

LAC STE. ANNE COUNTY

SANGUDO, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Lac Ste. Anne County
Sangudo, Alberta

We have audited the accompanying financial statements of Lac Ste. Anne County (the "County"), which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lac Ste. Anne County as at December 31, 2017, and the results of its operations and accumulated surplus, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

METRIX GROUP LLP

Chartered Professional Accountants

April 12, 2018
Edmonton, Alberta



LAC STE. ANNE COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash	\$ 5,282,348	\$ 10,965,554
Accounts receivable (Note 2)	6,731,236	4,412,424
Loans receivable (Note 3)	2,324,844	2,447,801
Long-term investments (Note 4)	<u>1,069,179</u>	<u>1,065,896</u>
	<u>15,407,607</u>	<u>18,891,675</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,227,917	2,125,267
Deposit liabilities (Note 8)	1,539,478	1,473,106
Deferred revenue (Note 9)	1,512,117	4,388,828
Long-term debt (Note 10)	<u>4,995,099</u>	<u>3,751,107</u>
	<u>9,274,611</u>	<u>11,738,308</u>
NET FINANCIAL ASSETS	<u>6,132,996</u>	<u>7,153,367</u>
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 5)	691,799	1,701,393
Prepaid expenses	438,869	862,097
Tangible capital assets (Schedule 1)	<u>57,654,386</u>	<u>53,167,610</u>
	<u>58,785,054</u>	<u>55,731,100</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 64,918,050</u>	<u>\$ 62,884,467</u>
CONTINGENCIES (Note 15)		

ON BEHALF OF COUNTY COUNCIL:





Reeve

County Manager

LAC STE. ANNE COUNTY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget <u>2017</u> (Note 19)	Actual <u>2017</u>	Actual <u>2016</u>
Revenue			
Net taxation (Schedule 2)	\$ 14,294,167	\$ 14,238,489	\$ 15,015,966
Sales and user charges	3,863,705	2,167,548	2,325,661
Government transfers for operating (Schedule 3)	2,268,187	2,106,666	1,254,089
Penalties and costs on taxes	286,626	406,572	313,864
Return on investments	144,500	154,348	210,233
Rentals	156,548	152,954	136,180
Licenses and permits	<u>74,000</u>	<u>99,002</u>	<u>35,789</u>
	<u>21,087,733</u>	<u>19,325,579</u>	<u>19,291,782</u>
Expenses			
Public works	11,860,164	13,778,880	11,780,295
General administration	3,570,078	3,219,235	2,865,914
Protective services	2,388,764	2,054,657	2,309,126
Waste management	1,182,234	966,621	1,050,811
Parks and recreation	1,059,687	949,064	851,322
Planning, land and economic development	1,367,703	917,154	967,932
Agricultural services	941,088	895,699	761,315
Family and community support services	447,304	411,768	360,959
Council and other legislative	437,252	390,431	403,508
Water and wastewater	<u>410,076</u>	<u>263,305</u>	<u>1,173,119</u>
	<u>23,664,350</u>	<u>23,846,814</u>	<u>22,524,301</u>
Deficiency Before Other Items	<u>(2,576,617)</u>	<u>(4,521,235)</u>	<u>(3,232,519)</u>
Other Items			
Government transfers for capital (Schedule 3)	6,892,359	6,172,950	7,730,571
Gain on disposal of tangible capital assets	727,500	381,868	514,194
Contributed tangible capital assets	<u>-</u>	<u>-</u>	<u>163,600</u>
	<u>7,619,859</u>	<u>6,554,818</u>	<u>8,408,365</u>
Excess of Revenue over Expenses	5,043,242	2,033,583	5,175,846
Accumulated Surplus, Beginning of Year	<u>62,884,467</u>	<u>62,884,467</u>	<u>57,708,621</u>
Accumulated Surplus, End of Year	<u>\$ 67,927,709</u>	<u>\$ 64,918,050</u>	<u>\$ 62,884,467</u>

