		11,592		-		-		-		-		-		311,604
Other revenue		78,756		239,233		357		351,588		165,228		33,127		48,122		-		914,411
	\$	20,312,120	\$	10,595,048	\$	7,678,145	\$	5,773,158	\$	3,585,045	\$	2,561,863	\$	2,394,758	\$	751,744	\$	53,651,881
Expenses																		
Contracted and general services		2,205,251		2,143,283		539,228		851,181		750,189		716,491		850,933		114,307		8,216,336
Salaries, wages and benefits		4,652,654		6,138,373		966,086		3,823,570		1,392,173		1,072,100		905,535		552,306		20,509,752
Materials, goods and utilities		4,744,805		600,727		3,005,839		5,474		401,805		77,462		248,579		-		10,187,327
Amortization		6,612,762		273,802		899,795		1,215		402,561		142,183		172,816		-		8,551,002
Grants		-		-		-		-		81,369		1,217,275		-		-		1,298,644
Loss/(gain) on disposal of tangible capital assets		251,859		-		6,614		-		19,749		1,446		(74,636)		-		205,032
Purchases from other governments		-		-		355,808		-		-		-		-		-		355,808
Interest on long-term debt		596,371		6,683		277,016		-		-		-		-		-		880,070
Provision for allowances		-		40,259		244,956		-		-		-		-		-		285,215
Internal Allocations		1,256,804		(208,871)		195,283		(154,825)		278,001		27,818		146,427		(2,132,342)		(891,605)
	\$	20,320,305	\$	8,994,257	\$	6,490,624	\$	4,826,815	\$	3,325,856	\$	3,254,775	\$	2,249,654	\$	655,613	\$	49,898,281
Annual surplus/(deficit) before other income	\$	(8,185)	\$	1,600,791	\$	1,187,521	\$	1,246,343	\$	259,188	\$	(692,911)	\$	145,103	\$	85,131	\$	3,753,600

# 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 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	\$ 2,601,294	\$ 13,200,797	\$ 369,044,930	\$ 350,394,883
Add:									
Additions during the year	134,503	13,058	2,137,741	125,424	884,878	306	8,648,218	12,208,315	21,022,633
Less:									
Disposals during the year	(221,963)	-	(1,770,293)	(102,213)	(323,420)	-	-	(2,195,926)	(3,372,585)
Adjustments	4,901,323	1,645,850	-	-	-	159,047	(6,706,220)	(221,963)	-
Transfers	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 67,335,573</b>	<b>\$ 227,061,901</b>	<b>\$ 18,012,062</b>	<b>\$ 12,322,966</b>	<b>\$ 8,860,229</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	9,551,002
Less:									
Accumulated amortization on disposals	-	-	(684,404)	(72,060)	(188,583)	-	-	(945,047)	(2,192,315)
Adjustments	15,163,942	99,494,377	5,333,305	3,276,119	3,868,723	828,988	-	127,965,454	120,236,954
<b>Balance, end of year</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>\$ 1,531,659</b>	<b>\$ 15,142,795</b>	<b>\$ 249,869,902</b>	<b>\$ 247,807,977</b>
<b>Net Book Value</b>									

