

LAMONT COUNTY
LAMONT, ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Lamont County
Lamont, Alberta

We have audited the accompanying financial statements of Lamont County (the "County"), which comprise the statement of financial position as at December 31, 2016, 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 Lamont County as at December 31, 2016, 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.



Edmonton, Alberta
April 7, 2017

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Chartered Accountants

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LAMONT COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 15,995,785	\$ 18,783,583
Accounts receivable (Note 2)	<u>2,246,768</u>	<u>1,431,472</u>
	<u>18,242,553</u>	<u>20,215,055</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,805,314	2,221,127
Deferred revenue (Note 3)	868,716	826,580
Employee benefit obligations (Note 4)	170,468	158,515
Due to Community Adult Learning Council (Note 5)	<u>90,205</u>	<u>94,173</u>
	<u>2,934,703</u>	<u>3,300,395</u>
NET FINANCIAL ASSETS	<u>15,307,850</u>	<u>16,914,660</u>
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 6)	1,668,938	1,094,567
Prepaid expenses	183,660	152,374
Tangible capital assets (Schedule 1)	<u>45,886,834</u>	<u>43,707,981</u>
	<u>47,739,432</u>	<u>44,954,922</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 63,047,282</u>	<u>\$ 61,869,582</u>
CONTINGENCIES (Note 11)		

LAMONT COUNTY
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget 2016 (Note 15)	Actual 2016	Actual 2015
Revenue			
Net municipal taxes (Schedule 2)	\$ 14,790,487	\$ 14,774,391	\$ 15,349,563
Government transfers for operating (Schedule 3)	1,177,790	1,209,211	1,187,495
Sales and user charges	756,429	840,112	897,396
Investment income	155,000	252,671	288,351
Other	48,000	212,328	79,532
Penalties and costs on taxes	75,000	186,071	110,429
Licenses, permits and fines	101,100	118,276	287,984
Rentals	13,981	15,702	11,238
Offsite levies	<u>3,730,102</u>	<u>-</u>	<u>2,799,456</u>
	<u>20,847,889</u>	<u>17,608,762</u>	<u>21,011,444</u>
Expenses			
Public works	13,317,053	10,697,033	11,431,711
Administration and legislative	3,133,615	2,787,179	2,598,633
Fire protection	947,638	2,382,176	710,346
Agricultural services	891,155	823,983	835,513
Family and community support	286,176	511,366	346,547
Planning and development	757,344	503,255	385,014
Economic development	503,131	410,037	429,156
Water supply and distribution	599,058	337,114	353,000
Protective services	257,689	216,135	204,714
Recreation and culture	<u>196,283</u>	<u>186,282</u>	<u>191,535</u>
	<u>20,889,142</u>	<u>18,854,560</u>	<u>17,486,169</u>
Excess of Revenue over Expenses			
Before Other Items	<u>(41,253)</u>	<u>(1,245,798)</u>	<u>3,525,275</u>
Other Items			
Government transfers for capital (Schedule 3)	2,130,526	1,774,078	3,310,317
Contributed tangible capital assets	-	975,000	9,554
Net gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>(325,580)</u>	<u>(102,058)</u>
	<u>2,130,526</u>	<u>2,423,498</u>	<u>3,217,813</u>
Excess of Revenue over Expenses	2,089,273	1,177,700	6,743,088
Accumulated Surplus, Beginning of Year	<u>61,869,582</u>	<u>61,869,582</u>	<u>55,126,494</u>
Accumulated Surplus, End of Year	<u>\$ 63,958,855</u>	<u>\$ 63,047,282</u>	<u>\$ 61,869,582</u>

LAMONT COUNTY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Excess of Revenue over Expenses	\$ <u>1,177,700</u>	\$ <u>6,743,088</u>
Acquisition of tangible capital assets	(4,373,056)	(7,314,396)
Contributed tangible capital assets	(975,000)	(9,554)
Proceeds on disposal of tangible capital assets	317,415	518,050
Amortization of tangible capital assets	2,526,208	2,365,734
Loss (gain) on disposal of tangible capital assets	<u>325,580</u>	<u>102,058</u>
	<u>(2,178,853)</u>	<u>(4,338,108)</u>
Net use (acquisition) of inventory for consumption	(574,371)	732,563
Net use (acquisition) of prepaid expenses	<u>(31,286)</u>	<u>19,462</u>
	<u>(605,657)</u>	<u>752,025</u>
Increase (Decrease) In Net Financial Assets	(1,606,810)	3,157,005
Net Financial Assets, Beginning of Year	<u>16,914,660</u>	<u>13,757,655</u>
Net Financial Assets, End of Year	<u>\$15,307,850</u>	<u>\$16,914,660</u>