LAC STE. ANNE COUNTY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Excess of Revenue over Expenses	\$ <u>2,033,583</u>	\$ <u>5,175,846</u>
Acquisition of tangible capital assets	(8,961,962)	(10,748,603)
Contributed tangible capital assets	-	(163,600)
Proceeds on disposal of tangible capital assets	587,116	714,556
Amortization of tangible capital assets	4,269,939	4,593,932
Gain on disposal of tangible capital assets	<u>(381,868)</u>	<u>(514,194)</u>
	<u>(4,486,775)</u>	<u>(6,117,909)</u>
Use (acquisition) of inventory for consumption	1,009,594	215,526
Use (acquisition) of prepaid expenses	<u>423,227</u>	<u>46,665</u>
	<u>1,432,821</u>	<u>262,191</u>
Increase In Net Financial Assets	(1,020,371)	(679,872)
Net Financial Assets, Beginning of Year	<u>7,153,367</u>	<u>7,833,239</u>
Net Financial Assets, End of Year	\$ <u>6,132,996</u>	\$ <u>7,153,367</u>

LAC STE. ANNE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Operating Activities		
Excess of revenue over expenses	\$ 2,033,583	\$ 5,175,846
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	4,269,939	4,593,932
Contributed tangible capital assets	-	(163,600)
Gain on disposal of tangible capital assets	<u>(381,868)</u>	<u>(514,194)</u>
	<u>5,921,654</u>	<u>9,091,984</u>
Change in non-cash working capital balances:		
Accounts receivable	(2,318,812)	(1,818,523)
Loans receivable	122,957	90,433
Inventory for consumption	1,009,594	215,526
Prepaid expenses	423,227	46,665
Accounts payable and accrued liabilities	(897,350)	912,582
Deposit liabilities	66,372	58,500
Deferred revenue	<u>(2,876,711)</u>	<u>2,237,897</u>
	<u>(4,470,723)</u>	<u>1,743,080</u>
	<u>1,450,931</u>	<u>10,835,064</u>
Financing Activities		
Long-term debt proceeds	2,410,000	-
Long-term debt principal repayments	<u>(1,166,008)</u>	<u>(1,092,216)</u>
	<u>1,243,992</u>	<u>(1,092,216)</u>
Capital Activities		
Acquisition of tangible capital assets	(8,961,962)	(10,748,603)
Proceeds on sale of tangible capital assets	<u>587,116</u>	<u>714,556</u>
	<u>(8,374,846)</u>	<u>(10,034,047)</u>
Investing Activities		
Change in long-term investments	<u>(3,283)</u>	<u>(7,487)</u>
Change in Cash for the Year	(5,683,206)	(298,686)
Cash, Beginning of Year	<u>10,965,554</u>	<u>11,264,240</u>
Cash, End of Year	<u>\$ 5,282,348</u>	<u>\$ 10,965,554</u>

LAC STE. ANNE COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2017	2016
COST:								
Balance, Beginning of Year	\$ 11,429,468	\$ 2,193,132	\$ 14,979,897	\$ 104,819,867	\$ 10,207,586	\$ 7,598,467	\$ 151,228,417	\$ 141,550,228
Acquisition of tangible capital assets	-	745,950	1,482,963	4,982,194	1,615,362	135,553	8,961,962	10,912,203
Disposal of tangible capital assets	-	-	-	-	(1,067,340)	(24,751)	(1,092,091)	(1,234,014)
Balance, End of Year	<u>11,429,468</u>	<u>2,939,082</u>	<u>16,462,860</u>	<u>109,802,001</u>	<u>10,755,608</u>	<u>7,709,269</u>	<u>159,088,288</u>	<u>151,228,417</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	1,149,553	2,495,411	83,195,498	5,644,323	5,576,022	98,060,807	94,500,527
Annual amortization	-	80,899	287,274	2,016,483	1,561,640	323,643	4,269,939	4,593,932
Accumulated amortization on disposals	-	-	-	-	(885,606)	(1,238)	(896,844)	(1,033,652)
Balance, End of Year	-	<u>1,230,452</u>	<u>2,782,685</u>	<u>85,211,981</u>	<u>6,320,357</u>	<u>5,898,427</u>	<u>101,443,902</u>	<u>98,060,807</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 11,429,468</u>	<u>\$ 1,708,630</u>	<u>\$ 13,680,175</u>	<u>\$ 24,590,020</u>	<u>\$ 4,435,251</u>	<u>\$ 1,810,842</u>	<u>\$ 57,654,386</u>	<u>\$ 53,167,610</u>