# Sturgeon County

## Schedule of Tangible Capital Assets

### Schedule 6

For the year ended December 31st

2015

	Engineering Structures	Road Network	Machinery & Equipment	Buildings	Vehicles	Land	Land Improvements	Work in Progress	2015	2014
<b>Cost</b>										
Balance, beginning of year	\$ 52,548,960	\$ 219,116,744	\$ 15,765,273	\$ 6,573,223	\$ 7,907,032	\$ 24,894,629	\$ 1,705,634	\$ 21,983,388	\$ 350,394,883	\$ 326,695,570
Add:										
Additions during the year	-	122,602	4,141,376	66,764	889,323	-	-	15,802,566	21,022,633	25,240,133
Less:										
Disposals during the year	-	(673,738)	(2,262,015)	-	(436,832)	-	-	-	(3,372,585)	(1,540,820)
Adjustments	-	-	-	-	-	-	-	-	-	-
Transfers	9,972,749	6,837,387	-	5,659,768	39,247	1,180,347	895,660	(24,585,157)	-	-
<b>Balance, end of year</b>	<b>\$ 62,521,709</b>	<b>\$ 225,402,985</b>	<b>\$ 17,644,634</b>	<b>\$ 12,299,755</b>	<b>\$ 8,298,770</b>	<b>\$ 26,074,976</b>	<b>\$ 2,601,294</b>	<b>\$ 13,200,797</b>	<b>\$ 368,044,931</b>	<b>\$ 350,384,883</b>
<b>Accumulated Amortization</b>										
Balance, beginning of year	\$ 13,204,820	\$ 68,982,748	\$ 4,956,476	\$ 2,766,559	\$ 3,395,619	\$ -	\$ 572,045	\$ -	\$ 113,878,267	\$ 106,869,814
Add:										
Amortization	908,488	5,584,633	1,194,549	280,563	457,487	-	125,282	-	8,551,002	7,808,856
Less:										
Accumulated amortization on disposals	-	(608,172)	(1,235,405)	-	(346,738)	-	-	-	(2,192,315)	(800,403)
Adjustments	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 14,113,308</b>	<b>\$ 93,959,208</b>	<b>\$ 4,915,620</b>	<b>\$ 3,047,122</b>	<b>\$ 3,504,368</b>	<b>\$ -</b>	<b>\$ 697,327</b>	<b>\$ -</b>	<b>\$ 120,236,954</b>	<b>\$ 113,878,267</b>
<b>Net Book Value</b>	<b>\$ 48,408,400</b>	<b>\$ 131,443,787</b>	<b>\$ 12,729,014</b>	<b>\$ 9,252,633</b>	<b>\$ 4,794,402</b>	<b>\$ 26,074,976</b>	<b>\$ 1,903,967</b>	<b>\$ 13,200,797</b>	<b>\$ 247,807,977</b>	<b>\$ 236,516,616</b>



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# Sturgeon County

## Notes to Financial Statements

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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 expenses, 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 Expenditure*

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

#### *e) 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

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### f) *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 lives for each class of depreciable asset are:

<b>Roadway network</b>		
-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
<b>Engineering structures</b>		
-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
<b>Land improvements</b>		
-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
<b>Buildings</b>		
-brick/steel frame	Straight Line	40 years
-wood/portable structures	Straight Line	25 years
-leasehold improvements	Straight Line	as per lease agreement
<b>Machinery &amp; equipment</b>		
- heavy	Straight Line	10 years
- light & various	Straight Line	4 - 20 years
- office & computer	Declining Balance	5 years
<b>Vehicles</b>		
- 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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## Sturgeon County

### Notes to Financial Statements

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December 31, 2016

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**g) 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.

**h) Cash and short term investments**

Short term investments are conventional liquid term deposits that mature in three months or less.

**i) 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.

**j) 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. The County pays the benefits as they become due.

**k) 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.

**l) 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.

**m) 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.

**n) 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 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.

***o) 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.

***p) 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.

***q) 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 the 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 2,350 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 and bylaw enforcement to the residents of Sturgeon County. The fire department is directly responsible for two fire departments in Sturgeon County (Calahoo & 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.

# Sturgeon County

## Notes to Financial Statements

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### 2. Segmented Information (cont'd)

#### **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. Also, included is the transit service 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, information and geographic systems, records management, general administration, building/site management, human resources, 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

	2016	2015
Cash	\$ 5,677,907	\$ 6,933,532
Short-term investments *3 months or less	41,318,018	31,965,963
	<u>\$ 46,995,925</u>	<u>\$ 38,899,495</u>

Included in cash and short-term investments is \$899,153 (2015 - \$805,331) of funds restricted for municipal parks. Short term investments which are term deposits have effective interest rate(s) of 1.12% - 1.34% (2015 -1.05% - 1.13% ) and mature in three months or less.

# Sturgeon County

## Notes to Financial Statements

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December 31, 2016

### 4. Accounts Receivable

	2016	2015
Taxes and grants in place of taxes	\$ 1,252,774	\$ 1,171,554
Trade and other	2,397,989	2,336,372
Local Improvement Taxes **	1,487,181	1,832,694
Receivable from other governments	865,997	4,641,104
Allowance for doubtful accounts	(159,948)	(67,650)
	<u>\$ 5,843,993</u>	<u>\$ 9,914,074</u>

#### \*\* Local Improvement Taxes

	2016	2015
Local Improvement Bylaw 1005-04, expiring 2018	\$ 68,745	\$ 103,118
Local Improvement Bylaw 1006-04, expiring 2018	25,293	37,939
Local Improvement Bylaw 1076-06, expiring 2020	103,578	129,472
Local Improvement Bylaw 1077-06, expiring 2020	263,052	328,815
Local Improvement Bylaw 1111-07, expiring 2021	113,848	138,618
Local Improvement Bylaw 1147-08, expiring 2022	868,936	1,013,759
Local Improvement Bylaw 1288-13, expiring 2017	34,761	69,522
Local Improvement Bylaw 1353-13, expiring 2030	8,968	13,451
	<u>\$ 1,487,181</u>	<u>\$ 1,832,694</u>