LAMONT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Operating Activities		
Excess of revenue over expenses	\$ 1,177,700	\$ 6,743,088
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	2,526,208	2,365,734
Contributed tangible capital assets	(975,000)	(9,554)
Loss (gain) on disposal of tangible capital assets	<u>325,580</u>	<u>102,058</u>
	3,054,488	9,201,326
 Change in non-cash working capital balances:		
Accounts receivable	(815,296)	(521,165)
Inventory for consumption	(574,371)	732,563
Prepaid expenses	(31,286)	19,462
Accounts payable and accrued liabilities	(415,813)	529,149
Deposit liabilities	-	(537,229)
Employee benefit obligations	11,953	(3,185)
Due to Community Adult Learning Council	(3,968)	14,770
Deferred revenue	<u>42,136</u>	<u>(731,787)</u>
	<u>1,267,843</u>	<u>8,703,904</u>
 Capital Activities		
Acquisition of tangible capital assets	(4,373,056)	(7,314,396)
Proceeds on sale of tangible capital assets	<u>317,415</u>	<u>518,050</u>
	<u>(4,055,641)</u>	<u>(6,796,346)</u>
 Change in Cash and Cash Equivalents for the Year	(2,787,798)	1,907,558
 Cash and Cash Equivalents, Beginning of Year	<u>18,783,583</u>	<u>16,876,025</u>
 Cash and Cash Equivalents, End of Year	<u>\$15,995,785</u>	<u>\$18,783,583</u>

LAMONT COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016	2015
COST:							
Balance, Beginning of Year	\$ 1,511,029	\$ 3,728,897	\$ 76,837,007	\$ 15,126,075	\$ 1,661,922	\$ 98,864,929	\$ 93,694,521
Acquisition of tangible capital assets	151,258	707,954	1,754,007	2,374,112	360,725	5,348,056	7,323,950
Disposal of tangible capital assets	-	-	(264,702)	(1,242,205)	(192,391)	(1,699,298)	(2,153,542)
Balance, End of Year	<u>1,662,287</u>	<u>4,436,851</u>	<u>78,326,312</u>	<u>16,257,982</u>	<u>1,830,256</u>	<u>102,513,687</u>	<u>98,864,929</u>
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	533,719	48,692,212	4,930,422	1,000,595	55,156,948	54,324,648
Annual amortization	-	88,574	1,439,816	880,128	117,690	2,526,208	2,365,734
Accumulated amortization on disposals	-	-	(165,850)	(754,341)	(136,112)	(1,056,303)	(1,533,434)
Balance, End of Year	-	<u>622,293</u>	<u>49,966,178</u>	<u>5,056,209</u>	<u>982,173</u>	<u>56,626,853</u>	<u>55,156,948</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ <u>1,662,287</u>	\$ <u>3,814,558</u>	\$ <u>28,360,134</u>	\$ <u>11,201,773</u>	\$ <u>848,083</u>	\$ <u>45,886,834</u>	\$ <u>43,707,981</u>

Cost includes construction in progress of \$585,757 (2015 - \$1,620,727). These amounts are not amortized until the asset is complete and in use.

LAMONT COUNTY

SCHEDULE 2

SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 (Budget) (Note15)	2016 (Actual)	2015 (Actual)
Taxation			
Real property taxes	\$ 10,803,275	\$ 10,776,610	\$ 10,888,426
Linear property	<u>7,944,217</u>	<u>7,942,843</u>	<u>7,804,805</u>
	<u>18,747,492</u>	<u>18,719,453</u>	<u>18,693,231</u>
Requisitions			
Alberta School Foundation Fund	3,343,644	3,331,701	2,771,087
Lamont County Seniors Foundation	381,145	381,145	320,070
Landfill Requisition	<u>232,216</u>	<u>232,216</u>	<u>252,511</u>
	<u>3,957,005</u>	<u>3,945,062</u>	<u>3,343,668</u>
Net Municipal Taxes	<u>\$ 14,790,487</u>	<u>\$ 14,774,391</u>	<u>\$ 15,349,563</u>

LAMONT COUNTY

SCHEDULE 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 15)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Transfers for operating			
Provincial Government	\$ 1,161,790	\$ 1,193,211	\$ 1,173,561
Other Local Governments	<u>16,000</u>	<u>16,000</u>	<u>13,934</u>
	<u>1,177,790</u>	<u>1,209,211</u>	<u>1,187,495</u>
Transfers for capital			
Provincial Government	<u>2,130,526</u>	<u>1,774,078</u>	<u>3,310,317</u>
Total Government Transfers	<u>\$ 3,308,316</u>	<u>\$ 2,983,289</u>	<u>\$ 4,497,812</u>