Cost includes construction in progress of \$1,892,151 (2016 - \$8,842,779). These amounts are not amortized until the asset is complete and in use.

LAC STE. ANNE COUNTY

SCHEDULE 2

SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u> (Budget) (Note19)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
Taxation			
Residential	\$ 10,762,987	\$ 10,700,842	\$ 10,636,861
Linear	5,046,878	5,033,125	5,842,259
Machinery and equipment	1,266,128	1,194,239	1,348,584
Commercial	1,257,552	1,251,312	1,251,073
Farmland	738,009	737,343	733,883
Grants in lieu of taxes	21,231	21,204	21,646
Recreation facility and program assistance tax	276,950	279,650	276,850
Wastewater maintenance tax	235,000	246,680	236,900
Aggregate levy	50,000	117,120	70,162
Local improvement	11,068	5,031	11,621
School requisitions over/under levy	-	12,455	(3,874)
	<u>19,665,803</u>	<u>19,599,001</u>	<u>20,425,965</u>
Deduct:			
Alberta School Foundation Fund	4,961,510	4,954,991	5,001,453
Lac Ste. Anne Foundation	410,126	405,521	408,546
	<u>5,371,636</u>	<u>5,360,512</u>	<u>5,409,999</u>
Net Taxation	<u>\$ 14,294,167</u>	<u>\$ 14,238,489</u>	<u>\$ 15,015,966</u>

LAC STE. ANNE COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 3

	<u>2017</u> (Budget) (Note19)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
Government transfers for operating Provincial	\$ 2,268,187	\$ 2,106,666	\$ 1,254,089
Government transfers for capital Provincial	<u>6,892,359</u>	<u>6,172,950</u>	<u>7,730,571</u>
Total Government Transfers	<u>\$ 9,160,546</u>	<u>\$ 8,279,616</u>	<u>\$ 8,984,660</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2017

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
REVENUE								
Net taxation	\$ -	\$ 13,707,128	\$ -	\$ -	\$ -	\$ 279,650	\$ 251,711	\$ 14,238,489
Sales and user charges	303,948	103,203	447,982	366,764	362,018	238,348	345,285	2,167,548
Government transfers for operating	1,484,513	22,921	-	43	-	10,588	588,601	2,106,666
Penalties and costs on taxes	-	406,572	-	-	-	-	-	406,572
Return on investments	7,946	140,189	4,844	1,369	-	-	-	154,348
Rentals	-	76,731	73,841	-	-	-	2,382	152,954
Licenses and permits	44,234	18,909	13,759	22,100	-	-	-	99,002
	<u>1,840,641</u>	<u>14,475,653</u>	<u>540,426</u>	<u>390,276</u>	<u>362,018</u>	<u>528,586</u>	<u>1,187,979</u>	<u>19,325,579</u>
EXPENSES								
Salaries, wages and benefits	2,826,498	1,727,853	1,017,824	499,102	464,674	93,811	944,597	7,574,359
Materials, goods and utilities	5,327,547	421,961	312,259	26,118	60,285	104,352	338,503	6,591,025
Amortization of tangible capital assets	3,435,612	288,159	236,594	-	101,379	59,764	138,431	4,269,939
Contracted and general services	2,179,169	632,700	475,642	391,934	56,826	241,894	523,794	4,501,959
Transfers to governments	-	7,486	-	-	276,457	449,243	14,949	748,135
Provision for allowances	-	90,000	-	-	-	-	-	90,000
Interest on long-term debt	10,055	19,906	12,337	-	-	-	7,930	50,228
Bank charges and short-term interest	-	21,169	-	-	-	-	-	21,169
	<u>13,778,881</u>	<u>3,219,234</u>	<u>2,054,656</u>	<u>917,154</u>	<u>959,621</u>	<u>949,064</u>	<u>1,966,204</u>	<u>23,846,814</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	<u>(11,938,240)</u>	<u>11,256,419</u>	<u>(1,514,230)</u>	<u>(526,878)</u>	<u>(597,603)</u>	<u>(420,478)</u>	<u>(780,225)</u>	<u>(4,521,235)</u>