### 5. Loans Receivable

	2016	2015
West Sturgeon Aging in Place Foundation* (Note 10)	\$ 3,708,136	\$ 3,832,224
Morinville Municipal Seed Cleaning Co-op**	46,886	63,585
	<u>\$ 3,755,022</u>	<u>\$ 3,895,809</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 2016, the loan payment was forgiven (see Council Motion #372/16).

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 2016. Interest is recorded on an accrual basis.

### 6. Investments

	2016	2015
Corporate Bonds	\$ 4,017,553	\$ 1,008,776
Servus Credit Union Member Equity	205,438	198,531
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	239,363	192,712
	<u>\$ 4,465,239</u>	<u>\$ 1,402,774</u>

Corporate Bonds are made up of 10 bonds with interest rate(s) of 2.33% - 3.13%. Market value of these investments total \$3,934,403 and is based on quoted market values received as at December 31, 2016. Maturity dates range from 2019 - 2027. All bonds are recorded at their book value in the exception of six bonds which have been marked down to their market values due to two consecutive years of unrealized losses.



**Sturgeon County**  
Notes to Financial Statements

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**7. Inventory for Consumption**

	2016	2015
Common services (transportation)	\$ 1,633,348	\$ 1,829,831
Equipment maintenance shop	154,128	158,504
Agricultural services	197,192	208,015
	<u>\$ 1,984,668</u>	<u>\$ 2,196,351</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**

	2016	2015
Road network	\$ 134,319,676	\$ 137,913,799
Engineering structures	60,189,629	55,118,201
Machinery and equipment	12,678,776	12,729,014
Buildings	9,046,647	9,252,633
Vehicles	4,991,507	4,794,402
Land improvements	2,304,304	1,926,950
Land for government use	26,339,163	26,074,976
	<u>\$ 249,869,902</u>	<u>\$ 247,807,976</u>

There were no contributed tangible capital assets in 2016 or 2015.

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 \$8,017,999 (2015 - \$6,707,801) of Work in Progress that is not in service and not being amortized.

Road network includes roads, bridges, curb & gutter, swales as well as railway. Road network includes \$6,752,150 (2015 - \$6,470,012) of Work in Progress that is not in service and not being amortized.

Machinery & equipment includes heavy equipment, agriculture equipment, fire protection equipment (other than fire vehicles), office equipment, furniture and other equipment. In 2016, no amount remains in Work in Progress. (2015 - \$0).

Buildings include offices, shops and storage buildings as well as Sturgeon County owned fire halls and buildings used for recreational purposes. In 2016, no amount remains in Work in Progress. (2015 - \$0).

Vehicles include trailers, light and heavy duty vehicles as well as fire engines and tenders. In 2016, no amount remains in Work in Progress. (2015 - \$0).

Land improvements include fencing, trails, playgrounds, parking lots, ball diamonds and landscaping. Land improvements includes for 2016 \$372,645 (2015 - \$22,893) of Work in Progress.

Land for government use includes land acquired for building sites, infrastructure and other program use. In 2016, no amount remains in Work in Progress (2015 - \$0).

**9. Accounts Payable and Accrued Liabilities**

	2016	2015
Trade and other accounts payable	\$ 5,221,677	\$ 6,609,326
Earned vacation and overtime liability	1,035,762	976,651
Post retirement benefits obligation (Note 15)	3,219,496	2,794,288
Accrued long-term debt interest	90,847	97,011
Deposit liabilities	4,243,715	4,305,334
Reclamation liability (gravel)	617,011	-
	<u>\$ 13,811,497</u>	<u>\$ 14,782,610</u>