LAMONT COUNTY

SCHEDULE 4
 SCHEDULE OF SEGMENTED DISCLOSURE
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Administration & Legislative	Public Works	Planning & Development	Fire protection & Protective services	Agricultural services	Water supply and distribution	Recreation & Culture & FCSS	Total
REVENUE								
Net municipal taxes	\$ 14,774,391	-	\$ -	\$ -	-	-	-	\$ 14,774,391
Government transfers	406,702	1,976,244	11,280	1,064,300	168,359	-	331,404	3,958,289
Sales and user charges	94,529	144,371	15,666	234,831	1,044	131,951	217,720	840,112
Investment income	252,671	-	-	-	-	-	-	252,671
Licenses, permits and fees	-	10,447	90,701	17,128	-	-	-	118,276
Penalties and costs on taxes	186,071	-	-	-	-	-	-	186,071
Rentals	14,592	-	-	-	1,110	-	-	15,702
Other revenues	156,040	(318,571)	-	39,000	10,254	-	25	(113,252)
	<u>15,884,996</u>	<u>1,812,491</u>	<u>117,647</u>	<u>1,355,259</u>	<u>180,767</u>	<u>131,951</u>	<u>549,149</u>	<u>20,032,260</u>
EXPENSES								
Salaries, wages and benefits	1,356,893	3,640,018	568,459	547,705	531,243	-	268,451	6,912,769
Materials, goods, supplies and utilities	127,595	4,006,464	12,690	162,647	52,834	99,096	53,149	4,514,475
Contracted and general services	968,326	957,110	328,642	1,999,634	157,191	133,454	191,714	4,436,071
Amortization of tangible capital assets	57,262	2,093,441	-	188,225	82,716	104,564	-	2,526,208
Transfers to local boards and agencies	169,007	-	3,500	100	-	-	31,741	204,348
Purchases from other governments	124,592	-	-	-	-	-	-	124,592
Provision for allowances	118,849	-	-	-	-	-	-	118,849
Bank charges and short-term interest	17,248	-	-	-	-	-	-	17,248
	<u>2,939,772</u>	<u>10,697,033</u>	<u>913,291</u>	<u>2,598,311</u>	<u>823,984</u>	<u>337,114</u>	<u>545,055</u>	<u>18,854,560</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 12,945,224</u>	<u>\$ (8,884,542)</u>	<u>\$ (795,644)</u>	<u>\$ (1,243,052)</u>	<u>\$ (643,217)</u>	<u>\$ (205,163)</u>	<u>\$ 4,094</u>	<u>\$ 1,177,700</u>

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

LAMONT COUNTY

SCHEDULE 5

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 15)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Salaries, wages and benefits	\$ 7,351,267	\$ 6,912,769	\$ 5,975,149
Materials, goods, supplies and utilities	5,561,313	4,514,475	5,466,599
Contracted and general services	5,158,435	4,436,071	3,235,553
Amortization of tangible capital assets	2,371,733	2,526,208	2,365,734
Transfers to local boards and agencies	239,001	204,348	208,635
Purchases from other governments	179,593	124,592	124,592
Provision for allowances	25,000	118,849	107,071
Bank charges and short-term interest	<u>2,800</u>	<u>17,248</u>	<u>2,836</u>
	<u>\$ 20,889,142</u>	<u>\$ 18,854,560</u>	<u>\$ 17,486,169</u>

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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 and Cash Equivalents

Cash and cash equivalents includes items that are readily converted into known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

(e) 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.

(f) 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.

(Continues)

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) 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:

Buildings	25-50 years
Engineered structures	
Water system	35-75 years
Other engineered structures	5-60 years
Machinery and equipment	5-40 years
Vehicles	10-25 years

A full year of amortization is charged in the year of acquisition and none 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 and replacement cost.

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

2. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Property taxes	\$ 1,336,781	\$ 486,545
Goods and Services Tax	727,269	217,269
Trade and other receivables	346,671	169,690
Government transfers	<u>139,361</u>	<u>1,281,056</u>
	2,550,082	2,154,560
Less: Allowance for doubtful accounts	<u>(303,314)</u>	<u>(723,088)</u>
	<u>\$ 2,246,768</u>	<u>\$ 1,431,472</u>

3. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Alberta Municipal Water/Wastewater Partnership grant	\$ 401,550	\$ -
FCSS grants and sponsorships	205,901	172,507
Municipal Sustainability Initiative grant	152,017	542,312
FSEPP grant	71,307	62,546
Road bonds - Apache and Encana	30,000	30,000
Planning referral fee	5,686	5,686
Regional partnership	1,868	1,868
Partnership funding grant	387	381
Alberta Community Partnership grant	<u>-</u>	<u>11,280</u>
	<u>\$ 868,716</u>	<u>\$ 826,580</u>

Funding received from the various grant programs, construction bonds and donations, as noted above are restricted to the eligible operating and capital projects as approved in the funding agreements. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

LAMONT COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016

4. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2016</u>	<u>2015</u>
Vacation payable	\$ 150,827	\$ 137,633
Overtime payable	14,506	14,318
Earned day off payable	<u>5,135</u>	<u>6,564</u>
	<u>\$ 170,468</u>	<u>\$ 158,515</u>

The vacation, overtime and earned day off liability is comprised of benefits that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next year.