The accompanying notes are an integral part of these financial statements.

LAC STE. ANNE COUNTY
SCHEDULE OF EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 5

	<u>2017</u> (Budget) (Note 19)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
Salaries, wages and benefits	\$ 8,308,132	\$ 7,574,359	\$ 7,598,970
Materials, goods and utilities	5,310,038	6,591,025	4,890,770
Amortization	4,149,328	4,269,939	4,593,932
Contracted and general services	4,906,819	4,501,959	4,478,721
Transfers to governments, agencies and organizations	840,387	748,135	821,698
Provision for allowances	-	90,000	70,000
Interest on long-term debt	125,646	50,228	52,000
Bank charges and short-term interest	<u>24,000</u>	<u>21,169</u>	<u>18,210</u>
	<u>\$ 23,664,350</u>	<u>\$ 23,846,814</u>	<u>\$ 22,524,301</u>

See accompanying notes to the financial statements.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of the County's management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues, and expenditures, and changes in equity balances and cash flows of the County.

(b) Basis of Accounting

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

(c) Use of Estimates

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

(d) Cash

Cash includes chequing and savings accounts and cash on hand amounts that are readily converted into known amounts of cash and are subject to an insignificant change in value.

(e) Investments

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

(f) Loans receivable

Loans receivable are recorded at cost. Interest revenue is recognized as revenue in the year it is earned.

(g) Local Improvements

Construction and borrowing costs associated with local improvement projects are recovered through annual special levies that are approved by bylaw. These levies are collectible from the affected property owners and are levied over the estimated lifetime of the project. Revenues from local improvement levies are recognized in full in the period in which the local improvement project is completed.

(h) Government Transfers

Government transfers are recognized in the financial statements as revenue 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 County, and reasonable estimates of the amounts can be made.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Requisition of Over-Levies and Under-Levies

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under levy is accrued as a receivable and as property tax revenue. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(j) Non-Financial Assets

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

i) Tangible Capital Assets

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

Land improvements	15-50 years
Buildings	25-50 years
Engineered structures	5-90 years
Machinery and equipment	5-40 years
Vehicles	3-20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

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

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv) Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method.

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2017

2. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Government transfers	\$ 3,888,274	\$ 2,013,534
Property taxes	1,544,927	1,504,784
Trade	1,142,000	789,206
Goods and Services Tax	409,058	278,671
Accrued interest	<u>39,444</u>	<u>50,829</u>
	7,023,703	4,637,024
Less: Allowance for doubtful accounts	<u>(292,467)</u>	<u>(224,600)</u>
	<u>\$ 6,731,236</u>	<u>\$ 4,412,424</u>