**10. Long-Term Debt**

	2016	2015
<u>Debentures</u>		
Reservoir & Pumphouse debenture, bylaw 956/02 repayable in annual installments of \$91,107 including interest at 5.75%, maturing 2017.	86,153	167,622
Road debenture, bylaw 964/03 repayable in annual installments of \$212,419 including interest at 5.375%, maturing 2018.	392,886	574,430
Water distribution debenture, bylaw 991B/03 repayable in annual installments of \$43,541 including interest at 5.375%, maturing 2018.	80,532	117,745
Water supply debenture, bylaw 991A/03 repayable in annual installments of \$56,839 including interest at 5.375%, maturing 2018.	105,129	153,707
Road overlay debenture, bylaw 1037/04 repayable in semi-annual installments of \$32,678 including interest at 4.654%, maturing 2019.	181,039	236,041
Wastewater forcemain debenture, bylaw 1055/05 repayable in semi-annual installments of \$29,843 including interest at 4.422%, maturing 2020.	216,637	265,128
Water distribution debenture, bylaw 1056/05 repayable in semi-annual installments of \$16,682 including interest at 4.422%, maturing 2020.	121,099	148,206
Wastewater collection debenture, bylaw 1057/05 repayable in semi-annual installments of \$33,183 including interest at 4.422%, maturing 2020.	240,885	294,804
Road debenture, bylaw 1099/06 repayable in semi-annual installments of \$32,310 including interest at 4.4925%, maturing 2017.	62,506	122,296
Road debenture, bylaw 1112/07 repayable in semi-annual installments of \$62,852 including interest at 4.614%, maturing 2022.	652,315	744,711
Road debenture, bylaw 1156/08 repayable in semi-annual installments of \$73,085 including interest at 4.565%, maturing 2023.	867,440	970,470
Road debenture, bylaw 1177/09 repayable in semi-annual installments of \$193,610 including interest at 4.214%, maturing 2024.	2,606,628	2,875,477
Road debenture, bylaw 1181/09 repayable in semi-annual installments of \$125,084 including interest at 3.488%, maturing 2025.	1,918,173	2,096,751

# Sturgeon County

Notes to Financial Statements

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December 31, 2016

## 10. Long-Term Debt (cont'd)

	2016	2015
<u>Debentures (cont'd)</u>		
Road debenture, bylaw 1181/09 repayable in semi-annual installments of \$32,337 including interest at 3.885%, maturing 2025.	487,262	531,707
Equipment debenture, bylaw 1233/11 repayable in semi-annual installments of \$45,653 including interest at 1.520%, maturing 2016.	-	90,276
Water supply debenture, bylaw 1239/11 repayable in semi-annual installments of \$9,214 including interest at 2.788%, maturing 2026.	159,857	173,542
Bridge debenture, bylaw 1276/12 repayable in semi-annual installments of \$13,664 including interest at 2.627%, maturing 2027.	259,610	279,721
Bridge debenture, bylaw 1276/12 repayable in semi-annual installments of \$7,744 including interest at 2.627%, maturing 2027.	147,138	158,536
Road debenture, bylaw 1270/12 repayable in semi-annual installments of \$37,460 including interest at 2.177%, maturing 2022.	419,267	484,000
Road debenture, bylaw 1277/12 repayable in semi-annual installments of \$26,669 including interest at 2.177%, maturing 2022.	298,493	344,579
Road debenture, bylaw 1270/12 repayable in semi-annual installments of \$11,741 including interest at 2.177%, maturing 2022.	131,412	151,702
West Sturgeon Aging in Place Foundation, bylaw 1282/12 repayable in semi-annual installments of \$120,504 including interest at 3.0757%, maturing 2037.	3,708,136	3,832,224
Bridge debenture, bylaw 1303/13 repayable in semi-annual installments of \$30,356 including interest at 3.295%, maturing 2028.	44,529	47,510
Water supply debenture, bylaw 1294/13 repayable in semi-annual installments of \$34,711 including interest at 3.586%, maturing 2028.	672,186	716,313
Wastewater collection debenture, bylaw 1295/13 repayable in semi-annual installments of \$42,515 including interest at 3.295%, maturing 2028.	837,182	893,237
Road debenture, bylaw 1319/14 repayable in semi-annual installments of \$24,531 including interest at 2.314%, maturing 2024.	356,438	396,555