5. DUE TO COMMUNITY ADULT LEARNING COUNCIL

The County handles the administration of the Community Adult Learning Council. At the end of the year the County owed \$90,205 (2015 - \$94,173) to the Community Adult Learning Council.

6. INVENTORY FOR CONSUMPTION

	<u>2016</u>	<u>2015</u>
Gravel and road materials	\$ 1,206,196	\$ 720,036
Public Works	403,215	299,762
Agricultural services	<u>59,527</u>	<u>74,769</u>
	<u>\$ 1,668,938</u>	<u>\$ 1,094,567</u>

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Tangible capital assets (Schedule 1)	\$ 102,513,687	\$ 98,864,929
Accumulated amortization (Schedule 1)	<u>(56,626,853)</u>	<u>(55,156,948)</u>
	<u>\$ 45,886,834</u>	<u>\$ 43,707,981</u>

8. ACCUMULATED SURPLUS

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ _____ -	\$ _____ -
Restricted surplus		
Roads - operating	4,804,249	4,804,250
Road construction - capital	2,586,006	2,843,994
Vehicle and equipment replacement - capital	2,468,535	2,706,138
Heartland infrastructure - capital	1,216,914	1,216,914
Bridge replacement - capital	1,191,464	1,191,464
Utility - capital	1,000,000	1,000,000
General - capital	723,600	723,600
Aggregate levy - operating	707,395	624,670
General - operating	661,613	740,085
Building - capital	645,233	1,205,378
Fire - operating	226,000	226,000
Parks and recreation - operating	207,273	188,537
Emergency services - capital	196,410	171,410
Projects - capital	163,763	163,763
Computer - capital	100,000	100,000
Statutory Plan Reviews - professional fees - operating	80,000	80,000
Heartland Implementation Plan - professional fees - operating	73,000	73,000
Industrial Development - professional fees - operating	60,000	60,000
Heartland Project Team - professional fees - operating	25,000	25,000
Library - operating	12,993	8,898
Church preservation - operating	<u>11,000</u>	<u>8,500</u>
	<u>17,160,448</u>	<u>18,161,601</u>
Equity in tangible capital assets (Note 7)	<u>45,886,834</u>	<u>43,707,981</u>
	<u>\$ 63,047,282</u>	<u>\$ 61,869,582</u>

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

9. 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>2016</u>	<u>2015</u>
Reeve				
W. Woldanski	50,626	8,958	59,584	58,007
Councillors				
D. Warawa - Deputy Reeve	47,566	8,455	56,021	54,731
R. Anaka	44,506	8,360	52,866	51,456
R. Malica	44,506	8,374	52,880	51,467
R. Bryks	44,506	4,378	48,884	47,954
County Manager				
A. Harvey (3)	-	-	-	181,124
R. Singleton (3)	163,608	18,356	181,964	76,405

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

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

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

10. 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>2016</u>	<u>2015</u>
Total debt limit	\$ 26,413,143	\$ 31,517,166
Total debt	<u> -</u>	<u> -</u>
Amount of total debt limit unused	<u>\$ 26,413,143</u>	<u>\$ 31,517,166</u>
Debt servicing limit	\$ 4,402,191	\$ 5,252,861
Debt servicing	<u> -</u>	<u> -</u>
Amount of debt servicing limit unused	<u>\$ 4,402,191</u>	<u>\$ 5,252,861</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.

11. CONTINGENCIES

The County is a member of a reciprocal insurance exchange ("GENESIS") to cover its liability insurance needs. GENESIS was previously referred to as Jubilee Reciprocal Insurance Exchange ("JRIE"). A statement of claim was filed in 2004 by some of the previous subscribers of JRIE. The statement of claim requests the return of surplus funds in the amount of \$3,820,516. Under the terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

12. 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.

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

The County is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the 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 2016 were \$444,556 (2015 - \$394,073). Total current and past service contributions made by the employees of the County to the LAPP in 2016 were \$404,897 (2015 - \$363,552).

At December 31, 2015, the LAPP disclosed an actuarial deficit of \$0.9 billion (2014 - \$2.5 billion).

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

13. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities. It is management's opinion that the County is not exposed to significant interest rate, liquidity, currency, market or other price risk arising from these financial instruments.

The 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 which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

14. SEGMENTED DISCLOSURE

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).

15. BUDGET

The budget figures are provided for information purposes only and have not been audited.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.