3. LOAN RECEIVABLES

	<u>2017</u>	<u>2016</u>
Loan to Lac Ste. Anne Foundation is unsecured, repayable in semi-annual payments of \$112,072 including interest at 4.779%, due September 15, 2031	\$ 2,300,732	\$ 2,413,989
Loan to Darwell Public Library Society is unsecured, non-interest bearing and is repayable in annual payments of \$2,500, due January 15, 2026.	22,500	25,000
Rich Valley Agricultural Society is unsecured, non-interest bearing and is repayable in monthly payments of \$200, due December 31, 2018.	1,612	3,812
Loan to Darwell Agricultural Society repaid during the year.	<u>-</u>	<u>5,000</u>
	<u>\$ 2,324,844</u>	<u>\$ 2,447,801</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2017

4. LONG-TERM INVESTMENTS

	<u>2017</u>	<u>2016</u>
Guaranteed Investment Certificates, earning interest at rates from 1.72% - 2.90%, maturing from 2018 - 2020.	\$ 752,500	\$ 952,500
Investment account cash	200,000	627
Servus Credit Union Ltd. common shares.	116,549	112,639
Alberta Municipal Financing Corporation	<u>130</u>	<u>130</u>
	<u>\$ 1,069,179</u>	<u>\$ 1,065,896</u>

5. INVENTORY FOR CONSUMPTION

	<u>2017</u>	<u>2016</u>
Gravel	\$ 139,224	\$ 1,097,374
Parts, culverts and other	<u>552,575</u>	<u>604,019</u>
	<u>\$ 691,799</u>	<u>\$ 1,701,393</u>

6. BANK INDEBTEDNESS

The current account overdraft and bank indebtedness are payable on demand with interest payable monthly at prime minus 0.25%. The County has an authorized current account overdraft limit of \$10,000,000 and an authorized demand term loan limit of \$5,300,000 at December 31, 2017. There are no balances outstanding at December 31, 2017.

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2017

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Trade	\$ 703,614	\$ 947,315
Earned vacation liability	306,346	325,990
Construction holdbacks	93,037	684,767
Community Adult Learning Council	89,010	127,536
Accrued interest on long-term debt	<u>35,910</u>	<u>39,659</u>
	<u>\$ 1,227,917</u>	<u>\$ 2,125,267</u>

8. DEPOSIT LIABILITIES

	<u>2017</u>	<u>2016</u>
Road damage deposits	\$ 791,500	\$ 776,500
Development trust	517,158	491,658
Tax sale surplus	<u>230,820</u>	<u>204,948</u>
	<u>\$ 1,539,478</u>	<u>\$ 1,473,106</u>

9. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2017</u>	<u>2016</u>
Provincial government transfers		
Federal gas tax fund grant	\$ 561,957	\$ 1,525,014
Alberta Agriculture - broadband grant	314,184	175,856
Collaboration and partnership grants	196,238	215,107
Other provincial grants	188,471	159,166
Family and community support services grant	115,884	104,167
Municipal sustainability initiative grant	-	1,835,328
Other	<u>135,383</u>	<u>374,190</u>
	<u>\$ 1,512,117</u>	<u>\$ 4,388,828</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2017

10. LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$112,072 including interest at 4.779%; due September 15, 2031. Relates to Lac Ste. Anne Foundation.	\$ 2,268,944	\$ 2,380,637
Loan with Servus Credit Union, repayable in monthly principal payments of \$40,175 plus interest at prime minus 0.25%; due August 1, 2022. Relates to administration building.	2,249,300	-
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$74,809 including interest at 3.942%; due June 15, 2019. Relates to Darwell firehall/public works facility.	215,863	352,907
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$142,377 including interest at 1.684%; due June 17, 2018. Relates to gravel purchase.	141,189	420,039
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$16,374 including interest at 6.125%; due July 2, 2027. Relates to Darwell wastewater system.	119,803	128,318
Debenture debt repaid during the year.	-	281,072
Loan with Servus Credit Union repaid during the year.	-	174,166
Loan with Servus Credit Union repaid during the year.	-	8,333
Debenture debt repaid during the year.	<u>-</u>	<u>5,635</u>
	<u>\$ 4,995,099</u>	<u>\$ 3,751,107</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2017