**Sturgeon County**  
Notes to Financial Statements

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December 31, 2016

**10. Long-Term Debt (cont'd)**

	2016	2015
<u>Debentures (cont'd)</u>		
Road debenture, bylaw 1330/14 repayable in semi-annual installments of \$131,731 including interest at 2.314%, maturing 2024.	1,914,049	2,129,475
Road debenture, Bylaw 1331/14 repayable in semi-annual installments of \$123,850 including interest at 2.314%, maturing 2024.	1,799,534	2,002,070
Road debenture, bylaw 1317/14 repayable in semi-annual installments of \$11,892 including interest at 2.314%, maturing 2024	172,796	192,244
Road debenture, bylaw 1214/10 repayable in semi-annual installments of \$29,585 including interest at 3.140%, maturing 2021.	246,509	296,751
Wastewater collection debenture, bylaw 1334/14 repayable in semi-annual installments of \$100,150 including interest at 2.459%, maturing 2030.	2,360,321	2,500,000
Building debenture, bylaw 1342/15 repayable in semi-annual installments of \$181,025 including interest at 2.831%, maturing 2035	5,292,193	5,500,000
Road debenture, bylaw 1328/14 repayable in semi-annual installments of \$36,054 including interest at 2.459%, maturing 2030.	849,716	900,000
Road debenture, bylaw 1330/14 repayable in semi-annual installments of \$8,843 including interest at 1.949%, maturing 2025.	145,360	160,000
Reservoir Expansion, bylaw 1350/15 repayable in semi-annual installments of \$41,045, including interest at 2.798%, maturing 2031	1,000,000	-
Land Servicing, bylaw 1359/15 repayable in semi-annual installments of \$51,307 including interest at 2.798%, maturing 2031	1,250,000	-
Road debenture, bylaw 1349/15 repayable in semi-annual installments of \$18,458 including interest at 2.195%, maturing 2025	300,000	-
	<u>\$ 30,383,410</u>	<u>\$ 30,547,831</u>

**Sturgeon County**  
Notes to Financial Statements

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**10. Long-Term Debt (cont'd)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	2,871,045	926,102	3,797,147
2018	2,816,203	825,219	3,641,422
2019	2,600,755	727,866	3,328,621
2020	2,618,858	644,677	3,263,535
2021	2,512,130	562,136	3,074,266
Thereafter	16,964,419	2,682,284	19,646,703
	<u>\$ 30,383,410</u>	<u>\$ 6,368,284</u>	<u>\$ 36,751,694</u>

Sturgeon County's total cash payments for interest in 2016 were \$829,327 (2015 - \$880,070).

**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>2015</u>	<u>Contributions</u>	<u>Interest Earned</u>	<u>Contributions Recognized</u>	<u>2016</u>
Fort Hills Upgrader tax prepayment (See Note 17)	\$ 12,700,000	-	-	\$ (1,063,879)	\$ 11,636,121
Northwest Redwater Partnership tax prepayment (See Note 17)	5,588,000	-	-	-	5,588,000
Government transfer payments	7,433,928	7,820,885	54,231	(6,213,756)	9,095,288
Off site levies	6,801,901	357,868	-	(74,744)	7,085,025
Other	327,170	158,396	-	(54,400)	431,166
	<u>\$ 32,850,999</u>	<u>\$ 8,337,149</u>	<u>\$ 54,231</u>	<u>\$ (7,406,779)</u>	<u>\$ 33,835,600</u>

**Sturgeon County**  
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**12. Reserves**

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

	2016	2015
<b>a) Operating</b>		
General operating	\$ 4,260,313	\$ 4,026,906
Carry Forward - Projects	1,835,801	1,845,659
Drainage	985,907	-
Gravel extraction	674,326	638,764
Corporate Support	627,845	397,883
Utility	620,999	-
Planning	576,702	600,383
Sturgeon industrial community fund	403,082	374,716
Economic development	326,095	222,795
Contingency	282,456	282,456
Agriculture services	219,182	199,183
Subdivision oiling	187,404	187,404
Severe Weather	100,000	-
Transportation	77,318	-
Fleet	8,000	-
Recreation	-	42,750
Other	16,367	17,017
	<u>\$ 11,201,797</u>	<u>\$ 8,835,915</u>
<b>b) Capital</b>		
Utility	4,501,637	5,356,792
Transportation	3,024,264	2,620,535
Equipment & Vehicle	2,458,723	734,529
Corporate Support	\$ 1,499,651	\$ 1,402,037
Municipal park	899,153	717,894
Other	218,068	175,318
	<u>12,601,496</u>	<u>11,007,105</u>
<b>Total Reserves</b>	<u><u>\$ 23,803,293</u></u>	<u><u>\$ 19,843,020</u></u>

Reserves include \$899,153 (2015 - \$717,894) subject to external restrictions with respect to their use.