10. LONG-TERM DEBT (CONT'D)

Repayments of principal and interest over the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 891,918	\$ 186,859	\$ 1,078,777
2019	687,809	159,089	846,898
2020	620,970	135,797	756,767
2021	627,817	113,418	741,235
2022	473,803	91,450	565,253
Thereafter	<u>1,692,782</u>	<u>406,384</u>	<u>2,099,166</u>
	<u>\$ 4,995,099</u>	<u>\$ 1,092,997</u>	<u>\$ 6,088,096</u>

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 1)	\$ 159,098,288	\$ 151,228,417
Accumulated amortization (Schedule 1)	(101,443,902)	(98,060,807)
Long-term debt for tangible capital asset purposes	<u>(2,584,966)</u>	<u>(669,359)</u>
	<u>\$ 55,069,420</u>	<u>\$ 52,498,251</u>

12. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ <u>968,578</u>	\$ <u>1,563,823</u>
Restricted surplus		
Public works	3,608,119	3,735,507
Water and waste water	2,046,342	1,681,864
General municipal services	1,094,862	1,410,607
Protective services	737,794	784,858
Recreation and FCSS	599,019	606,951
Solid waste	341,646	197,281
Development and planning	282,020	235,703
Special transportation	88,755	69,565
Agricultural services	75,495	100,057
Administration	<u>6,000</u>	<u>-</u>
	<u>8,880,052</u>	<u>8,822,393</u>
Equity in tangible capital assets (Note 11)	<u>55,069,420</u>	<u>52,498,251</u>
	<u>\$ 64,918,050</u>	<u>\$ 62,884,467</u>

LAC STE. ANNE COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2017

13. SALARIES AND BENEFITS DISCLOSURE

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

	<u>Salary (1)</u>	<u>Benefits and Allowances (2)</u>	<u>Total</u>	
			<u>2017</u>	<u>2016</u>
Reeve				
Division 5	\$ 9,505	\$ 2,500	\$ 12,005	\$ -
Division 2	42,495	3,971	46,466	57,069
Councillors				
Division 7	45,053	8,854	53,907	55,699
Division 1	40,000	10,331	50,331	50,449
Division 6	40,000	10,331	50,331	50,114
Division 3	40,000	10,112	50,112	50,338
Division 4	7,312	2,035	9,347	39,613
Division 2	8,409	2,365	10,774	-
Division 5	-	-	-	21,211
Chief Administrative Officer	170,474	33,593	204,067	198,863
Designated Officers	-	-	-	-

(1) Salary includes regular base pay and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of the employee benefits and contributions or payments made on behalf of employees including pension and health care benefits.

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2017

14. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the County be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 28,988,369	\$ 28,937,673
Total debt	<u>(4,995,099)</u>	<u>(3,751,107)</u>
Amount of total debt limit unused	<u>23,993,270</u>	<u>25,186,566</u>
Debt servicing limit	4,831,395	4,822,946
Debt servicing	<u>(1,078,777)</u>	<u>(1,150,607)</u>
Amount of debt servicing limit unused	<u>\$ 3,752,618</u>	<u>\$ 3,672,339</u>

The debt limit is calculated at 1.50 times revenue of the County (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

15. CONTINGENCIES

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

16. LOCAL AUTHORITIES PENSION PLAN

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

The County is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 15.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2017 were \$574,923 (2016 - \$593,194). Total current and past service contributions made by the employees of the County to the LAPP in 2017 were \$529,890 (2016 - \$546,689).

At December 31, 2016, the LAPP disclosed an actuarial deficit of \$637 million (2015 - \$923 million).

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2017

17. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash, accounts receivables, loans receivable, long-term investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the County is not exposed to significant interest rate, liquidity, currency, credit, market or other price risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

18. SEGMENTED INFORMATION

The County provides a range of services to its residents. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 4).

19. BUDGET

The budget figures presented in these financial statements are based on the 2017 final budget adopted by Council on March 23, 2017.

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.