# Sturgeon County

## Notes to Financial Statements

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### 13. Salary and Benefits

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

	Salary <sup>1</sup>	Honoraria <sup>2</sup>	Benefits <sup>3</sup>	2016	2015
Mayor	\$ 75,974	4,590	10,947	\$ 91,511	\$ 90,683
Councillor Division 1	\$ 50,650	2,700	9,765	\$ 63,115	\$ 62,547
Councillor Division 2 <sup>5</sup>	\$ 54,333	3,240	8,514	\$ 66,087	\$ 61,143
Councillor Division 3 <sup>4</sup>	\$ 54,565	5,850	8,521	\$ 68,936	\$ 63,881
Councillor Division 4	\$ 50,650	2,970	8,152	\$ 61,772	\$ 66,706
Councillor Division 5	\$ 50,650	4,590	11,190	\$ 66,430	\$ 67,486
Councillor Division 6	\$ 50,650	1,890	12,604	\$ 65,144	\$ 64,461
Chief administrative officer (CAO)	\$ 255,062	-	46,473	\$ 301,535	\$ 286,639

<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 2-7 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, accidental 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 3 Councillor was Deputy Mayor from January through June 2016

<sup>5</sup>Division 2 Councillor was Deputy Mayor from July through December 2016

### 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 244,621 members and about 426 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 2016 were \$1,881,599 (2015 - \$1,779,782). Total contributions by the employees of Sturgeon County to the LAPP in 2016 were \$1,731,764 (2015 - \$1,644,742).

At December 31, 2015, the Local Authorities Plan disclosed an actuarial deficit of approximately \$923 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. The County pays 80 percent of benefit costs and the employee pays the remaining 20 percent. Amounts provided for in the current year amounted to \$ 42,687 (2015 - \$29,746). Retirees contributed \$ 14,543 in 2016 (2015 - \$10,936).

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 \$388,601 (2015 - \$123,633).

Significant assumptions used in the valuation include a discount rate of 1.706% (2015 - 2.15%), compensation increases of 4% for 2017, also an inflationary increase of 5% was used in the calculation of health and dental premiums over several years.

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### 16. Trust Funds

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

	2016	2015
Tax sale surplus	\$ 50,472	\$ 59,230
Dale MacMillan Memorial Scholarship Fund	117,936	113,442
Further Education & Literacy funds	158,868	150,531
Campaign Trust	4,599	4,594
	<u>\$ 331,875</u>	<u>\$ 327,797</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.

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### 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, Sturgeon County will recognize revenue over a period of 10 years in accordance with Public Sector Accounting Board standards starting in 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, 2017. Although the funds have been expended, they are recognized as deferred revenue until a period beginning in 2017.

# Sturgeon County

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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	2016	2015
Total debt limit	\$ 84,984,680	\$ 83,360,055
Total debt	30,383,410	30,547,831
Amount of debt limit available	<u>\$ 54,601,270</u>	<u>\$ 52,812,224</u>
Debt servicing limit	\$ 14,164,113	\$ 13,893,343
Debt servicing	3,797,147	3,666,833
Amount of debt servicing limit available	<u>\$ 10,366,966</u>	<u>\$ 10,226,509</u>
Internal Debt Limit Calculation	2016	2015
Total debt limit	\$ 67,987,744	\$ 66,688,044
Total debt	30,383,410	30,547,831
Amount of debt limit available	<u>\$ 37,604,334</u>	<u>\$ 36,140,213</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 debt limit of 1.5 times 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.

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**20. Budget Figures**

The 2016 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.

	2016 Budget (Unaudited)	2016	2015
<b>Budget Figures</b>			
Annual Surplus	\$ 6,589,098	\$ 8,797,357	\$ 8,212,055
Internal Transfers (net operating & capital)	(25,145)	(4,664,535)	(1,187,842)
Proceeds on Disposal of Tangible Capital Assets	619,000	1,330,084	975,240
Repayment of Long-Term Debt	(2,421,882)	(2,546,206)	(3,245,077)
Loss/(Gain) on Disposal of Tangible Capital Assets	-	(79,205)	205,032
Capital Costs	(21,560,365)	(11,986,352)	(21,022,633)
Contributed assets	-	-	-
Debt utilized	8,600,000	1,309,699	8,593,948
Amortization	8,199,294	8,673,549	8,551,002
Operating Surplus (before yearend transfer)	\$ -	\$ 834,391	\$ 1,081,725
Internal Transfers (net operating & capital)		(834,391)	(1,081,725)
Operating Surplus (after yearend transfer)	\$ -	\$ -	\$ -

Note that the above unaudited budget data presented above is based upon the 2016 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.

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**21. Comparative Information**

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

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**22. Approval of Financial Statements**

Council and Management have approved these financial statements.